

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

**Comprehensive Annual Financial Report
with Supplemental Information
For the Fiscal Year Ended
December 31, 2007**

Supervisor

Thomas J. Yack

Clerk

Terry Bennett

Treasurer

Elaine J. Kirchgatter

Trustees

Todd Caccamo

Todd Lajoy

Melissa McLaughlin

Karl Zarbo

Finance Director

Richard A. Eva, Jr.

Prepared by Finance Department

Charter Township of Canton

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GENERAL OFFICES

June 10, 2008

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

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

Thomas J. Yack
Supervisor
394-5185
394-5234 FAX

Transmittal

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

This letter serves to formally transmit to the board of trustees the Comprehensive Annual Financial Report for the 2007 fiscal year. This report was prepared by the finance and budget department. Responsibility for the accuracy, completeness, and fairness of the data herein, including all disclosures rests with the Charter Township. We would ask that the board review and accept this report, which details the Township of Canton's financial condition. Additional information can be obtained by referring to the management's discussion and analysis section of this report.

Elaine J. Kirchgatter
Treasurer
394-5130
394-5139 FAX

Economic Development

Todd Caccamo
Todd LaJoy
Melissa McLaughlin
Karl Zarbo
Trustees

Canton continued to see substantial growth in the commercial sector during 2007. The Township saw the opening of various completed projects that began in 2006 such as Borders, Petco and Antonio's Cucina.. In 2007, a large number of projects began including JC Penney, Kohls, Target, Gordon Food Services, Hampton Suites Inn, and Comfort Suites, among others like the Schoolhouse Montessori Academy School, the Singh Sabha Temple and the Canton Fellowship Church. In addition, there were industrial projects started at A.D. Transport and Poco Signs.

There were 68 new housing permits issued in 2007 for single and multi-family dwellings while housing remodeling permits were on the increase.

Public Facilities

Improvements continued at Fellows Creek Golf Course using the \$1.3 million proceeds from the 2006 Bond issue. This project will continue into 2008 with improvements being made to the clubhouse, course and grounds.

The Downtown Development Authority continues to use the \$8.5 million proceeds from the 2006 Downtown Development Authority bonds issued to facilitate various infrastructure and streetscape improvements. The projects are expected to be completed by 2010.



Budgeting

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

An Internal Controls committee was established in 1991. This committee establishes and reviews internal controls to help safeguard the Townships assets as well as to ensure financial accountability, reliability, and accuracy. The committee is comprised of members from the Treasurers office, Finance and Budget, and IT.

Pension and Post Employment Benefits

The Charter Township has defined contribution and defined benefit plans. The defined contribution plans are administrated by private insurance companies. These are closed plans in that no new members will be added as all new hires are required to be placed in the MERS plan. It is mandatory for employees to contribute 5 percent of their base pay. The Charter Township matches it with 15 percent. There is a pension committee currently comprised of the Township Treasurer, Finance and Budget Director, IT Manager and one member of each of the union and nonunion groups.

The defined benefit plan is administrated by the Municipal Employees Retirement System (MERS). Employees are required to contribute 5 to 6% of their wages and the Township's required contribution is determined actuarially. The Finance and Budget Director acts in the capacity of administrator to the plan.

A fund was created in 1997 to account for retiree health insurance premium costs. It is anticipated that the investments in this fund along with future contributions will provide for health care benefit costs for retired Charter Township employees. In 2008 there is a requirement by the Governmental Accounting Standards Board (GASB) to determine the annual expense required to be recognized by the plan. The Township is complying with this requirement and will be in compliance by year end.

Component Units

The Charter Township of Canton Building Authority is governed by a board that is appointed by the Charter Township Supervisor. Although it is legally separate from the Charter Township, its activities are reported as if it were part of the primary government because its sole purpose is to finance and construct the Charter Township's public buildings.

Included in the financial statements is the Charter Township's discretely presented component unit, the Downtown Development Authority (DDA). The DDA captures tax revenues that are used to fund improvements to the downtown area.

Cash Management

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

Risk Management

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

Independent Audit

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

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

Achievements and Awards

Canton was once again one of the safest communities in the United States, ranking in the top 20 for the sixth consecutive year. Canton's Police Department received accreditation from the national CALEA organization. Canton Cable Television was the recipient of a number of awards by the National Association of Telecommunications Officers and Advisors.

Canton's strengths continue to be exceptional strategic planning, as well as strong financial management; sound finances with surpluses and significant fund balances stimulated by economic growth; low tax rates and strengthened wealth levels among its residents.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Charter Township of Canton for its comprehensive annual report for the fiscal year end December 31, 2007. This was the 15th consecutive year the Charter Township has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

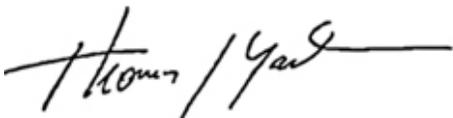
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive financial annual report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

Acknowledgments

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

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

Sincerely,



Thomas J. Yack
Canton Supervisor



Richard A. Eva
Director of Finance and Budget

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Charter Township of Canton
Michigan

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2006

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



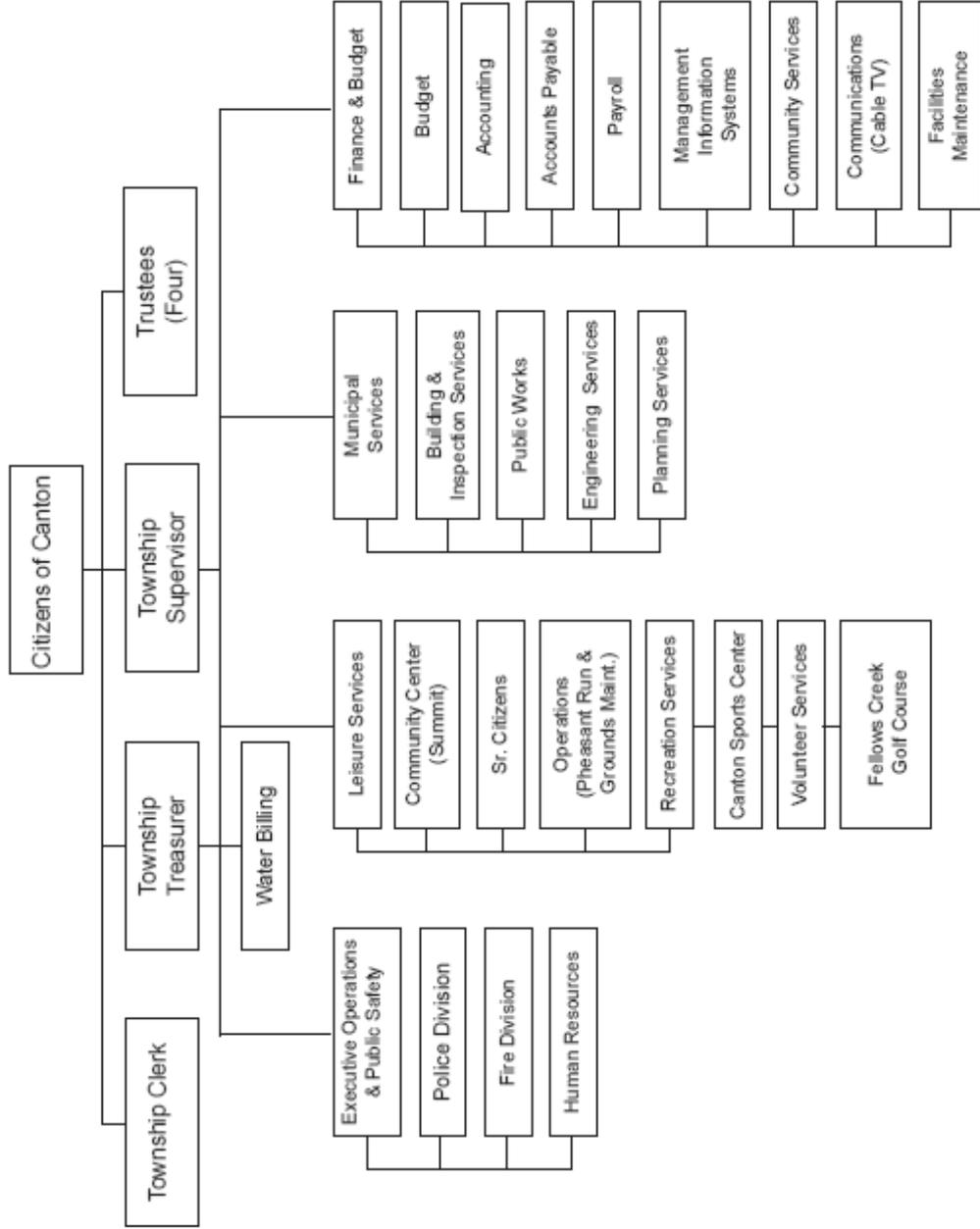
Oliver S. Cox

President

Jeffrey R. Emery

Executive Director

CHARTER TOWNSHIP OF CANTON



Charter Township of Canton

List of Principal Officials as of December 31, 2007

Supervisor's Office

Supervisor

Thomas Yack

Clerk's Office

Clerk

Terry G. Bennett

Deputy Clerk

Pam Popejoy

Treasurer's Office

Treasurer

Elaine Kirchgatter

Assistant Deputy Treasurer

Bruce Malinczak

Finance and Budget Division

Director

Richard A. Eva, Jr.

Accounting Manager

Karen H. Fox

Budget, Benefits and Internal Audit Manager

Britt Winter

Community Services Manager

Mike Ager

Information Technology Manager

John Spencer

Municipal Services Department

Director

Timothy Faas

Building Official

John Weyer

Township Engineer

Thomas Casari

Community Planner

Jeffrey Goulet

Leisure Services Department

Director

Ann Conklin

Chief of Recreation and Facilities

Debra Bilbrey-Honsowetz

Chief of Parks

Brad Sharp

Executive Operations and Public Safety Department

Director

John Santomauro

Deputy Chief

Patrick Nemecek

Deputy Chief

Laura Golles

Fire Chief

Michael Rorabacher

Fire Marshall

Frank Barrett

Human Resources Manager

David Medley

Charter Township of Canton

Labor Agreements as of December 31, 2007

Bargaining Unit	Expiration Date	Number of Employees
Police:		
Deputy chiefs	12/31/09	2
Sergeants and lieutenants	12/31/09	15
Police Officers Association of Michigan - Represents police officers and dispatchers	06/30/08	84
International Association of Firefighters - Represents firefighters	06/30/08	58
Technical, Professional, and Officeworkers Association of Michigan - Represents clerical employees	12/31/08	63
American Federation of State, County, and Municipal Employees - Represents public works employees, facilities maintenance employees, building inspectors, and ordinance officers	03/31/09	<u>63</u>
Total		<u><u>285</u></u>

Charter Township of Canton

Summary of Personnel - Budgeted Positions As of December 31, 2007

	<u>Full-time</u>	<u>Part-time</u>
Supervisor's Office	3	1
Economic Development	1	1
Clerk's Office	6	-
Treasurer's Office	6	-
Executive Operations and Public Safety:		
Fire and Emergency Management	72	-
Police	117	1
Human Resources	5	1
Finance and Budget:		
Finance and Budget	11	-
Information Technology Systems	7	-
Community Services	3	-
Cable Television	5	3
Facilities Maintenance	17	-
Utility Billing	4	-
Municipal Services:		
Director's Office	4	-
Building and Inspection Services	12	-
Engineering Services	16	1
Planning Services	6	-
Public Works	36	1
Stormwater Drains	4	-
Leisure Services:		
Director's Offices	9	-
Parks Division	12	-
Summit Community Center	5	-
Pheasant Run Golf Course	2	1
Parks and Recreation	7	-
Softball Center	2	-
Performing Arts	2	1
	<u>374</u>	<u>11</u>
Total budgeted employees		

Charter Township of Canton

Fund Organization Chart

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

Charter Township of Canton

Fund Organization Chart (Continued)

Fund Name	Fund Number
Proprietary Fund	
Enterprise Fund	
Water and Sewer	592 & 402
Golf Course	584 & 469
Fiduciary Funds	
Trust and Agency Funds	
Tax Collections	703
Other Agency	701-702
Postemployment Benefits	736



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Independent Auditor's Report

To the Township Board
Charter Township of Canton

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Charter Township of Canton as of and for the year ended December 31, 2007, which collectively comprise the Charter Township of Canton's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the Charter Township of Canton. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Charter Township of Canton as of December 31, 2007 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

To the Township Board
Charter Township of Canton

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter Township of Canton's basic financial statements. The management's discussion and analysis and the budgetary comparison schedules, as identified in the table of contents, are not a required part of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. The introductory section, other supplemental information, and statistical section, as identified in the table of contents, are presented for the purpose of additional analysis and are not required parts of the basic financial statements. The budgetary comparison schedules, combining balance sheets, and combining statements of revenue, expenditures, and changes in fund balance have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. We have applied certain limited procedures to the management's discussion and analysis, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it. The introductory section and statistical section have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 20, 2008 on our consideration of the Charter Township of Canton's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Plante & Moran, PLLC

May 20, 2008

Charter Township of Canton

Management's Discussion and Analysis

Overview of the Financial Statements

Canton's 2007 annual report 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 kinds of statements that present different views of the Charter Township. The first two statements are government-wide financial statements that provide both long-term and short-term information about the Charter Township's overall financial status. The remaining statements are fund financial statements that focus on individual parts of the Charter Township's government, reporting the Charter Township's operations in more detail than the government-wide statements.

Government-wide Statements

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

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

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

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

Charter Township of Canton

Management's Discussion and Analysis (Continued)

Fund Financial Statements

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

The Charter Township has three types of funds:

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

Charter Township of Canton

Management's Discussion and Analysis (Continued)

Financial Overview

The Charter Township has combined total net assets of \$223.6 million. This is an increase from 2006 of approximately \$500,000. Business-type activities comprise \$142.3 million, and governmental activities make up \$81.3 million of the total net assets. In a condensed format, the table below shows a comparison of the net assets as of the current date to the prior year:

	Governmental Activities 2007	Governmental Activities 2006	Business-type Activities 2007	Business-type Activities 2006	Total	
					2007	2006
Assets						
Current and other assets	\$ 70,583,899	\$ 70,957,472	\$ 68,805,130	\$ 24,377,482	\$ 139,389,029	\$ 95,334,954
Noncurrent assets	4,997,326	5,274,843	-	-	4,997,326	5,274,843
Capital assets and investments in joint ventures	<u>84,632,093</u>	<u>83,625,413</u>	<u>132,174,444</u>	<u>132,305,842</u>	<u>216,806,537</u>	<u>215,931,255</u>
Total assets	160,213,318	159,857,728	200,979,574	156,683,324	361,192,892	316,541,052
Liabilities						
Current liabilities	38,708,787	37,845,756	6,135,731	4,074,629	44,844,518	41,920,385
Long-term liabilities	<u>40,205,226</u>	<u>42,796,108</u>	<u>52,583,398</u>	<u>8,781,910</u>	<u>92,788,624</u>	<u>51,578,018</u>
Total liabilities	<u>78,914,013</u>	<u>80,641,864</u>	<u>58,719,129</u>	<u>12,856,539</u>	<u>137,633,142</u>	<u>93,498,403</u>
Net Assets						
Invested in capital assets - Net of related debt	50,304,473	47,200,269	87,895,407	91,906,737	138,199,880	139,107,006
Restricted:						
Police and fire	6,889,821	6,038,974	-	-	6,889,821	6,038,974
Western Wayne Criminal Investigation	1,130,259	1,350,770	-	-	1,130,259	1,350,770
Street lighting	51,524	19,423	-	-	51,524	19,423
911 activities	1,757,731	1,455,384	-	-	1,757,731	1,455,384
Debt service	6,000,133	6,821,460	-	1,487	6,000,133	6,822,947
Unrestricted	<u>15,165,364</u>	<u>16,329,584</u>	<u>54,365,038</u>	<u>51,918,561</u>	<u>69,530,402</u>	<u>68,248,145</u>
Total net assets	<u>\$ 81,299,305</u>	<u>\$ 79,215,864</u>	<u>\$ 142,260,445</u>	<u>\$ 143,826,785</u>	<u>\$ 223,559,750</u>	<u>\$ 223,042,649</u>

The most significant change was an increase in current and other assets and long-term liabilities of the business-type activities which reflects the issuance of bonds for water and sewer improvements. Other changes are minimal and balances are fairly consistent with last year.

Charter Township of Canton

Management's Discussion and Analysis (Continued)

The following table shows the changes in net assets for 2007 and 2006:

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Revenue						
Program revenue:						
Charges for services	\$ 8,032,935	\$ 8,000,999	\$ 25,025,540	\$ 22,000,131	\$ 33,058,475	\$ 30,001,130
Operating grants and contributions	2,401,625	1,995,817	-	-	2,401,625	1,995,817
Capital grants and contributions	675,083	596,752	1,193,248	978,084	1,868,331	1,574,836
General revenue:						
Property taxes	8,903,181	8,287,228	-	-	8,903,181	8,287,228
Public safety operating levy	22,467,032	20,489,067	-	-	22,467,032	20,489,067
State-shared revenue	5,994,198	5,958,485	-	-	5,994,198	5,958,485
Franchise fees and royalties	1,196,560	1,331,008	-	-	1,196,560	1,331,008
Investment earnings	2,408,528	2,331,534	1,983,256	1,149,959	4,391,784	3,481,493
Miscellaneous	1,300,708	1,334,198	54,959	10,715	1,355,667	1,344,913
Total revenue	53,379,850	50,325,088	28,257,003	24,138,889	81,636,853	74,463,977
Program Expenses						
General government	4,560,620	5,569,166	-	-	4,560,620	5,569,166
Public safety	24,111,926	24,188,930	-	-	24,111,926	24,188,930
Public works	5,210,185	5,808,264	-	-	5,210,185	5,808,264
Building, planning, and engineering	2,883,668	3,333,880	-	-	2,883,668	3,333,880
Culture and recreation	8,443,435	7,751,655	-	-	8,443,435	7,751,655
Sanitation	2,967,807	2,874,954	-	-	2,967,807	2,874,954
Interest on long-term debt	1,142,247	256,072	-	-	1,142,247	256,072
Water and sewer	-	-	29,715,467	26,528,356	29,715,467	26,528,356
Golf course	-	-	2,084,397	2,190,429	2,084,397	2,190,429
Total program expenses	49,319,888	49,782,921	31,799,864	28,718,785	81,119,752	78,501,706
Excess of Revenue Over (Under) Expenses - Before transfers and special item						
	4,059,962	542,167	(3,542,861)	(4,579,896)	517,101	(4,037,729)
Special Item - Gain on sale of assets						
	-	-	-	-	-	-
Transfers						
	(1,976,521)	(260,000)	1,976,521	260,000	-	-
Change in Net Assets						
	2,083,441	282,167	(1,566,340)	(4,319,896)	517,101	(4,037,729)
Net Assets - Beginning of year						
	79,215,864	78,933,697	143,826,785	148,146,681	223,042,649	227,080,378
Net Assets - End of year						
	<u>\$ 81,299,305</u>	<u>\$ 79,215,864</u>	<u>\$ 142,260,445</u>	<u>\$ 143,826,785</u>	<u>\$ 223,559,750</u>	<u>\$ 223,042,649</u>

Governmental Activities

Revenues for governmental activities totaled \$53.4 million in 2007. A total of \$8.9 million was in the form of property tax collections, an increase of \$0.6 million over 2006. This increase reflects a significant increase in taxable value of \$324 million. The police and fire special assessment millage generated \$22.5 million. Other miscellaneous revenues totaled \$1.3 million.

Charter Township of Canton

Management's Discussion and Analysis (Continued)

Business-type Activities

The Charter Township has two business-type activities. These include the water and sewer operations, and the operating fund for the Pheasant Run and Fellows Creek golf courses. Revenues for business-type activities were \$28.3 million. A total of \$1.5 million was attributable to golf operations. The Charter Township owns two golf courses. The Pheasant Run course is operated by the Charter Township and is an upscale public course. Operating revenues were impacted in 2007 as in 2006 by a downturn in the State of Michigan's economy and poor weather throughout the season. Fellows Creek is leased to an operator, and the lessee pays a fixed fee to the Charter Township. The amount received in 2007 was \$150,000.

The water and sewer operation is much larger. Water is provided to the Charter Township residents via the Detroit Water and Sewer Department. Sewage treatment is provided by contracts with Western Township Utility Authority, Wayne County, and the Ypsilanti Community Utility Authority. The Charter Township is funding the WTUA project for the Lower Rouge Equalization Basin. Approximately \$44 million in bonds were issued in 2007 to be repaid from the revenues generated by the Water and Sewer rates.

Current Economic Events

The Charter Township continues to experience good growth in the community. Housing starts continue to be slow with 68 new housing permits issued in 2007. Commercial activity continues at a brisk pace. Our state equalized value (SEV) is now \$4.772 billion, which is \$711 million more than our taxable value. This is significant because in Michigan, taxes are based on taxable value, not SEV.

Revenue sharing remains to be the most significant budgetary concern at this time. The State of Michigan is experiencing significant structural budget problems, and as they look for solutions, revenue sharing has dwindled. The governor's current budget calls for a level funding for state revenue-sharing payments. These levels continue to be below earlier levels.

The Charter Township local operating millage remained at 2.36 mills with 0.36 mills planned for improving road intersections in the community. The Police millage was dropped by 0.25 mills to 3.676 mills and the Fire millage was increased by 0.25 mills to 2.358 mills. Overall, the total direct millage rate remained the same at 8.65 mills.

Charter Township of Canton

Management's Discussion and Analysis (Continued)

Financial Analysis of Township Funds and Budgets

The General Fund ended 2007 with a fund balance of \$6.86 million, with \$129,558 reserved for encumbrances. Tax revenue was up due to increased taxable value. The General Fund millage rate remained the same in 2007. Tax collections were \$8.9 million in 2007. This is an increase of \$0.5 million over 2006. The amount of state-shared revenue received in 2007 was \$6 million, a decrease of \$1.2 million from 2006. An additional payment of \$963,945 was included in 2006 due to a change in the method the State has taken in making payments. Future revenue sharing is expected to remain at the \$6 million level. Investment income was up over \$76,994 from last year. Expenditures were below final budget by \$2.94 million. This is reflective of adjustments made in operating budgets throughout the General Fund that reduced costs.

The General Fund budget is amended throughout the year as deemed necessary. This is primarily done to prevent overexpenditures. With that in mind, the General Fund expenditures were 89.3 percent of budget.

Police and fire operations are funded separately through special assessment millages. These funds are expended exclusively for operations of police and fire, respectively. The Police Fund balance is \$4.06 million and the Fire Fund balance is \$2.83 million.

Capital Assets and Debt Administration

The Charter Township started and continued several capital projects in 2007. Projects that were in progress include the Lower Rouge Trail System, continued improvements at Fellows Creek Golf Course, intersection improvements at Beck at Warren, Cherry Hill at Beck, Saltz at Canton Center, Haggerty at Palmer, and Geddes at Canton Center. The Sanitary Sewer Relief project was started in 2005 and is in progress. Readers of this report should refer to the notes section for more detailed information regarding long-term debt and capital.

Contact Us

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

Charter Township of Canton

Statement of Net Assets December 31, 2007

	Governmental Activities	Business-type Activities	Total	Component Unit
Assets				
Cash and cash equivalents (Note 3)	\$ 30,842,221	\$ 8,234,053	\$ 39,076,274	\$ 6,995,969
Investments (Note 3)	14,214,857	6,845,841	21,060,698	-
Receivables - Net:				
Property taxes	16,086,128	-	16,086,128	1,296,213
Customers	-	7,004,990	7,004,990	-
Special assessments	4,693,500	-	4,693,500	-
Accrued interest and other receivables	1,366,382	505,993	1,872,375	23,729
Internal balances	(710,427)	710,427	-	-
Due from other governmental units	1,949,779	43,954	1,993,733	1,093,006
Other assets	2,011,425	126,517	2,137,942	26,500
Inventories	-	921,875	921,875	-
Restricted assets (Note 8)	130,034	44,122,312	44,252,346	6,428,195
Investment in joint venture (Note 13):				
35th District Courthouse Authority	1,790,078	-	1,790,078	-
Western Townships Utilities Authority (WTUA)	-	35,914,064	35,914,064	-
Capital lease receivable	4,997,326	-	4,997,326	-
Nondepreciable capital assets (Note 4)	18,325,072	9,442,363	27,767,435	2,095,232
Depreciable capital assets - Net (Note 4)	64,516,943	86,818,017	151,334,960	2,482,018
Net unamortized bond issuance costs	-	289,168	289,168	54,316
Total assets	160,213,318	200,979,574	361,192,892	20,495,178
Liabilities				
Accounts payable	1,189,438	2,221,047	3,410,485	15,772
Accrued and other liabilities	2,215,024	267,751	2,482,775	460,162
Cash bonds and deposits	1,761,965	1,636,093	3,398,058	-
Current liabilities payable from restricted assets	-	881,545	881,545	807,667
Unearned revenue (Note 5):				
Special assessments	240,196	-	240,196	-
Property taxes and other	33,302,164	-	33,302,164	2,389,219
Noncurrent liabilities:				
Due within one year (Note 7):				
Bond and other contractual obligations	2,420,166	1,705,934	4,126,100	534,828
Other long-term obligations	1,202,349	85,882	1,288,231	-
Due in more than one year (Note 7):				
Bond and other contractual obligations	34,852,295	50,603,480	85,455,775	8,730,344
Other long-term obligations	1,730,416	188,102	1,918,518	-
Net unamortized bond issuance premium	-	1,129,295	1,129,295	64,500
Total liabilities	78,914,013	58,719,129	137,633,142	13,002,492
Net Assets				
Invested in capital assets - Net of related debt	50,304,473	87,895,407	138,199,880	1,740,273
Restricted:				
Police and Fire	6,889,821	-	6,889,821	-
Western Wayne Criminal Investigation	1,130,259	-	1,130,259	-
Street lighting	51,524	-	51,524	-
911 activities	1,757,731	-	1,757,731	-
Debt service	6,000,133	-	6,000,133	-
Unrestricted	15,165,364	54,365,038	69,530,402	5,752,413
Total net assets	\$ 81,299,305	\$ 142,260,445	\$ 223,559,750	\$ 7,492,686

Charter Township of Canton

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 4,560,620	\$ 916,168	\$ 627,827	\$ -
Public safety	24,111,926	1,081,752	1,205,332	-
Public works	5,210,185	-	-	104,626
Building, planning, and engineering	2,883,668	2,612,816	187,159	519,202
Culture and recreation	8,443,435	3,422,199	381,307	51,255
Sanitation	2,967,807	-	-	-
Interest on long-term debt	1,142,247	-	-	-
Total governmental activities	49,319,888	8,032,935	2,401,625	675,083
Business-type activities:				
Water and sewer	29,715,467	23,593,184	-	1,193,248
Golf course	2,084,397	1,432,356	-	-
Total primary government	\$ 81,119,752	\$ 33,058,475	\$ 2,401,625	\$ 1,868,331
Component unit - Downtown Development Authority				
	\$ 1,579,969	\$ -	\$ -	\$ -

General revenues:

Taxes:

Property taxes

Public safety operating levy

Captured taxes

State-shared revenues (unrestricted)

Royalties

Investment earnings

Miscellaneous

Transfers

Total general revenues and transfers

Change in Net Assets

Net Assets - Beginning of year

Net Assets - End of year

Statement of Activities
Year Ended December 31, 2007

Net (Expense) Revenue and Changes in Net Assets				
Primary Government				
Governmental Activities	Business-type Activities	Total	Component Unit	
\$ (3,016,625)	\$ -	\$ (3,016,625)	\$ -	
(21,824,842)	-	(21,824,842)	-	
(5,105,559)	-	(5,105,559)	-	
435,509	-	435,509	-	
(4,588,674)	-	(4,588,674)	-	
(2,967,807)	-	(2,967,807)	-	
(1,142,247)	-	(1,142,247)	-	
(38,210,245)	-	(38,210,245)	-	
-	(4,929,035)	(4,929,035)	-	
-	(652,041)	(652,041)	-	
(38,210,245)	(5,581,076)	(43,791,321)	-	
-	-	-	(1,579,969)	
8,903,181	-	8,903,181	-	
22,467,032	-	22,467,032	-	
-	-	-	2,129,578	
5,994,198	-	5,994,198	-	
1,196,560	-	1,196,560	-	
2,408,528	1,983,256	4,391,784	609,192	
1,300,708	54,959	1,355,667	66,328	
(1,976,521)	1,976,521	-	-	
40,293,686	4,014,736	44,308,422	2,805,098	
2,083,441	(1,566,340)	517,101	1,225,129	
79,215,864	143,826,785	223,042,649	6,267,557	
\$ 81,299,305	\$ 142,260,445	\$ 223,559,750	\$ 7,492,686	

Charter Township of Canton

	General	Police	Fire	Public Improvement
Assets				
Cash and cash equivalents (Note 3)	\$ 9,356,858	\$ 7,860,044	\$ 5,560,198	\$ 3,151,917
Investments (Note 3)	2,210,408	4,029,954	2,222,810	2,692,559
Receivables - Net:				
Property taxes	5,240,125	6,607,524	4,238,479	-
Special assessments	13,907	-	-	-
Accrued interest and other receivables	600,745	84,163	44,612	31,840
Other assets	71,010	228,195	34,016	1,656,000
Due from other funds (Note 6)	1,346,022	6,958	-	-
Due from other governmental units	1,597,955	53,050	13,051	-
Restricted assets (Note 8)	-	-	-	-
Total assets	\$ 20,437,030	\$ 18,869,888	\$ 12,113,166	\$ 7,532,316
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 521,772	\$ 66,100	\$ 49,282	\$ -
Accrued and other liabilities	446,552	796,218	293,147	-
Due to other funds (Note 6)	19,548	34,716	13,852	525,670
Due to other governmental units	100,334	-	-	-
Cash bonds and deposits	1,761,965	-	-	-
Deferred revenue (Note 5):				
Special assessments	11,532	-	-	-
Property taxes and other	10,717,283	13,911,557	8,928,361	1,656,000
Total liabilities	13,578,986	14,808,591	9,284,642	2,181,670
Fund Balances				
Reserved for encumbrances	129,558	61,814	4,236	-
Unreserved, reported in:				
General Fund:				
Designated for capital outlay	266,340	-	-	-
Undesignated	6,462,146	-	-	-
Special Revenue Funds	-	3,999,483	2,824,288	5,350,646
Debt Service Funds	-	-	-	-
Capital Projects Funds	-	-	-	-
Total fund balances	6,858,044	4,061,297	2,828,524	5,350,646
Total liabilities and fund balances	\$ 20,437,030	\$ 18,869,888	\$ 12,113,166	\$ 7,532,316

**Governmental Funds
Balance Sheet
December 31, 2007**

Community Improvement	Community Center	Cable TV	Other Nonmajor Governmental Funds	Total Governmental Funds
\$ 53,143	\$ 94,888	\$ 369,186	\$ 4,395,987	\$ 30,842,221
-	-	414,854	2,644,272	14,214,857
-	-	-	-	16,086,128
-	-	-	4,679,593	4,693,500
291,903	-	270,729	42,390	1,366,382
-	22,204	-	-	2,011,425
-	19,641	-	240,513	1,613,134
175,970	-	-	109,753	1,949,779
-	-	-	130,034	130,034
\$ 521,016	\$ 136,733	\$ 1,054,769	\$ 12,242,542	\$ 72,907,460
\$ 20,569	\$ 50,095	\$ 2,336	\$ 479,284	\$ 1,189,438
-	55,564	10,998	142,520	1,744,999
328,622	6,647	1,064	1,393,442	2,323,561
-	-	-	-	100,334
-	-	-	-	1,761,965
-	-	-	4,686,469	4,698,001
124,715	-	-	-	35,337,916
473,906	112,306	14,398	6,701,715	47,156,214
70,079	2,318	-	972,811	1,240,816
-	-	-	-	266,340
-	-	-	-	6,462,146
(22,969)	22,109	1,040,371	2,936,056	16,149,984
-	-	-	1,553,860	1,553,860
-	-	-	78,100	78,100
47,110	24,427	1,040,371	5,540,827	25,751,246
\$ 521,016	\$ 136,733	\$ 1,054,769	\$ 12,242,542	\$ 72,907,460

Charter Township of Canton

Governmental Funds Reconciliation of Fund Balances to the Statement of Net Assets Year Ended December 31, 2007

Total Fund Balances for Governmental Funds \$ 25,751,246

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and are not reported in the funds	82,842,015
Capital lease receivable from the Library is not a financial resource and is not reported in the funds	4,997,326
Long-term liabilities are not due and payable in the current period and are not reported in the funds	(37,272,461)
Interest amounts on long-term liabilities are not payable until due in the funds	(369,691)
Land contract receivables expected to be collected in the future	1,656,000
Special assessment and other receivables are expected to be collected over several years and are not available to pay for current year expenditures	4,837,557
Compensated absences are not due and payable in the current period and are not reported in the funds	(2,394,876)
Self-insurance liabilities are not due and payable in the current period and are not reported in the funds	(537,889)
Investment in joint venture is not a financial resource and is not reported in the funds	<u>1,790,078</u>

Net Assets of Governmental Activities **\$ 81,299,305**

Charter Township of Canton

	General	Police	Fire	Public Improvement
Revenue				
Property taxes	\$ 8,903,181	\$ 14,035,106	\$ 8,431,926	\$ -
Licenses and permits	1,255,001	70,934	-	-
Federal sources	20,000	81,958	17,007	-
State sources	6,231,377	76,028	2,700	-
Charges for services	3,706,077	54,126	843,203	-
Court fees	184,713	-	-	-
Administration charges	3,820,476	-	-	-
Special assessments	-	-	-	-
Royalties	-	-	-	-
Contributions from other governmental units	-	-	-	-
Summit recreation fees	-	-	-	-
Other revenues	1,336,828	677,506	398,577	1,380,295
Total revenue	25,457,653	14,995,658	9,693,413	1,380,295
Expenditures				
Current:				
General government	6,666,671	-	-	-
Public safety	73,055	14,146,439	9,691,785	-
Public services	7,638,347	-	-	-
Recreation	4,644,416	-	-	-
Sanitation	3,331,292	-	-	-
Other	-	-	-	7,592
Capital outlay	-	-	-	-
Debt principal payments	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	22,353,781	14,146,439	9,691,785	7,592
Excess of Revenue Over (Under) Expenditures	3,103,872	849,219	1,628	1,372,703
Other Financing Sources (Uses)				
Transfers in (Note 6)	1,800	-	-	-
Transfers out (Note 6)	(2,243,854)	-	-	(1,438,247)
Total other financing sources (uses)	(2,242,054)	-	-	(1,438,247)
Net Change in Fund Balances	861,818	849,219	1,628	(65,544)
Fund Balances - Beginning of year	5,996,226	3,212,078	2,826,896	5,416,190
Fund Balances - End of year	\$ 6,858,044	\$ 4,061,297	\$ 2,828,524	\$ 5,350,646

Governmental Funds
Statement of Revenue, Expenditures, and
Changes in Fund Balances
Year Ended December 31, 2007

Community Improvement	Community Center	Cable TV	Other Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 31,370,213
-	-	-	-	1,325,935
51,255	-	-	509,588	679,808
-	-	-	552,729	6,862,834
-	-	-	344,471	4,947,877
-	-	-	-	184,713
-	458,910	-	-	4,279,386
-	-	-	532,928	532,928
1,196,560	-	1,027,715	-	2,224,275
-	-	-	788,505	788,505
-	1,053,568	-	-	1,053,568
<u>15,362</u>	<u>435,180</u>	<u>79,369</u>	<u>759,124</u>	<u>5,082,241</u>
1,263,177	1,947,658	1,107,084	3,487,345	59,332,283
1,176,642	-	-	334,829	8,178,142
-	-	-	1,210,796	25,122,075
-	-	-	217,105	7,855,452
-	2,467,756	-	-	7,112,172
-	-	-	-	3,331,292
-	-	750,898	-	758,490
-	-	-	1,913,290	1,913,290
550,000	-	-	1,645,000	2,195,000
<u>852,988</u>	<u>-</u>	<u>-</u>	<u>495,167</u>	<u>1,348,155</u>
<u>2,579,630</u>	<u>2,467,756</u>	<u>750,898</u>	<u>5,816,187</u>	<u>57,814,068</u>
(1,316,453)	(520,098)	356,186	(2,328,842)	1,518,215
1,438,247	546,450	-	2,073,018	4,059,515
<u>(524,521)</u>	<u>(89,740)</u>	<u>(1,452,000)</u>	<u>(287,674)</u>	<u>(6,036,036)</u>
<u>913,726</u>	<u>456,710</u>	<u>(1,452,000)</u>	<u>1,785,344</u>	<u>(1,976,521)</u>
(402,727)	(63,388)	(1,095,814)	(543,498)	(458,306)
<u>449,837</u>	<u>87,815</u>	<u>2,136,185</u>	<u>6,084,325</u>	<u>26,209,552</u>
<u>\$ 47,110</u>	<u>\$ 24,427</u>	<u>\$ 1,040,371</u>	<u>\$ 5,540,827</u>	<u>\$ 25,751,246</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, 2007

Net Change in Fund Balances - Total Governmental Funds	\$ (458,306)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures (\$5,175,358); in the statement of activities, these costs are allocated over their estimated useful lives as depreciation (\$3,978,759)	1,196,599
Governmental funds report proceeds from fixed asset disposals; in the statement of activities, losses on disposals are reported	(217,646)
Repayment of bond principal and amortization of deferred costs of financing are expenditures in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	2,583,777
Accrued interest is an expenditure in the statement of activities, but not in the governmental funds	24,269
Change in land contract for principal payments received	(901,725)
Governmental activities record payments received as a reduction in the capital lease receivable; governmental funds record as revenue when received	(277,517)
Accumulated employee sick and vacation pay is recorded when earned in the statement of activities	(23,558)
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	(494,512)
Monies recorded when earned in the statement of activities that did not provide current financial resources	379,752
The change in equity interest in 35th District Courthouse Authority is not reported in the governmental funds	27,727
Change in self-insurance liabilities	244,581
Change in Net Assets of Governmental Activities	<u>\$ 2,083,441</u>

Charter Township of Canton

Proprietary Funds Statement of Net Assets December 31, 2007

	Enterprise - Water and Sewer	Golf Course	Total
Assets			
Current assets:			
Cash and cash equivalents (Note 3)	\$ 7,415,892	\$ 818,161	\$ 8,234,053
Investments (Note 3)	6,845,841	-	6,845,841
Receivables:			
Customers	7,004,990	-	7,004,990
Accrued interest and other receivables	505,993	-	505,993
Other assets	67,831	58,686	126,517
Due from other funds (Note 6)	1,446,751	-	1,446,751
Due from other governmental units	15,046	28,908	43,954
Inventories	903,358	18,517	921,875
Restricted assets (Note 8)	43,377,714	744,598	44,122,312
Total current assets	67,583,416	1,668,870	69,252,286
Noncurrent assets:			
Net unamortized bond issuance costs	279,838	9,330	289,168
Investment in joint venture - Western Townships			
Utilities Authority (WTUA) (Note 13)	35,914,064	-	35,914,064
Nondepreciable capital assets (Note 4)	(52,776)	9,495,139	9,442,363
Depreciable capital assets - Net (Note 4)	83,688,506	3,129,511	86,818,017
Total noncurrent assets	119,829,632	12,633,980	132,463,612
Total assets	187,413,048	14,302,850	201,715,898
Liabilities			
Current liabilities:			
Accounts payable	2,182,722	38,325	2,221,047
Accrued and other liabilities	155,562	112,189	267,751
Cash bonds and deposits	1,636,093	-	1,636,093
Due to other funds (Note 6)	98,243	638,081	736,324
Current liabilities payable from restricted assets (Note 8)	881,545	-	881,545
Current portion of long-term liabilities (Note 7)	1,275,882	515,934	1,791,816
Total current liabilities	6,230,047	1,304,529	7,534,576
Noncurrent liabilities:			
Net unamortized bond issuance premium	1,118,664	10,631	1,129,295
Provision for compensated absences	60,435	9,593	70,028
Provision for uninsured losses	103,905	14,169	118,074
Long-term liabilities - Net of current portion (Note 7)	43,645,000	6,958,480	50,603,480
Total noncurrent liabilities	44,928,004	6,992,873	51,920,877
Total liabilities	51,158,051	8,297,402	59,455,453
Net Assets			
Investment in capital assets - Net of related debt	82,178,444	5,716,963	87,895,407
Unrestricted	54,076,553	288,485	54,365,038
Total net assets	<u>\$ 136,254,997</u>	<u>\$ 6,005,448</u>	<u>\$ 142,260,445</u>

Charter Township of Canton

Proprietary Funds Statement of Revenue, Expenses, and Changes in Net Assets Year Ended December 31, 2007

	Enterprise -		Total
	Water and Sewer	Golf Course	
Operating Revenue			
Sale of water	\$ 10,229,149	\$ -	\$ 10,229,149
Sewage disposal revenues	10,894,146	-	10,894,146
Service charges	370,715	-	370,715
Greens fees and cart rentals	-	1,032,953	1,032,953
Operating lease	-	150,000	150,000
Other revenues	1,018,786	285,901	1,304,687
Total operating revenue	22,512,796	1,468,854	23,981,650
Operating Expenses			
Salaries and wages	2,082,015	532,030	2,614,045
Payroll taxes and fringe benefits	746,686	94,033	840,719
Supplies	103,488	187,092	290,580
Engineering fees	54,447	-	54,447
Professional services	200,993	140,547	341,540
Vehicle expense	157,924	-	157,924
Water purchases	8,013,905	-	8,013,905
Sewage disposal charges	7,589,131	-	7,589,131
Maintenance	398,359	418,584	816,943
Administration charges	1,501,399	-	1,501,399
Depreciation (Note 4)	2,743,067	299,044	3,042,111
Other expenses	643,770	88,344	732,114
Total operating expenses	24,235,184	1,759,674	25,994,858
Operating Loss	(1,722,388)	(290,820)	(2,013,208)
Nonoperating Revenue (Expenses)			
Customer connection fees	1,090,656	-	1,090,656
Investment income	1,925,172	58,084	1,983,256
Gain (loss) on disposal of fixed assets	(752,633)	8,193	(744,440)
Interest expense	(4,727,650)	(324,723)	(5,052,373)
Loss Before Contributions	(4,186,843)	(549,266)	(4,736,109)
Capital Contributions - Lines constructed by developers	1,193,248	-	1,193,248
Transfers from Other Funds (Note 6)	-	1,976,521	1,976,521
Change in Net Assets	(2,993,595)	1,427,255	(1,566,340)
Net Assets - Beginning of year	139,248,592	4,578,193	143,826,785
Net Assets - End of year	<u>\$ 136,254,997</u>	<u>\$ 6,005,448</u>	<u>\$ 142,260,445</u>

Charter Township of Canton

Proprietary Funds Statement of Cash Flows Year Ended December 31, 2007

	Enterprise - Water and Sewer	Enterprise - Golf Course	Total
Cash Flows from Operating Activities			
Receipts from customers	\$ 19,835,150	\$ 1,318,854	\$ 21,154,004
Payments to suppliers and vendors	(16,492,326)	(866,198)	(17,358,524)
Payments to employees	(3,017,908)	(582,825)	(3,600,733)
Payments connected with interfund services	(4,156,968)	-	(4,156,968)
Other receipts	375,016	61,656	436,672
	(3,457,036)	(68,513)	(3,525,549)
Net cash used in operating activities			
Cash Flows from Noncapital Financing Activities - Transfers from other funds	-	1,162,921	1,162,921
Cash Flows from Capital and Related Financing Activities			
Investment in joint venture	(2,613,404)	-	(2,613,404)
Purchase of capital assets	(135,650)	(567,158)	(702,808)
Connection fees	1,090,656	-	1,090,656
Proceeds from sale of fixed assets	525,670	8,193	533,863
Proceeds from issuance of debt	44,300,000	-	44,300,000
Principal and interest paid on capital debt	(3,273,767)	(506,092)	(3,779,859)
	39,893,505	(1,065,057)	38,828,448
Net cash provided by (used in) capital and related financing activities			
Cash Flows from Investing Activities			
Interest received on investments	2,057,683	58,084	2,115,767
Purchase of investment securities	(3,439,000)	-	(3,439,000)
Sale of investment securities	14,467,926	-	14,467,926
	13,086,609	58,084	13,144,693
Net cash provided by investing activities			
Net Increase in Cash and Cash Equivalents	49,523,078	87,435	49,610,513
Cash and Cash Equivalents - Beginning of year	1,270,528	1,475,324	2,745,852
Cash and Cash Equivalents - End of year	\$ 50,793,606	\$ 1,562,759	\$ 52,356,365
Statement of Net Assets Classification of Cash and Cash Equivalents			
Cash and cash equivalents	\$ 7,415,892	\$ 818,161	\$ 8,234,053
Restricted assets (Note 8)	43,377,714	744,598	44,122,312
Total cash and cash equivalents	\$ 50,793,606	\$ 1,562,759	\$ 52,356,365
Reconciliation of Operating Loss to Net Cash from Operating Activities			
Operating loss	\$ (1,722,388)	\$ (290,820)	\$ (2,013,208)
Adjustments to reconcile operating loss to net cash from operating activities:			
Depreciation and amortization	2,743,067	299,044	3,042,111
Changes in assets and liabilities:			
Receivables	(1,503,729)	-	(1,503,729)
Due from other funds	188,298	-	188,298
Due from other governmental units	13,881	-	13,881
Inventory	(392,887)	3,942	(388,945)
Other assets	24,547	(55,808)	(31,261)
Accounts payable	531,783	(68,109)	463,674
Accrued and other liabilities	(151,403)	46,304	(105,099)
Cash bonds and deposits	(155,131)	-	(155,131)
Provisions for compensated absences and uninsured losses	(189,207)	(3,066)	(192,273)
Due to other funds	(2,843,867)	-	(2,843,867)
	(3,457,036)	(68,513)	(3,525,549)
Net cash provided by (used in) operating activities			

Noncash Investing, Capital, and Financing Activities - During the year ended December 31, 2007, developers constructed water and sewer lines with an estimated value of \$1,193,248 and donated them to the Charter Township's Water and Sewer Fund. The Township's Water and Sewer Fund also recognized an unrealized gain on investments of \$193,537.

Charter Township of Canton

Fiduciary Funds Statement of Net Assets December 31, 2007

	Pension and Other Employee Benefits Fund	Agency Funds
Assets		
Cash and cash equivalents	\$ 3,793,276	\$ 15,469,224
Receivables - Accrued interest and other	5,307	-
Total assets	3,798,583	<u>\$ 15,469,224</u>
Liabilities		
Cash bonds and deposits	-	\$ 381,523
Due to other governmental units	-	15,087,701
Total liabilities	-	<u>\$ 15,469,224</u>
Net Assets - Held in trust for pension and other employee benefits	<u>\$ 3,798,583</u>	

Charter Township of Canton

Fiduciary Funds Statement of Changes in Net Assets Year Ended December 31, 2007

	<u>Pension and Other Employee Benefits Fund</u>
Additions	
Contributions (Employer only)	\$ 1,019,106
Investment income - Interest and dividends	<u>249,337</u>
Total additions	1,268,443
Deductions - Benefit payments	<u>844,000</u>
Net Increase	424,443
Net Assets Held in Trust for Pension and Other Employee Benefits	
Beginning of year	<u>3,374,140</u>
End of year	<u><u>\$ 3,798,583</u></u>

Charter Township of Canton

**Notes to Financial Statements
December 31, 2007**

Note 1 - Summary of Significant Accounting Policies

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

Reporting Entity

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

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

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

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

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

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

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Note I - Summary of Significant Accounting Policies (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Charter Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The Street Lighting Fund has a “service type” special assessment that is billed in 2007 for services performed in 2008. Therefore, the revenue is recognized in 2008 and classified as unearned revenue within the government-wide statements.

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

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

The Charter Township reports the following major governmental funds:

- The General Fund is the Charter Township’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The Police Fund is a full-service department consisting of 85 sworn personnel and 37 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 56 sworn fire personnel and three support personnel, which provides fire suppression, fire prevention, and emergency medical service. The main source of revenue for the fire department comes from a voter-approved special assessment on real property.
- The Public Improvement Fund accounts for special community projects such as road improvements and building construction. Revenues come from property sales and General Fund contributions.

Charter Township of Canton

**Notes to Financial Statements
December 31, 2007**

Note 1 - Summary of Significant Accounting Policies (Continued)

- The Community Improvement Fund accounts for royalty payments for solid waste deposited in two privately owned landfills in the Charter Township, although only one remains open at this time. The money from this fund is used to fund community improvements and recreation projects, not for operations.
- The Community Center Fund accounts for the activity of Canton's Summit on the Park. Revenue consists primarily of user charges associated with the athletic center and rentals from the banquet facility.
- The Cable TV Fund accounts for royalty revenues and expenditures related to cable TV operations. Franchise fee revenues are paid to the Charter Township based on a percentage of cable TV subscriber fees. Expenditures in this fund are to provide for local cable TV programming services.

The Charter Township reports the following major proprietary funds:

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

Additionally, the Charter Township reports the following fund types:

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

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

Charter Township of Canton

Notes to Financial Statements December 31, 2007

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

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

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

Property Tax Revenue

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

The Charter Township's 2006 tax is levied and collectible on December 1, 2006 and is recognized as revenue in the year ended December 31, 2007, when the proceeds of the levy are budgeted and available for the financing of operations.

Charter Township of Canton

Notes to Financial Statements December 31, 2007

Note I - Summary of Significant Accounting Policies (Continued)

The 2006 taxable valuation of the Charter Township totaled approximately \$3,849 million (a portion of which is abated and a portion of which is captured by the DDA), on which taxes levied consisted of 2.3660 mills for operating purposes, 2.3580 mills for fire operating services, and 3.9260 mills for police operating. This resulted in approximately \$8.9 million for operating, \$8.4 million for fire operating, and \$14 million for police operating. All tax amounts are recognized in the respective General, Police, and Fire Funds' financial statements as tax revenue.

Assets, Liabilities, and Net Assets or Equity

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

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

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

Restricted Assets - The Charter Township has unspent bond proceeds in the Water and Sewer Fund for the construction of sewer infrastructure and in the Golf Course Fund for the renovation of buildings and land improvements and as such, the amounts have been classified as restricted assets. The Charter Township also has restricted assets in the governmental activities for contributions from developers. Additionally, the component unit also has restricted assets for unspent bond proceeds.

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

Charter Township of Canton

Notes to Financial Statements December 31, 2007

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

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

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

Net Assets - In the government-wide financial statements, net assets that are legally restricted by outside parties for use for a specific purpose are shown as restricted. The following restrictions apply to net assets as of December 31, 2007:

- **Police and Fire** - Special tax levies to fund police and fire activities
- **Western Wayne Criminal Investigation** - Amounts directed by consortium for funding various narcotics and auto theft programs
- **Street Lighting** - Special assessment tax levy to fund street lighting program

Charter Township of Canton

Notes to Financial Statements December 31, 2007

Note 1 - Summary of Significant Accounting Policies (Continued)

- **911 Activities** - Fees collected to fund 911 activities
- **Debt Service** - Amounts remaining from debt issuance related to special assessments and amounts collected from residents in special assessment districts that must be used to service the related outstanding debt

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

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, 2007		\$ (4,208,339)
Building permit revenue		1,230,519
Related expenses:		
Direct costs	\$ 1,198,698	
Estimated indirect costs	<u>1,087,163</u>	
Total construction code expenses		<u>2,285,861</u>
Cumulative shortfall at December 31, 2007		<u>\$ (5,263,681)</u>

Note 3 - Deposits and Investments

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

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

The Charter Township has designated 16 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:

Charter Township of Canton

Notes to Financial Statements December 31, 2007

Note 3 - Deposits and Investments (Continued)

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Charter Township's deposits may not be returned to it. The Charter Township does not have a deposit policy for custodial credit risk. At year end, the Charter Township had \$47,047,885 of bank deposits (certificates of deposit, checking and savings accounts) that were uninsured and uncollateralized; the component unit had \$11,138,902 of uninsured and uncollateralized bank deposits. In addition, the Charter Township has \$5,167,071 of negotiable certificates of deposit, of which \$1,500,000 is FDIC insured. The Charter Township believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits.

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

Interest Rate Risk

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

Investment	Fair Value	Weighted Average Maturity
Government-wide		
Money markets	\$ 15,662,294	0 months
Federal National Mortgage Association	17,425,051	1.5 years
Federal Home Loan Bank	23,343,874	1.3 years
Federal Home Loan Mortgage Corporation	10,658,648	11.6 months
Federal Farm Credit Bank	2,052,485	1.5 months
Negotiable certificates of deposit	5,167,071	1.4 years
U.S. Treasury	24,392	2.1 years
Component Unit		
Money markets	225,600	0 months
Federal National Mortgage Association	1,000,000	1.7 years
Federal Home Loan Bank	1,004,060	2.8 years

Charter Township of Canton

Notes to Financial Statements December 31, 2007

Note 3 - Deposits and Investments (Continued)

Credit Risk

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

Investment	Fair Value	Rating	Rating Organization
Government-wide			
Money market	\$ 12,845,232	Unrated	N/A
Money market	3,145,891	AAA	S&P
Federal National Mortgage Association	17,425,051	AAA	S&P
Pooled investments	145,492	Unrated	N/A
Federal Home Loan Mortgage Corporation	10,658,648	AAA	S&P
Federal Farm Credit Bank	2,052,485	AAA	S&P
J Funds	73,477	AI	S&P
Negotiable certificates of deposit	5,167,071	Unrated	N/A
Federal Home Loan Bank	23,343,874	AAA	S&P
Component Unit			
Money market	225,600	AAA	S&P
Federal National Mortgage Association	1,000,000	AAA	S&P
Federal Home Loan Bank	1,004,060	AAA	S&P

The above amounts do not include approximately \$2,890,000 of investments in the Municipal Employees' Retirement System (MERS) Retiree Health Funding Vehicle which are held in a separate reserve but invested on a pooled basis by MERS with other governmental units.

Charter Township of Canton

Notes to Financial Statements December 31, 2007

Note 4 - Capital Assets

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

	Balance January 1, 2007	Increases	Decreases	Balance December 31, 2007
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 15,997,498	\$ 523,860	\$ (161,154)	\$ 16,360,204
Construction in progress	813,065	1,964,868	(813,065)	1,964,868
Subtotal	16,810,563	2,488,728	(974,219)	18,325,072
Capital assets being depreciated:				
Infrastructure	12,423,813	228,339	-	12,652,152
Buildings and improvements	61,865,376	1,127,642	-	62,993,018
Vehicles and equipment	8,551,561	1,523,564	(341,979)	9,733,146
Furniture and fixtures	13,883,527	372,045	(31,945)	14,223,627
Computer equipment	1,449,798	248,105	(1,500)	1,696,403
Subtotal	98,174,075	3,499,695	(375,424)	101,298,346
Accumulated depreciation:				
Infrastructure	6,070,365	519,215	-	6,589,580
Buildings and improvements	11,369,054	1,586,301	-	12,955,355
Vehicles and equipment	5,625,045	748,545	(293,570)	6,080,020
Furniture and fixtures	8,845,715	920,490	(23,862)	9,742,343
Computer equipment	1,211,397	204,208	(1,500)	1,414,105
Subtotal	33,121,576	3,978,759	(318,932)	36,781,403
Net capital assets being depreciated	65,052,499	(479,064)	(56,492)	64,516,943
Net governmental capital assets	\$ 81,863,062	\$ 2,009,664	\$ (1,030,711)	\$ 82,842,015

Charter Township of Canton

Notes to Financial Statements December 31, 2007

Note 4 - Capital Assets (Continued)

Business-type Activities	Balance January 1, 2007	Increases	Decreases	Balance December 31, 2007
Capital assets not being depreciated:				
Land	\$ 10,701,413	\$ -	\$ (1,336,606)	\$ 9,364,807
Construction in progress	<u>127,970</u>	<u>223,076</u>	<u>(273,490)</u>	<u>77,556</u>
Subtotal	10,829,383	223,076	(1,610,096)	9,442,363
Capital assets being depreciated:				
Land improvements	1,398,591	145,655	-	1,544,246
Water and sewer distribution systems	113,983,293	1,193,248	-	115,176,541
Buildings and building improvements	10,276,090	212,371	-	10,488,461
Vehicles and equipment	6,141,748	40,632	(83,350)	6,099,030
Office furnishings	2,081,508	142,719	(22,773)	2,201,454
Computer equipment	<u>67,617</u>	<u>-</u>	<u>-</u>	<u>67,617</u>
Subtotal	133,948,847	1,734,625	(106,123)	135,577,349
Accumulated depreciation:				
Land improvements	997,343	107,324	(1,418)	1,103,249
Water and sewer distribution systems	35,947,396	2,341,756	-	38,289,152
Buildings and building improvements	2,201,032	277,842	-	2,478,874
Vehicles and equipment	4,931,501	189,948	(36,644)	5,084,805
Office furnishings	1,623,594	130,115	(17,765)	1,735,944
Computer equipment	<u>72,182</u>	<u>(4,874)</u>	<u>-</u>	<u>67,308</u>
Subtotal	<u>45,773,048</u>	<u>3,042,111</u>	<u>(55,827)</u>	<u>48,759,332</u>
Net capital assets being depreciated	<u>88,175,799</u>	<u>(1,307,486)</u>	<u>(50,296)</u>	<u>86,818,017</u>
Net business-type capital assets	<u>\$ 99,005,182</u>	<u>\$ (1,084,410)</u>	<u>\$ (1,660,392)</u>	<u>\$ 96,260,380</u>

Charter Township of Canton

Notes to Financial Statements December 31, 2007

Note 4 - Capital Assets (Continued)

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

Component Unit	Balance January 1, 2007	Increases	Decreases	Balance December 31, 2007
Capital assets not being depreciated -				
Construction in progress	\$ 254,496	\$ 1,840,736	\$ -	\$ 2,095,232
Capital assets being depreciated:				
Infrastructure	1,361,560	-	-	1,361,560
Buildings	13,258	-	-	13,258
Furniture, fixtures, and equipment	3,436,892	9,980	-	3,446,872
Subtotal	4,811,710	9,980	-	4,821,690
Accumulated depreciation:				
Infrastructure	433,532	71,743	-	505,275
Buildings	662	332	-	994
Furniture, fixtures, and equipment	1,645,765	187,638	-	1,833,403
Subtotal	2,079,959	259,713	-	2,339,672
Net capital assets being depreciated	2,731,751	(249,733)	-	2,482,018
Net component unit capital assets	<u>\$ 2,986,247</u>	<u>\$ 1,591,003</u>	<u>\$ -</u>	<u>\$ 4,577,250</u>

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

Governmental activities:

General government	\$ 708,295
Public safety	1,115,975
Public works	762,639
Building, planning, and engineering	68,793
Recreation and culture	1,323,057
Total governmental activities	<u>\$ 3,978,759</u>

Business-type activities:

Water and sewer	\$ 2,743,067
Golf course	299,044
Total business-type activities	<u>\$ 3,042,111</u>

Charter Township of Canton

Notes to Financial Statements December 31, 2007

Note 4 - Capital Assets (Continued)

Construction Commitments - The Charter Township has active construction projects at year end related primarily to the expansion of the parks/golf maintenance building and the victory park facility as well as construction of two intersections. At year end, the Charter Township's commitments with contractors are as follows:

	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Fellows Creek Golf Course	\$ 670,405	\$ 729,595
Lower Rouge Trail	203,004	33,531
Sanitary Relief Sewer	3,300,759	999,402
Pressure Meter Pit	102,079	765,798
Intersection projects	1,609,695	686,232
Other	<u>102,813</u>	<u>120,668</u>
Total	<u>\$ 5,988,755</u>	<u>\$ 3,335,226</u>

The component unit has commitments with contractors where it has spent \$1,587,751 to date with \$7,816,637 remaining.

Note 5 - Deferred Revenue

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

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
Special assessments	\$ 4,457,805	\$ 240,196	\$ 4,698,001
Property taxes and other	<u>2,035,752</u>	<u>33,302,164</u>	<u>35,337,916</u>
Total	<u>\$ 6,493,557</u>	<u>\$ 33,542,360</u>	<u>\$ 40,035,917</u>

The component unit reported unearned property tax revenue in the amount of \$2,389,219.

Charter Township of Canton

Notes to Financial Statements December 31, 2007

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:		
General Fund	Police	\$ 3,481
	Community Improvement	96,585
	Cable TV	837
	Water and Sewer	98,243
	Golf Course	1,009
	Nonmajor governmental funds	<u>1,145,867</u>
	Total General Fund	1,346,022
Special Revenue Funds:		
Police	Nonmajor governmental funds	6,958
Community Center	General	19,548
	Nonmajor governmental funds	<u>93</u>
	Total Community Center	19,641
Nonmajor governmental funds	Cable TV	192
	Nonmajor governmental funds	<u>240,321</u>
	Total nonmajor governmental funds	<u>240,513</u>
	Total governmental funds	1,613,134

Charter Township of Canton

Notes to Financial Statements December 31, 2007

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

Receivable Fund	Payable Fund	Amount
Due to/from other funds (Continued):		
Enterprise Funds -		
Water and Sewer	Police	\$ 31,235
	Fire	13,852
	Public Improvement	525,670
	Community Improvement	232,037
	Community Center	6,647
	Cable TV	35
	Golf Course	637,072
	Nonmajor governmental funds	<u>203</u>
	Total Water and Sewer	<u>1,446,751</u>
	Total Enterprise funds	<u>1,446,751</u>
	Total	<u>\$ 3,059,885</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, 2007

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

Interfund transfers reported in the fund statements were as follows:

Fund Transferred From	Fund Transferred To	Amount
General	Community Center (1)	\$ 546,450
	Nonmajor governmental funds (2,3)	<u>1,697,404</u>
	Total General Fund	2,243,854
Public Improvement	Community Improvement (2)	1,438,247
Community Improvement	Golf Course (1)	524,521
Community Center	Nonmajor governmental funds (3)	89,740
Cable TV	Golf Course (1)	1,452,000
Nonmajor governmental funds	General fund (1)	1,800
	Nonmajor governmental funds (3)	<u>285,874</u>
	Total nonmajor governmental funds	<u>287,674</u>
	Total governmental funds	<u>\$ 6,036,036</u>

The following describes the nature of significant transfers:

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

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, 2007

Note 7 - Long-term Debt (Continued)

Long-term obligation activity can be summarized as follows:

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities							
1998 Building Authority Bonds (Softball Center):							
Amount of issue - \$2,500,000							
Maturing through 2008	3.75%	\$300,000	\$ 600,000	\$ -	\$ (300,000)	\$ 300,000	\$ 300,000
1999 (Refunded Bonds) Building Authority Bonds (Library)*:							
Amount of issue - \$6,000,000							
Maturing through 2020	5.20%	\$250,000	500,000	-	(250,000)	250,000	250,000
2000 (Refunded Bonds) Building Authority Recreation Bonds (debt issue split between governmental and business-type activities):							
Amount of issue - \$2,100,000	4.75%	\$70,000-					
Maturing through 2020	6.75%	\$105,000	350,000	-	(70,000)	280,000	87,500
Limited Tax General Obligations:							
2003 Capital Improvement (Limited Tax):							
Amount of issue - \$23,000,000	2.50%	\$550,000 -					
Maturing through 2023	4.50%	\$2,100,000	21,800,000	-	(550,000)	21,250,000	600,000
Limited Tax General Obligations Series 2003:							
Amount of issue - \$2,675,000	2.50%	\$207,807 -					
Maturing through 2016	3.90%	\$297,475	2,049,543	-	-	2,049,543	207,807
2004 Capital Improvement (Limited Tax) - Fire Station:							
Amount of issue - \$2,500,000	3.00%	\$200,000 -					
Maturing through 2014	3.65%	\$325,000	2,150,000	-	(200,000)	1,950,000	200,000
Limited Tax General Obligation Refunding Bonds, Series 2005 (debt issue split between governmental and business-type activities)							
Amount of issue - \$9,450,000	2.65%	\$30,250-					
Maturing through 2020	4.50%	\$681,500	6,443,250	-	(30,250)	6,413,000	30,250
Deferred cost of financing			(425,473)		30,391	(395,082)	(30,391)
Special Assessment Bonds:							
1997 Special Assessment Bonds:							
Amount of issue - \$2,140,000							
Maturing through 2007	5.00%	\$200,000	200,000	-	(200,000)	-	-
1998 Special Assessment Bonds:							
Amount of issue - \$3,480,000							
Maturing through 2008	3.65%	\$375,000 - \$400,000	775,000	-	(400,000)	375,000	375,000
2004 Special Assessment Bond:							
Amount of issue - \$4,100,000	3.00%	\$50,000 -					
Maturing through 2018	4.25%	\$400,000	3,700,000	-	(400,000)	3,300,000	400,000
2004 Special Assessment Bond:							
Amount of issue - \$1,500,000 ***							
Maturing through 2011	4.96%	\$500,000	1,500,000	-	-	1,500,000	-
Total bond obligations			39,642,320	-	(2,369,859)	37,272,461	2,420,166
Other long-term obligations:							
Accumulated employee benefits**			2,371,318	1,828,269	(1,804,711)	2,394,876	1,202,349
Provision for uninsured losses**			782,470	-	(244,581)	537,889	-
Total other long-term obligations			3,153,788	1,828,269	(2,049,292)	2,932,765	1,202,349
Total governmental activities			42,796,108	1,828,269	(4,419,151)	40,205,226	3,622,515

* The Library Building Authority bonds debt service requirements are being provided by the Canton Township Library. The Charter Township and the Library have entered into an agreement that calls for annual payments from the Library equal to the debt service requirements on the bonds. A portion of the bond was refunded during the year ended December 31, 2005, although it did not change the terms of the capital lease. A capital lease for \$4,997,326 has been recorded at December 31, 2007.

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

*** Bonds have a variable interest rate; the rate was 4.960% as of December 31, 2007 and is determined by the prime rate.

Charter Township of Canton

Notes to Financial Statements December 31, 2007

Note 7 - Long-term Debt (Continued)

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type Activities							
General Obligation Bonds:							
Building Authority Recreation Bonds, Series 2000							
(Refunded Bonds) (debt issue split between governmental and business-type activities):							
Amount of issue - \$3,900,000	4.75%	\$130,000 -					
Maturing through 2020	6.75%	\$195,000	\$ 650,000	\$ -	\$ (130,000)	\$ 520,000	\$ 162,500
Building Authority Limited Tax GO Bonds:							
Amount of issue - \$3,890,000	2.50%	\$302,193 -					
Maturing through 2016	3.90%	\$482,525	2,980,457	-	-	2,980,457	302,194
Limited Tax General Obligation Refunding Bonds, Series 2005							
(debt issue split between governmental and business-type activities):							
Amount of issue - \$9,450,000	2.65%	\$9,750 -					
Maturing through 2020	4.50%	\$383,500	2,856,750	-	(9,750)	2,847,000	9,750
Deferred cost of financing			(191,554)	-	13,683	(177,871)	(13,682)
Limited Tax General Obligation Refunding Bonds, Series 2006							
(debt issue split between business-type and component unit activities):							
Amount of issue - \$1,360,000	4.00%	\$55,172 -					
Maturing through 2018		\$165,517	1,360,000	-	(55,172)	1,304,828	55,172
Limited Tax General Obligation, Series 2007							
Amount of issue - \$44,300,000	4.00%	\$1,060,000 -					
Maturing through 2027	5.00%	\$3,415,000	-	44,300,000	-	44,300,000	1,060,000
County contractual obligations:							
Wayne County Metropolitan Sewage Disposal System Bonds							
Amount of issue - \$2,500,000	4.25%	-					
Maturing through 2007	5.00%	\$140,000	140,000	-	(140,000)	-	-
Michigan State Revolving Loan Fund:							
Amount of issue - \$2,295,000	2.00%	\$125,000 -					
Maturing through 2012		\$140,000	660,000	-	(125,000)	535,000	130,000
Total bonds and other contractual obligations			8,455,653	44,300,000	(446,239)	52,309,414	1,705,934
Less current portion payable from restricted assets			140,000	-	(140,000)	-	-
Total bonds and other contractual obligations, net of current portion			8,315,653	44,300,000	(306,239)	52,309,414	1,705,934
Other long-term obligations:							
Accumulated employee benefits			130,911	197,244	(172,245)	155,910	85,882
Provision for uninsured losses			335,346	-	(217,272)	118,074	-
Total other long-term obligations			466,257	197,244	(389,517)	273,984	85,882
Total business-type activities			8,781,910	44,497,244	(695,756)	52,583,398	1,791,816
Total governmental and business-type activities			\$ 51,578,018	\$ 46,325,513	\$ (5,114,907)	\$ 92,788,624	\$ 5,414,331
Component Unit							
General obligation bonds:							
1994 Downtown Development Bonds:							
Amount of issue - \$850,000	5.70%	\$80,000 -					
Maturing through 2009	5.85%	\$95,000	\$ 265,000	\$ -	\$ (80,000)	\$ 185,000	\$ 90,000
1999 Downtown Development Bonds:							
Amount of issue - \$1,500,000	4.00%	\$100,000 -					
Maturing through 2014	4.60%	\$150,000	1,025,000	-	(100,000)	925,000	100,000
2006 Downtown Development Bonds							
(debt issue split between business-type and component unit activities):							
Amount of issue - \$8,500,000	4.00%	\$344,828 -					
Maturing through 2018		\$1,034,483	8,500,000	-	(344,828)	8,155,172	344,828
Total component unit bond obligations			\$ 9,790,000	\$ -	\$ (524,828)	\$ 9,265,172	\$ 534,828

Charter Township of Canton

Notes to Financial Statements December 31, 2007

Note 7 - Long-term Debt (Continued)

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

	Governmental Activities			Business-type Activities			Component Units		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2008	\$ 2,450,557	\$ 1,388,457	\$ 3,839,014	\$ 1,719,616	\$ 2,744,516	\$ 4,464,132	\$ 534,828	\$ 375,163	\$ 909,991
2009	2,481,669	1,315,589	3,797,258	2,147,297	2,316,119	4,463,416	651,034	340,902	991,936
2010	2,630,840	1,251,906	3,882,746	2,309,849	2,232,533	4,542,382	629,310	314,011	943,321
2011	2,797,139	1,180,556	3,977,695	2,414,413	2,142,809	4,557,222	728,448	286,294	1,014,742
2012	2,375,936	1,099,591	3,475,527	2,423,201	2,047,329	4,470,530	925,862	252,520	1,178,382
2013-2017	11,809,152	4,112,603	15,921,755	12,694,642	8,601,180	21,295,822	4,761,207	692,679	5,453,886
2018-2022	11,022,250	1,841,868	12,864,118	13,288,267	5,531,170	18,819,437	1,034,483	20,690	1,055,173
2023	2,100,000	94,500	2,194,500	15,490,000	2,013,750	17,503,750	-	-	-
Total	<u>\$ 37,667,543</u>	<u>\$ 12,285,070</u>	<u>\$ 49,952,613</u>	<u>\$ 52,487,285</u>	<u>\$ 27,629,406</u>	<u>\$ 80,116,691</u>	<u>\$ 9,265,172</u>	<u>\$ 2,282,259</u>	<u>\$ 11,547,431</u>

Defeased Debt - In prior years, the Township defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust accounts' assets and liabilities for the defeased bonds are not included in the basic financial statements. At December 31, 2007, \$9,075,000 of bonds outstanding are considered defeased.

Note 8 - Restricted Assets

The balance of restricted assets is as follows:

	Governmental Activities	Business-type Activities	Component Units
Cash and equivalents:			
Contributions from developers	\$ 130,034	\$ -	\$ -
Unspent bond proceeds	-	44,122,312	6,428,195
Total	<u>\$ 130,034</u>	<u>\$ 44,122,312</u>	<u>\$ 6,428,195</u>

Charter Township of Canton

Notes to Financial Statements December 31, 2007

Note 9 - Risk Management

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

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

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

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

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

	<u>2007</u>	<u>2006</u>
Estimated liability - Beginning of year	\$ 1,117,817	\$ 391,175
Estimated claims incurred, including changes in estimates	(273,260)	1,160,133
Claim payments, administration fees, and excess payments	<u>(188,594)</u>	<u>(433,491)</u>
Estimated liability - End of year	<u>\$ 655,963</u>	<u>\$ 1,117,817</u>

Charter Township of Canton

**Notes to Financial Statements
December 31, 2007**

Note 10 - Defined Contribution Retirement Plan

The Charter Township participates in the Charter Township of Canton Retirement Plan, a defined contribution plan, which is administered by The Charles Schwab Trust Co. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate as of the date of employment. As established by the Charter Township Board, the Charter Township contributes 15 percent of employees' gross earnings and employees contribute 5 percent of earnings. In accordance with these requirements, the Charter Township contributed approximately \$814,138 during the current year, and employees contributed approximately \$271,380.

Note 11 - Defined Benefit Pension Plan

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

Funding Policy

The obligation to contribute to and maintain the MERS for these full-time employees was established by the Charter Township's board of trustees and requires a contribution from the employees of 5 percent to 6 percent of gross wages and a contribution from the employer ranging from 6.32 percent to 19.78 percent of participating employees' gross wages depending on their membership agreement.

Annual Pension Cost

For the year ended December 31, 2007, the Charter Township's annual pension cost of \$2,819,498 for the plan was equal to the required and actual contribution. The 2007 annual required contribution was determined as part of the actuarial valuation as of December 31, 2005, using the entry age normal cost method. Significant actuarial assumptions used include (a) an 8 percent investment rate of return, (b) projected salary increases of 4.5 percent per year plus percentage based on an age-related scale to reflect merit longevity and promotional salary increases, and (c) 2.5 percent per year cost of living adjustments. Both (a) and (b) include an inflation component of 4.5 percent. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a 10-year

Charter Township of Canton

Notes to Financial Statements December 31, 2007

Note 11 - Defined Benefit Pension Plan (Continued)

period. The unfunded actuarial liability is being amortized as a level percentage of payroll on an open basis. The remaining amortization period is 30 years.

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

	Year Ended December 31		
	2007	2006	2005
Annual pension cost (APC)	\$ 2,819,498	\$ 2,613,122	\$ 1,247,800
Percentage of APC contributed	100%	100%	100%
Net pension obligation	\$ -	\$ -	\$ -

	December 31		
	2006	2005	2004
Actuarial value of assets	\$ 47,405,556	\$ 27,793,881	\$ 25,045,702
Actuarial accrued liability (AAL) (entry age)	\$ 68,615,503	\$ 35,268,889	\$ 31,978,973
Unfunded AAL (UAAL)	\$ 21,209,947	\$ 7,475,008	\$ 6,933,271
Funded ratio	69.09%	78.81%	78.32%
Covered payroll	\$ 16,252,352	\$ 9,019,572	\$ 8,384,603
UAAL as a percentage of covered payroll	130.50%	82.88%	82.69%

In 2006, three bargaining units consisting of over one hundred employees transferred from the defined contribution plan to the defined benefit pension plan. This accounts for the significant increase in the value of the assets and the accrued liability.

Note 12 - 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 78 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 plan administered by the Charter Township. The benefits are provided under collective bargaining agreements. The

Charter Township of Canton

Notes to Financial Statements December 31, 2007

Note 12 - Postemployment Benefits (Continued)

plan does not issue a separate stand-alone financial statement. Administrative costs are paid by the employer.

Funding policy - The collective bargaining agreements do not require a contribution from employees. 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. For the fiscal year ended December 31, 2007, the Charter Township made payments for postemployment health benefit premiums of \$844,000 plus contributed approximately \$1,019,000 into the trust. The funding progress of the plan as of the most recent valuation date is as follows:

Valuation as of December 31, 2006:

Actuarial value of assets	\$	3,414,941
Actuarial accrued liability	\$	44,514,949
Unfunded AAL	\$	41,100,008
Funded ratio		7.67%
Annual covered payroll	\$	16,252,352
Ratio of UAAL to covered payroll		252.89%

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. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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.

Charter Township of Canton

Notes to Financial Statements December 31, 2007

Note 12 - Postemployment Benefits (Continued)

In the December 31, 2006, 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 11 percent initially, reduced by decrements to an ultimate rate of 4.5 percent after ten years. Both rates included a 4.5 percent inflation assumption. The actuarial value of assets is set to equal fair market value. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2006, was thirty years.

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

Note 13 - Joint Ventures

The Charter Township is a member of the Western Townships Utilities Authority (WTUA), which provides sewage disposal services to the residents of Canton, Northville, and Plymouth Townships. The participating communities provide annual funding for its operations. During the current year, the Charter Township paid approximately \$12,884,000 to WTUA for operations, debt, and capital. The Charter Township's equity interest is recorded within the Water and Sewer Fund. The Charter Township is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future. Complete financial statements for WTUA can be obtained from the administrative offices at 40905 Joy Road, Canton, Michigan 48187.

The Charter Township is a member of the 35th District Court System and has an equity interest in the 35th District Courthouse Authority (the "Courthouse"), which provides judicial services to the Charter Township and various other surrounding communities. The Charter Township appoints one member to the joint venture's board, which then approves the annual budget. The Charter Township's equity interest is recorded within the governmental activities column in the statement of net assets. The Charter Township is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the near

Charter Township of Canton

Notes to Financial Statements December 31, 2007

future. The Charter Township and various other surrounding communities agreed to become guarantors of bonds issued by the Courthouse during 1999. There were bonds outstanding of \$3,190,000 at December 31, 2007, of which the Charter Township guarantees 47 percent, or \$1,499,300. Complete financial statements for the Courthouse can be obtained from the administrative offices at 660 Plymouth Road, Plymouth, Michigan 48170.

Note 14 – Sale of Delinquent Property Taxes

The Charter Township sells its delinquent real property taxes to the County, which then becomes responsible for collecting the taxes, and taking any uncollected tax parcels through the tax reversion process. The County purchases these taxes at 100% of face value, and in return the County is allowed to retain all interest and penalties it collects. The estimated present value of the future delinquent collections to the Charter Township is less than the face value that has been received, because of the time value of money; however, the net present value to the County is greater than this amount, because of the statutory provision that allows the County to retain all penalties and interest. During the current year, the Charter Township received \$1,987,568 from this sale. At the end of the tax reversion process (approximately 3 years), the County charges the Charter Township back for any uncollected taxes. Historically, this amount has not been significant.

Required Supplemental Information

Charter Township of Canton

Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended December 31, 2007

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Property taxes	\$ 9,022,684	\$ 9,027,798	\$ 8,903,181	\$ (124,617)
Licenses and permits	1,143,800	1,143,800	1,255,001	111,201
Federal sources	100,000	297,000	20,000	(277,000)
State sources	6,204,708	6,204,708	6,231,377	26,669
Charges for services	4,034,083	4,113,083	3,706,077	(407,006)
Court fees	75,000	75,000	184,713	109,713
Administration charges	3,950,476	3,944,972	3,820,476	(124,496)
Interest and other	941,385	1,126,667	1,336,828	210,161
Transfers in	30,000	30,000	1,800	(28,200)
Fund balance appropriation	1,174,700	1,574,851	-	(1,574,851)
Total revenues	<u>\$ 26,676,836</u>	<u>\$ 27,537,879</u>	<u>\$ 25,459,453</u>	<u>\$ (2,078,426)</u>
Expenditures				
General government	\$ 8,142,237	\$ 8,570,667	\$ 6,666,671	\$ 1,903,996
Public safety	84,500	84,500	73,055	11,445
Public services	7,846,593	8,164,263	7,638,347	525,916
Recreation	4,693,563	4,926,970	4,644,416	282,554
Sanitation	3,546,430	3,547,625	3,331,292	216,333
Transfers out	2,363,513	2,243,854	2,243,854	-
Transfer to fund balance	-	-	861,818	(861,818)
Total expenditures	<u>\$ 26,676,836</u>	<u>\$ 27,537,879</u>	<u>\$ 25,459,453</u>	<u>\$ 2,078,426</u>

Charter Township of Canton

	Police			
	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Property taxes	\$ 14,152,795	\$ 14,152,795	\$ 14,035,106	\$ (117,689)
Licenses and permits	57,600	57,600	70,934	13,334
Federal sources	16,170	22,050	81,958	59,908
State sources	54,600	138,439	76,028	(62,411)
Charges for services	88,100	88,100	54,126	(33,974)
Administrative charges	-	-	-	-
Royalties	-	-	-	-
Summit recreational fees	-	-	-	-
Interest and other	278,100	278,100	677,506	399,406
Transfers in	-	-	-	-
Fund balance appropriation	-	80,215	-	(80,215)
Total revenues	\$ 14,647,365	\$ 14,817,299	\$ 14,995,658	\$ 178,359
Expenditures				
General government	\$ -	\$ -	\$ -	\$ -
Public safety	14,647,365	14,817,299	14,146,439	670,860
Recreation	-	-	-	-
Other	-	-	-	-
Debt principal payments	-	-	-	-
Interest and fiscal charges	-	-	-	-
Transfers to other funds	-	-	-	-
Transfer to fund balance	-	-	849,219	(849,219)
Total expenditures	\$ 14,647,365	\$ 14,817,299	\$ 14,995,658	\$ (178,359)

Required Supplemental Information
Budgetary Comparison Schedule - Major Special Revenue Funds
Year Ended December 31, 2007

Fire				Public Improvement			
Original Budget	Final Budget	Actual	Variance With Final Budget	Original Budget	Final Budget	Actual	Variance With Final Budget
\$ 8,518,502	\$ 8,518,502	\$ 8,431,926	\$ (86,576)	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
16,000	16,000	17,007	1,007	-	-	-	-
5,750	5,750	2,700	(3,050)	-	-	-	-
660,000	660,000	843,203	183,203	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
365,500	365,500	398,577	33,077	1,076,866	1,076,866	1,380,295	303,429
-	-	-	-	-	-	-	-
600,000	605,560	-	(605,560)	371,381	371,381	65,544	(305,837)
\$ 10,165,752	\$ 10,171,312	\$ 9,693,413	\$ (477,899)	\$ 1,448,247	\$ 1,448,247	\$ 1,445,839	\$ (2,408)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
10,165,752	10,171,312	9,691,785	479,527	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	10,000	10,000	7,592	2,408
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	1,438,247	1,438,247	1,438,247	-
-	-	1,628	(1,628)	-	-	-	-
\$ 10,165,752	\$ 10,171,312	\$ 9,693,413	\$ 477,899	\$ 1,448,247	\$ 1,448,247	\$ 1,445,839	\$ 2,408

Charter Township of Canton

	Community Improvement			
	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Federal sources	90,000	308,771	51,255	(257,516)
State sources	-	-	-	-
Charges for services	-	-	-	-
Administrative charges	-	-	-	-
Royalties	1,235,000	1,235,000	1,196,560	(38,440)
Summit recreational fees	-	-	-	-
Interest and other	13,250	13,250	15,362	2,112
Transfers in	1,438,247	1,438,247	1,438,247	-
Fund balance appropriation	-	357,017	402,727	45,710
Total revenues	\$ 2,776,497	\$ 3,352,285	\$ 3,104,151	\$ (248,134)
Expenditures				
General government	\$ 849,000	\$ 1,424,776	\$ 1,176,642	\$ 248,134
Public safety	-	-	-	-
Recreation	-	-	-	-
Other	-	-	-	-
Debt principal payments	550,000	550,000	550,000	-
Interest and fiscal charges	852,976	852,988	852,988	-
Transfers to other funds	524,521	524,521	524,521	-
Transfer to fund balance	-	-	-	-
Total expenditures	\$ 2,776,497	\$ 3,352,285	\$ 3,104,151	\$ 248,134

Required Supplemental Information
Budgetary Comparison Schedule - Major Special Revenue Funds
(Continued)
Year Ended December 31, 2007

Community Center				Cable TV			
Original Budget	Final Budget	Actual	Variance With Final Budget	Original Budget	Final Budget	Actual	Variance With Final Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
458,910	458,910	458,910	-	-	-	-	-
-	-	-	-	840,000	840,000	1,027,715	187,715
910,000	910,000	1,053,568	143,568	-	-	-	-
556,000	559,500	435,180	(124,320)	45,000	45,000	79,369	34,369
525,900	546,450	546,450	-	-	-	-	-
-	-	63,388	63,388	-	1,452,000	1,095,814	(356,186)
\$ 2,450,810	\$ 2,474,860	\$ 2,557,496	\$ 82,636	\$ 885,000	\$ 2,337,000	\$ 2,202,898	\$ (134,102)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
2,359,902	2,385,113	2,467,756	(82,643)	-	-	-	-
1,167	-	-	-	885,000	885,000	750,898	134,102
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
89,741	89,741	89,740	1	-	1,452,000	1,452,000	-
-	6	-	6	-	-	-	-
\$ 2,450,810	\$ 2,474,860	\$ 2,557,496	\$ (82,636)	\$ 885,000	\$ 2,337,000	\$ 2,202,898	\$ 134,102

Charter Township of Michigan

Note to Required Supplemental Information December 31, 2007

Note - Budgetary Information

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

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

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

	Budget Statement	Fund Balance Appropriation	Transfers	Operating Statement
General Fund:				
Total revenue	\$ 25,459,453	\$ -	\$ (1,800)	\$ 25,457,653
Total expenditures	25,459,453	(861,818)	(2,243,854)	22,353,781
Police Fund - Total expenditures	14,995,658	(849,219)	-	14,146,439
Fire Fund - Total expenditures	9,693,413	-	(1,628)	9,691,785
Public Improvement Fund:				
Total revenue	1,445,839	(65,544)	-	1,380,295
Total expenditures	1,445,839	-	(1,438,247)	7,592
Community Improvement Fund:				
Total revenue	3,104,151	(402,727)	(1,438,247)	1,263,177
Total expenditures	3,104,151	-	(524,521)	2,579,630
Community Center Fund:				
Total revenue	2,557,496	(63,388)	(546,450)	1,947,658
Total expenditures	2,557,496	-	(89,740)	2,467,756
Cable TV Fund				
Total revenue	2,202,898	(1,095,814)	-	1,107,084
Total expenditures	2,202,898	-	(1,452,000)	750,898

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

- Prior to the last Friday in August, the Charter Township Supervisor submits to the board of trustees (the "Board") a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.

Charter Township of Michigan

Note to Required Supplemental Information December 31, 2007

Note - Budgetary information (Continued)

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

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

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

Excess of Expenditures Over Appropriations in Budgeted Funds - The Charter Township had significant budget variances in the following funds during the current year:

	Amended	
	Budget	Actual
Community Center Special Revenue Fund	\$ 2,474,860	\$ 2,557,496

In the Community Center fund, required staff hours exceeded budgeted forecasts due to increased program participation.

Deficits – The Community Improvement fund's deficit was caused by grant related expenditures recorded in 2007 that were not reimbursed until April 2008. The Road Paving fund's deficit was due to a reserve for encumbrances that exceeded current fund balance. The encumbrances are for multi-year projects and will be funded by future year's revenue.

Other Supplemental Information

Charter Township of Canton

	Nonmajor Special Revenue			
	Special Investigation	Street Lighting	Community Development	
			Block Grant	911 Service Fund
Assets				
Cash and cash equivalents	\$ 1,464,752	\$ 221,739	\$ 113,646	\$ 625,529
Investments	127,378	-	-	1,117,946
Receivables - Net:				
Special assessments	-	87,941	-	-
Accrued interest and other receivables	2,637	-	-	25,271
Due from other funds	-	192	-	-
Due from other governmental units	46,515	-	63,238	-
Restricted assets	-	-	-	-
Total assets	\$ 1,641,282	\$ 309,872	\$ 176,884	\$ 1,768,746
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 368,300	\$ 18,152	\$ 37,006	\$ 4,057
Accrued and other liabilities	142,520	-	-	-
Due to other funds	203	-	139,878	6,958
Deferred revenue:				
Special assessment	-	240,196	-	-
Total liabilities	511,023	258,348	176,884	11,015
Fund Balances				
Reserved for encumbrances	-	-	-	3,458
Unreserved	1,130,259	51,524	-	1,754,273
Total fund balances	1,130,259	51,524	-	1,757,731
Total liabilities and fund balances	\$ 1,641,282	\$ 309,872	\$ 176,884	\$ 1,768,746

**Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2007**

Nonmajor Debt Service Funds

Building Authority	Beck Road Paving	South Haggerty Paving	Kopperrick Corporate Park	Tonquish Creek Storm Sewer	Lotz Road Paving	Denton Road Paving	Saltz Road Paving	Cherry Hill Road Paving
\$ -	\$ 539,249	\$ 13,059	\$ 100,761	\$ 1,275	\$ 118,606	\$ -	\$ 452,492	\$ 17,874
-	-	-	-	214,895	-	-	-	-
-	-	-	130,957	7,769	433,296	1,771,091	648,539	1,600,000
-	-	-	-	9,373	-	-	-	-
-	-	-	191,340	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
\$ -	\$ 539,249	\$ 13,059	\$ 423,058	\$ 233,312	\$ 551,902	\$ 1,771,091	\$ 1,101,031	\$ 1,617,874
\$ -	\$ 10,122	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
-	-	-	-	191,340	-	-	48,981	-
-	-	-	59,963	2,150	409,928	1,771,091	603,141	1,600,000
-	10,122	-	59,963	193,490	409,928	1,771,091	652,122	1,600,000
-	-	-	-	-	-	-	-	-
-	529,127	13,059	363,095	39,822	141,974	-	448,909	17,874
-	529,127	13,059	363,095	39,822	141,974	-	448,909	17,874
\$ -	\$ 539,249	\$ 13,059	\$ 423,058	\$ 233,312	\$ 551,902	\$ 1,771,091	\$ 1,101,031	\$ 1,617,874

Charter Township of Canton

Other Supplemental Information Combining Balance Sheet Nonmajor Governmental Funds (Continued) December 31, 2007

	Nonmajor Capital Projects Funds				Total Nonmajor Governmental Funds
	Road Paving	Cherry Hill Road	Saltz Road Paving	Lotz Road Paving	
Assets					
Cash and investments	\$ 589,153	\$ -	\$ 137,852	\$ -	\$ 4,395,987
Investments	1,184,053	-	-	-	2,644,272
Receivables - Net:					
Special assessments	-	-	-	-	4,679,593
Accrued interest and other receivables	5,109	-	-	-	42,390
Due from other funds	-	-	48,981	-	240,513
Due from other governmental units	-	-	-	-	109,753
Restricted assets	-	-	130,034	-	130,034
Total assets	<u>\$ 1,778,315</u>	<u>\$ -</u>	<u>\$ 316,867</u>	<u>\$ -</u>	<u>\$ 12,242,542</u>
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 41,647	\$ -	\$ -	\$ -	\$ 479,284
Accrued and other liabilities	-	-	-	-	142,520
Due to other funds	1,006,082	-	-	-	1,393,442
Deferred revenue:					
Special assessment	-	-	-	-	4,686,469
Total liabilities	1,047,729	-	-	-	6,701,715
Fund Balances					
Reserve for encumbrance	969,353	-	-	-	972,811
Unreserved	(238,767)	-	316,867	-	4,568,016
Total fund balances	<u>730,586</u>	<u>-</u>	<u>316,867</u>	<u>-</u>	<u>5,540,827</u>
Total liabilities and fund balances	<u>\$ 1,778,315</u>	<u>\$ -</u>	<u>\$ 316,867</u>	<u>\$ -</u>	<u>\$ 12,242,542</u>

Charter Township of Canton

	Nonmajor Special Revenue Funds			
	Special Investigation	Street Lighting	Community Development Block Grant	911 Service Fund
Revenues				
Federal sources	\$ 174,759	\$ -	\$ 334,829	\$ -
State sources	552,729	-	-	-
Charges for services	-	-	-	344,471
Special assessments	-	240,377	-	-
Contributions from other governmental units	-	-	-	-
Interest income	69,531	7,683	-	79,946
Land sales and other	71,196	1,146	-	-
Total revenues	868,215	249,206	334,829	424,417
Expenditures				
Current:				
General government	-	-	334,829	-
Public safety	1,088,726	-	-	122,070
Public services	-	217,105	-	-
Capital outlay	-	-	-	-
Debt principal payments	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	1,088,726	217,105	334,829	122,070
Excess of Revenues Over (Under) Expenditures	(220,511)	32,101	-	302,347
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net Change in Fund Balances	(220,511)	32,101	-	302,347
Fund Balances - Beginning of year	1,350,770	19,423	-	1,455,384
Fund Balances - End of year	\$ 1,130,259	\$ 51,524	\$ -	\$ 1,757,731

**Other Supplemental Information
Combining Statement of Revenue, Expenditures, and
Changes in Fund Balances - Nonmajor Governmental Funds
Year Ended December 31, 2007**

Nonmajor Debt Service Funds

Building Authority	Beck Road Paving	South Haggerty Paving	Koppernick Corporate Park	Tonquish Creek Storm Sewer	Lotz Road Paving	Denton Road Paving	Saltz Road Paving	Cherry Hill Road Paving
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	117,053	7,861	43,819	-	45,398	78,420
501,700	-	-	-	-	115,955	-	170,850	-
-	15,599	7,062	21,718	12,326	29,353	-	23,978	48,723
-	-	-	-	-	-	-	-	-
501,700	15,599	7,062	138,771	20,187	189,127	-	240,226	127,143
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
645,000	-	200,000	176,000	224,000	64,390	-	140,488	195,122
263,665	-	5,175	9,388	11,949	20,058	-	43,762	60,780
908,665	-	205,175	185,388	235,949	84,448	-	184,250	255,902
(406,965)	15,599	(198,113)	(46,617)	(215,762)	104,679	-	55,976	(128,759)
406,965	-	-	-	-	1,571	-	239,831	44,472
-	-	-	-	-	-	-	-	-
406,965	-	-	-	-	1,571	-	239,831	44,472
-	15,599	(198,113)	(46,617)	(215,762)	106,250	-	295,807	(84,287)
-	513,528	211,172	409,712	255,584	35,724	-	153,102	102,161
\$ -	\$ 529,127	\$ 13,059	\$ 363,095	\$ 39,822	\$ 141,974	\$ -	\$ 448,909	\$ 17,874

Charter Township of Canton

Other Supplemental Information Combining Statement of Revenue, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds (Continued) Year Ended December 31, 2007

	Nonmajor Capital Project Funds				Total Nonmajor Governmental Funds
	Road Paving	Cherry Hill Road	Saltz Road Paving	Lotz Road Paving	
Revenues					
Federal sources	\$ -	\$ -	\$ -	\$ -	\$ 509,588
State sources	-	-	-	-	552,729
Charges for services	-	-	-	-	344,471
Special assessments	-	-	-	-	532,928
Contributions from other governmental units	-	-	-	-	788,505
Interest income	78,614	1,564	28,600	51	424,748
Land sales and other	132,000	-	130,034	-	334,376
	<u>210,614</u>	<u>1,564</u>	<u>158,634</u>	<u>51</u>	<u>3,487,345</u>
Expenditures					
Current:					
General government	-	-	-	-	334,829
Public safety	-	-	-	-	1,210,796
Public services	-	-	-	-	217,105
Capital outlay	1,913,290	-	-	-	1,913,290
Debt principal payments	-	-	-	-	1,645,000
Interest and fiscal charges	80,390	-	-	-	495,167
	<u>1,993,680</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,816,187</u>
Excess of Revenues Over (Under)					
Expenditures	(1,783,066)	1,564	158,634	51	(2,328,842)
Other Financing Sources (Uses)					
Transfers in	1,380,179	-	-	-	2,073,018
Transfers out	-	(44,472)	(241,631)	(1,571)	(287,674)
	<u>1,380,179</u>	<u>(44,472)</u>	<u>(241,631)</u>	<u>(1,571)</u>	<u>1,785,344</u>
Net Change in Fund Balances					
	(402,887)	(42,908)	(82,997)	(1,520)	(543,498)
Fund Balances - Beginning of year	<u>1,133,473</u>	<u>42,908</u>	<u>399,864</u>	<u>1,520</u>	<u>6,084,325</u>
Fund Balances - End of year	<u>\$ 730,586</u>	<u>\$ -</u>	<u>\$ 316,867</u>	<u>\$ -</u>	<u>\$ 5,540,827</u>

Charter Township of Canton

Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Governmental Funds Year Ended December 31, 2007

Special Revenue Fund - Special Investigation

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Federal sources	\$ 121,000	\$ 121,000	\$ 174,759	\$ 53,759
State sources	395,000	432,885	552,729	119,844
Interest and other	62,000	88,925	140,727	51,802
Fund balance appropriation	216,513	477,794	220,511	(257,283)
Total revenues	<u>\$ 794,513</u>	<u>\$ 1,120,604</u>	<u>\$ 1,088,726</u>	<u>\$ (31,878)</u>
Expenditures - Public safety	<u>\$ 794,513</u>	<u>\$ 1,120,604</u>	<u>\$ 1,088,726</u>	<u>\$ 31,878</u>

Special Revenue Fund - Street Lighting

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Special assessments	\$ 246,250	\$ 246,250	\$ 240,377	\$ (5,873)
Interest income	1,250	1,250	7,683	6,433
Land sales and other	11,155	11,155	1,146	(10,009)
Total revenues	<u>\$ 258,655</u>	<u>\$ 258,655</u>	<u>\$ 249,206</u>	<u>\$ (9,449)</u>
Expenditures - Current expenditures				
Transfer to fund balance	6,849	6,849	\$ 32,101	\$ (25,252)
Public services	251,806	251,806	217,105	34,701
Total expenditures	<u>\$ 258,655</u>	<u>\$ 258,655</u>	<u>\$ 249,206</u>	<u>\$ 9,449</u>

Charter Township of Canton

Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued) Year Ended December 31, 2007

Special Revenue Fund - Community Development Block Grant

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues - Federal sources	\$ 207,023	\$ 672,366	\$ 334,829	\$ (337,537)
Expenditures - General government	\$ 207,023	\$ 672,366	\$ 334,829	\$ 337,537

Special Revenue Fund - 911 Service

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Charges for services	\$ 340,000	\$ 340,000	\$ 344,471	\$ 4,471
Interest and other	-	-	79,946	79,946
Total revenues	\$ 340,000	\$ 340,000	\$ 424,417	\$ 84,417
Expenditures				
Current expenditures - Public safety	\$ 205,500	\$ 209,949	\$ 122,070	\$ 87,879
Transfer to fund balance	134,500	130,051	302,347	(172,296)
Total expenditures	\$ 340,000	\$ 340,000	\$ 424,417	\$ (84,417)

Debt Service Fund - Building Authority

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Contributions from other governmental units	\$ 276,275	\$ 501,940	\$ 501,700	\$ (240)
Transfers in	406,966	406,966	406,965	(1)
Total revenues	\$ 683,241	\$ 908,906	\$ 908,665	\$ (241)
Expenditures				
Debt principal payments	\$ 620,000	\$ 645,000	\$ 645,000	\$ -
Interest and fiscal charges	63,241	263,906	263,665	241
Total expenditures	\$ 683,241	\$ 908,906	\$ 908,665	\$ 241

Charter Township of Canton

Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued) Year Ended December 31, 2007

Debt Service Fund - Beck Road Paving

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues - Interest and other	\$ -	\$ -	\$ 15,599	\$ 15,599
Expenditures - Transfer to fund balance	\$ -	\$ -	\$ 15,599	\$ 15,599

Debt Service Fund - South Haggerty Paving

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues				
Interest and other	\$ -	\$ 1,523	\$ 7,062	\$ 5,539
Fund balance appropriation	205,350	203,827	198,113	(5,714)
Total revenues	\$ 205,350	\$ 205,350	\$ 205,175	\$ (175)
Expenditures				
Debt principal payments	\$ 200,000	\$ 200,000	\$ 200,000	\$ -
Interest and fiscal charges	5,350	5,350	5,175	175
Total expenditures	\$ 205,350	\$ 205,350	\$ 205,175	\$ 175

Charter Township of Canton

Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued) Year Ended December 31, 2007

Debt Service Fund - Koppernick Corporate Park

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Special assessments	\$ 135,037	\$ 135,037	\$ 117,053	\$ (17,984)
Interest and other	16,638	16,638	21,718	5,080
Fund balance appropriation	33,714	33,714	46,617	12,903
Total revenues	<u>\$ 185,389</u>	<u>\$ 185,389</u>	<u>\$ 185,388</u>	<u>\$ (1)</u>
Expenditures				
Debt principal payments	\$ 176,000	\$ 176,000	\$ 176,000	\$ -
Interest and fiscal charges	9,389	9,389	9,388	1
Total expenditures	<u>\$ 185,389</u>	<u>\$ 185,389</u>	<u>\$ 185,388</u>	<u>\$ 1</u>

Debt Service Fund - Tonquish Creek Storm Sewer

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Special assessments	\$ 8,378	\$ 8,378	\$ 7,861	\$ (517)
Interest and other	4,912	4,912	12,326	7,414
Fund balance appropriation	222,659	222,659	215,762	(6,897)
Total revenues	<u>\$ 235,949</u>	<u>\$ 235,949</u>	<u>\$ 235,949</u>	<u>\$ -</u>
Expenditures - Current expenditures				
Debt principal payments	\$ 224,000	\$ 224,000	\$ 224,000	\$ -
Interest and fiscal charges	11,949	11,949	11,949	-
Total expenditures	<u>\$ 235,949</u>	<u>\$ 235,949</u>	<u>\$ 235,949</u>	<u>\$ -</u>

Charter Township of Canton

Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued) Year Ended December 31, 2007

Debt Service Fund - Lotz Road Paving

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues				
Special assessments	\$ 36,829	\$ 36,829	\$ 43,819	\$ 6,990
Contributions from other governmental units	-	-	115,955	115,955
Interest income	21,490	21,490	29,353	7,863
Transfers in	-	1,570	1,571	1
Fund balance appropriation	26,130	24,560	-	(24,560)
	<u>\$ 84,449</u>	<u>\$ 84,449</u>	<u>\$ 190,698</u>	<u>\$ 106,249</u>
Total revenues				
Expenditures				
Debt principal payments	\$ 64,390	\$ 64,390	\$ 64,390	\$ -
Interest and fiscal charges	20,059	20,059	20,058	1
Transfer to fund balance	-	-	106,250	(106,250)
	<u>\$ 84,449</u>	<u>\$ 84,449</u>	<u>\$ 190,698</u>	<u>\$ (106,249)</u>
Total expenditures				

Debt Service Fund - Denton Road Paving

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues - Transfers in				
	<u>\$ 74,500</u>	<u>\$ 74,500</u>	<u>\$ -</u>	<u>\$ (74,500)</u>
Expenditures				
Other expenditures	\$ 10,000	\$ 10,000	\$ -	\$ 10,000
Interest and fiscal charges	64,500	64,500	-	64,500
	<u>\$ 74,500</u>	<u>\$ 74,500</u>	<u>\$ -</u>	<u>\$ 74,500</u>
Total expenditures				

Charter Township of Canton

Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued) Year Ended December 31, 2007

Debt Service Fund - Saltz Road Paving

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenue				
Special assessments	\$ 81,067	\$ 81,067	\$ 45,398	\$ (35,669)
Contributions from other governmental units	-	-	170,850	170,850
Interest income	38,912	38,912	23,978	(14,934)
Transfers in	-	239,831	239,831	-
Appropriations from fund balance	64,272	-	-	-
Total revenue	<u>\$ 184,251</u>	<u>\$ 359,810</u>	<u>\$ 480,057</u>	<u>\$ 120,247</u>
Expenditures				
Debt principal payments	\$ 140,488	\$ 140,488	\$ 140,488	\$ -
Interest and fiscal charges	43,763	43,763	43,762	1
Transfer to fund balance	-	175,559	295,807	(120,248)
Total expenditures	<u>\$ 184,251</u>	<u>\$ 359,810</u>	<u>\$ 480,057</u>	<u>\$ (120,247)</u>

Debt Service Fund - Cherry Hill Road Paving

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenue				
Special assessments	\$ 200,000	\$ 200,000	\$ 78,420	\$ (121,580)
Interest income	106,000	106,000	48,723	(57,277)
Transfers in	-	44,408	44,472	64
Fund balance appropriation	-	-	84,287	84,287
Total revenue	<u>\$ 306,000</u>	<u>\$ 350,408</u>	<u>\$ 255,902</u>	<u>\$ (94,506)</u>
Expenditures				
Debt principal payments	\$ 195,122	\$ 195,122	\$ 195,122	\$ -
Interest and fiscal charges	60,780	60,780	60,780	-
Transfer to fund balance	50,098	94,506	-	94,506
Total expenditures	<u>\$ 306,000</u>	<u>\$ 350,408</u>	<u>\$ 255,902</u>	<u>\$ 94,506</u>

Charter Township of Canton

Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued) Year Ended December 31, 2007

Capital Projects Fund - Road Paving

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Interest income	\$ 50,000	\$ 50,000	\$ 78,614	\$ 28,614
Land sales and other	300,000	300,000	132,000	(168,000)
Transfers in	1,503,320	1,503,320	1,380,179	(123,141)
Appropriations from fund balance	957,535	1,132,864	402,887	(729,977)
Total revenues	\$ 2,810,855	\$ 2,986,184	\$ 1,993,680	\$ (992,504)
Expenditures				
Capital outlay	\$ 2,810,855	\$ 2,986,184	\$ 1,913,290	\$ 1,072,894
Interest expense	-	-	80,390	(80,390)
Total expenditures	\$ 2,810,855	\$ 2,986,184	\$ 1,993,680	\$ 992,504

Capital Projects Fund - Cherry Hill Road

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Interest income	\$ -	\$ 1,500	\$ 1,564	\$ 64
Appropriation from fund balance	-	42,908	42,908	-
Total revenues	\$ -	\$ 44,408	\$ 44,472	\$ 64
Expenditures - Transfer out				
	\$ -	\$ 44,408	\$ 44,472	\$ (64)

Charter Township of Canton

Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued) Year Ended December 31, 2007

Capital Projects Fund - Saltz Road Paving

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Interest and other	\$ -	\$ 15,000	\$ 158,634	\$ 143,634
Appropriations from fund balance	-	226,631	82,997	(143,634)
Total revenues	<u>\$ -</u>	<u>\$ 241,631</u>	<u>\$ 241,631</u>	<u>\$ -</u>
Expenditures - Transfer out	<u>\$ -</u>	<u>\$ 241,631</u>	<u>\$ 241,631</u>	<u>\$ -</u>

Capital Projects Fund - Lotz Road Paving

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Interest income	\$ -	\$ 50	\$ 51	\$ 1
Fund balance appropriation	-	1,520	1,520	-
Total revenues	<u>\$ -</u>	<u>\$ 1,570</u>	<u>\$ 1,571</u>	<u>\$ 1</u>
Expenditures - Transfer out	<u>\$ -</u>	<u>\$ 1,570</u>	<u>\$ 1,571</u>	<u>\$ (1)</u>

Charter Township of Canton

Other Supplemental Information Statement of Changes in Assets and Liabilities Fiduciary Funds Year Ended December 31, 2007

	Agency Funds			Balance December 31, 2007
	Balance January 1, 2007	Additions	Deletions	
<u>Tax Collections</u>				
Assets - Cash and cash equivalents	<u>\$ 17,218,318</u>	<u>\$ 124,752,743</u>	<u>\$ 126,883,360</u>	<u>\$ 15,087,701</u>
Liabilities - Due to other governmental units	<u>\$ 17,218,318</u>	<u>\$ 210,767,349</u>	<u>\$ 212,897,966</u>	<u>\$ 15,087,701</u>
<u>Other Agency Funds</u>				
Assets - Cash and cash equivalents	<u>\$ 280,531</u>	<u>\$ 787,875</u>	<u>\$ 686,883</u>	<u>\$ 381,523</u>
Liabilities - Cash bonds and deposits	<u>\$ 280,531</u>	<u>\$ 841,811</u>	<u>\$ 740,819</u>	<u>\$ 381,523</u>
<u>Total Agency Funds</u>				
Assets - Cash and cash equivalents	<u>\$ 17,498,849</u>	<u>\$ 125,540,618</u>	<u>\$ 127,570,243</u>	<u>\$ 15,469,224</u>
Liabilities				
Due to other governmental funds	\$ 17,218,318	\$ 210,767,349	\$ 212,897,966	\$ 15,087,701
Cash bonds and deposits	<u>280,531</u>	<u>841,811</u>	<u>740,819</u>	<u>381,523</u>
Total liabilities	<u>\$ 17,498,849</u>	<u>\$ 211,609,160</u>	<u>\$ 213,638,785</u>	<u>\$ 15,469,224</u>

Statistical Section

Charter Township of Canton

Description of Statistical Section

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

Contents

The statistical section is organized into the following main categories:

Financial Trends:

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

Revenue Capacity:

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

Debt Capacity:

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

Demographic and Economic Information:

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

Operating Information:

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

Sources:

Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year. The Township implemented GASB Statement 34 in 2002; schedules presenting government-wide information include information beginning in that year.

Charter Township of Canton

	Fiscal Year Ended December 31			
	2002	2003	2004	2005
Governmental Activities				
Invested in capital assets - Net of related debt	\$ 39,070,025	\$ 42,163,530	\$ 41,737,768	\$ 45,205,467
Restricted	11,837,657	12,080,313	13,689,720	11,679,740
Unrestricted	<u>23,605,054</u>	<u>17,409,745</u>	<u>15,589,584</u>	<u>22,048,490</u>
Total net assets	74,512,736	71,653,588	71,017,072	78,933,697
Business-type Activities				
Invested in capital assets - Net of related debt	82,983,166	85,264,716	88,244,363	91,961,552
Restricted	7,183	11,612	11,463	4,462
Unrestricted	<u>54,720,350</u>	<u>55,603,979</u>	<u>57,872,611</u>	<u>56,180,667</u>
Total net assets	137,710,699	140,880,307	146,128,437	148,146,681
Primary Government in Total				
Invested in capital assets - Net of related debt	122,053,191	127,428,246	129,982,131	137,167,019
Restricted	11,844,840	12,091,925	13,701,183	11,684,202
Unrestricted	<u>78,325,404</u>	<u>73,013,724</u>	<u>73,462,195</u>	<u>78,229,157</u>
Total net assets	<u>\$ 212,223,435</u>	<u>\$ 212,533,895</u>	<u>\$ 217,145,509</u>	<u>\$ 227,080,378</u>

Financial Trend Information
Net Assets by Component
(Unaudited)

Fiscal Year Ended December 31	
2006	2007
\$ 47,200,269	\$ 50,304,473
15,686,011	15,829,468
<u>16,329,584</u>	<u>15,165,364</u>
79,215,864	81,299,305
91,906,737	87,895,407
1,487	-
<u>51,918,561</u>	<u>54,365,038</u>
143,826,785	142,260,445
139,107,006	138,199,880
15,687,498	15,829,468
<u>68,248,145</u>	<u>69,530,402</u>
<u>\$ 223,042,649</u>	<u>\$ 223,559,750</u>

Charter Township of Canton

	Fiscal Year Ended December 31			
	2002	2003	2004	2005
Expenses				
General government	\$ 7,255,264	\$ 6,673,059	\$ 7,871,063	\$ 6,705,957
Public safety	16,463,481	18,528,734	18,300,773	22,262,105
Public works	3,383,140	6,578,119	11,121,653	7,388,912
Building, planning, and engineering	3,588,191	3,803,120	3,679,756	3,874,353
Culture and recreation	5,113,356	6,520,210	8,405,420	8,677,474
Sanitation	2,015,090	2,156,849	2,432,446	2,664,103
Interest on long-term debt	457,756	539,567	649,025	388,909
Total governmental activities	38,276,278	44,799,658	52,460,136	51,961,813
Program Revenues				
Charges for services:				
General government	795,939	498,864	517,566	568,650
Public safety	1,135,371	1,324,414	848,795	987,207
Building, planning, and engineering	4,513,706	2,624,178	3,099,852	3,839,924
Culture and recreation	3,364,204	3,673,589	3,852,691	4,099,582
Total charges for services	9,809,220	8,121,045	8,318,904	9,495,363
Operating grants and contributions	1,482,609	1,449,704	1,794,831	3,263,870
Capital grants and contributions	586,191	1,063,128	5,565,856	4,390,608
Total program revenues	11,878,020	10,633,877	15,679,591	17,149,841
Net Expense	(26,398,258)	(34,165,781)	(36,780,545)	(34,811,972)
General Revenues				
Taxes:				
Property taxes	3,740,620	4,740,395	5,988,123	7,647,583
Public safety operating levy	16,695,873	17,986,859	18,872,962	19,533,530
State-shared revenues	7,064,413	6,310,027	6,034,910	6,018,024
Royalties	1,764,592	1,726,009	1,241,583	1,233,579
Investment earnings	1,020,755	924,482	626,011	1,869,021
Miscellaneous - Net of miscellaneous expense	168,615	139,622	3,925,025	1,274,992
Total general revenues	30,454,868	31,827,394	36,688,614	37,576,729
Special item - Gain on sale of assets	29,728	-	-	5,635,111
Transfers	(523,122)	(520,761)	(544,585)	(483,243)
Change in Net Assets	\$ 3,563,216	\$ (2,859,148)	\$ (636,516)	\$ 7,916,625

Financial Trend Information
Changes in Governmental Net Assets
(Unaudited)

Fiscal Year Ended December 31	
2006	2007
\$ 5,569,166	\$ 4,560,620
24,188,930	24,111,926
5,808,264	5,210,185
3,333,880	2,883,668
7,751,655	8,443,435
2,874,954	2,967,807
256,072	1,142,247
49,782,921	49,319,888
699,201	916,168
986,337	1,081,752
2,776,429	2,612,816
3,539,032	3,422,199
8,000,999	8,032,935
1,995,817	2,401,625
596,752	675,083
10,593,568	11,109,643
(39,189,353)	(38,210,245)
8,287,228	8,903,181
20,489,067	22,467,032
5,958,485	5,994,198
1,331,008	1,196,560
2,331,534	2,408,528
1,334,198	1,300,708
39,731,520	42,270,207
-	-
(260,000)	(1,976,521)
\$ 282,167	\$ 2,083,441

	Fiscal Year Ended December 31			
	1998	1999	2000	2001
Expenses				
Water and sewer	\$ 14,690,935	\$ 17,236,921	\$ 18,345,685	\$ 19,984,530
Golf course	-	-	-	-
Total business-type activities	14,690,935	17,236,921	18,345,685	19,984,530
Program Revenues				
Charges for services:				
Water and sewer	13,591,352	14,832,532	13,777,118	15,974,827
Golf course	-	-	-	-
Total charges for services	13,591,352	14,832,532	13,777,118	15,974,827
Capital grants and contributions	-	-	-	10,016,642
Total program revenues	13,591,352	14,832,532	13,777,118	25,991,469
Net Expense	(1,099,583)	(2,404,389)	(4,568,567)	6,006,939
General Revenues				
Investment earnings	1,939,478	2,117,952	2,730,646	2,533,500
Miscellaneous - Net of miscellaneous expense	-	-	-	-
Total general revenues	1,939,478	2,117,952	2,730,646	2,533,500
Special item - Gain (loss) on sale of assets	1,203	125,675	-	-
Transfers	457,500	467,500	457,500	512,551
Cumulative effect of change in accounting method	3,659,962	-	-	-
Change in Net Assets	\$ 4,958,560	\$ 306,738	\$ (1,380,421)	\$ 9,052,990

(1) In 1998, the Charter Township charged all depreciation related to contributed capital as a direct reduction to contributed capital. The cumulative effect of the change related to prior years was a \$3,659,962 increase in retained earnings.

Financial Trend Information
Change in Business-type Net Assets
(Unaudited)

Fiscal Year Ended December 31					
2002	2003	2004	2005	2006	2007
\$ 23,764,705	\$ 21,076,221	\$ 24,247,381	\$ 25,846,472	\$ 26,528,356	\$ 29,715,467
<u>2,509,465</u>	<u>2,157,744</u>	<u>2,253,164</u>	<u>2,371,297</u>	<u>2,190,429</u>	<u>2,084,397</u>
26,274,170	23,233,965	26,500,545	28,217,769	28,718,785	31,799,864
18,590,625	23,143,762	24,379,294	25,137,903	20,559,380	23,593,184
<u>1,837,076</u>	<u>1,963,134</u>	<u>1,861,475</u>	<u>1,821,730</u>	<u>1,440,751</u>	<u>1,432,356</u>
20,427,701	25,106,896	26,240,769	26,959,633	22,000,131	25,025,540
<u>7,345,221</u>	<u>2,411,816</u>	<u>4,341,542</u>	<u>2,014,599</u>	<u>978,084</u>	<u>1,193,248</u>
<u>27,772,922</u>	<u>27,518,712</u>	<u>30,582,311</u>	<u>28,974,232</u>	<u>22,978,215</u>	<u>26,218,788</u>
1,498,752	4,284,747	4,081,766	756,463	(5,740,570)	(5,581,076)
1,558,866	692,734	423,662	694,673	1,149,959	1,983,256
<u>35,268</u>	<u>55,920</u>	<u>198,117</u>	<u>83,865</u>	<u>10,715</u>	<u>54,959</u>
<u>1,594,134</u>	<u>748,654</u>	<u>621,779</u>	<u>778,538</u>	<u>1,160,674</u>	<u>2,038,215</u>
<u>8,131</u>	<u>(2,384,554)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>523,122</u>	<u>520,761</u>	<u>544,585</u>	<u>483,243</u>	<u>260,000</u>	<u>1,976,521</u>
-	-	-	-	-	-
<u>\$ 3,624,139</u>	<u>\$ 3,169,608</u>	<u>\$ 5,248,130</u>	<u>\$ 2,018,244</u>	<u>\$ (4,319,896)</u>	<u>\$ (1,566,340)</u>

Charter Township of Canton

	Fiscal Year Ended June 30			
	1998	1999	2000	2001
General Fund				
Reserved	\$ 262,547	\$ 347,189	\$ 585,215	\$ 545,652
Unreserved	<u>8,327,176</u>	<u>7,677,952</u>	<u>8,055,315</u>	<u>6,781,211</u>
Total General Fund	<u>\$ 8,589,723</u>	<u>\$ 8,025,141</u>	<u>\$ 8,640,530</u>	<u>\$ 7,326,863</u>
All Other Governmental Funds:				
Reserved	\$ 2,136,828	\$ 1,356,051	\$ 4,559,441	\$ 2,594,981
Unreserved, reported in:				
Special Revenue Funds	10,348,698	14,144,694	15,649,718	15,214,394
Debt Service Funds	1,571,776	1,852,612	1,928,805	2,166,220
Capital Project Funds	<u>3,561,615</u>	<u>6,871,270</u>	<u>2,324,228</u>	<u>2,637,770</u>
Total all other governmental funds	<u>\$ 17,618,917</u>	<u>\$ 24,224,627</u>	<u>\$ 24,462,192</u>	<u>\$ 22,613,365</u>

Financial Trend Information
Fund Balances - Governmental Funds
(Unaudited)

Fiscal Year Ended June 30					
2002	2003	2004	2005	2006	2007
\$ 569,543	\$ 562,679	\$ 156,840	\$ 306,365	\$ 166,962	\$ 129,558
<u>5,748,432</u>	<u>4,857,473</u>	<u>3,190,658</u>	<u>2,848,071</u>	<u>5,829,264</u>	<u>6,728,486</u>
<u>\$ 6,317,975</u>	<u>\$ 5,420,152</u>	<u>\$ 3,347,498</u>	<u>\$ 3,154,436</u>	<u>\$ 5,996,226</u>	<u>\$ 6,858,044</u>
\$ 1,308,573	\$ 530,489	\$ 4,422,814	\$ 1,584,322	\$ 989,776	\$ 1,111,258
13,134,838	14,116,789	14,532,998	18,743,056	16,580,130	16,149,984
1,730,420	1,442,164	2,088,613	1,862,445	1,680,983	1,553,860
<u>1,844,619</u>	<u>12,338,443</u>	<u>1,100,664</u>	<u>1,755,015</u>	<u>962,437</u>	<u>78,100</u>
<u>\$ 18,018,450</u>	<u>\$ 28,427,885</u>	<u>\$ 22,145,089</u>	<u>\$ 23,944,838</u>	<u>\$ 20,213,326</u>	<u>\$ 18,893,202</u>

Charter Township of Canton

	Fiscal Year Ended June 30			
	1998	1999	2000	2001
Revenue				
Property taxes	\$ 14,337,246	\$ 15,393,566	\$ 16,928,959	\$ 18,260,062
Licenses and permits	2,702,634	2,657,891	2,442,411	2,587,070
Federal grants	431,936	583,893	705,193	1,420,904
State-shared revenues and grants	6,431,656	6,726,315	7,159,118	9,771,117
Charges for services	2,214,667	2,951,991	3,238,193	3,266,027
Court fees	5,278	408,822	822,569	1,693,792
Administration charges	987,129	1,314,373	1,374,174	1,656,446
Special assessments	873,560	1,154,957	1,033,262	909,283
Royalties	1,712,788	1,790,698	1,956,615	1,716,831
Contributions from other governmental units	625,039	456,313	423,950	399,800
Operating lease	743,562	740,792	751,704	667,763
Summit recreation fees	634,848	671,016	676,272	1,559,505
Other revenues	4,944,843	6,665,496	6,544,327	5,851,191
Total revenue	36,645,186	41,516,123	44,056,747	49,759,791
Expenditures				
Current:				
General government	5,908,351	6,815,285	7,093,633	7,795,598
Public safety	12,273,979	13,592,109	13,760,299	17,417,837
Public services	9,227,839	10,479,122	17,063,413	7,872,144
Recreation	3,460,918	5,324,020	6,007,321	5,804,672
Sanitation	1,600,619	1,895,826	1,962,340	2,171,248
Other	275,300	317,224	301,500	375,655
Capital outlay	-	-	-	7,414,246
Debt service				
Principal payments	1,235,001	1,615,001	1,510,001	2,090,000
Interest and paying agent fees	913,436	968,908	1,047,786	1,468,334
Total expenditures	34,895,443	41,007,495	48,746,293	52,409,734
Excess of Revenue Over (Under) Expenditures	1,749,743	508,628	(4,689,546)	(2,649,943)
Other Financing Sources (Uses)				
Transfers in	2,813,061	5,814,323	5,975,688	12,243,714
Transfers out	(3,270,561)	(6,281,823)	(6,433,188)	(12,756,265)
Payment of refunding	-	-	-	-
Proceeds from sale of fixed assets	-	-	-	-
Proceeds from issuance of debt	5,942,500	6,000,000	6,000,000	-
Payment to escrow for bond refunding	-	-	-	-
Total other financing sources (uses)	5,485,000	5,532,500	5,542,500	(512,551)
Net Change in Fund Balances	7,234,743	6,041,128	852,954	(3,162,494)
Fund Balances - Beginning of year	18,973,897	26,208,640	32,249,768	33,102,722
Fund Balances - End of year	\$ 26,208,640	\$ 32,249,768	\$ 33,102,722	\$ 29,940,228
Debt Service as a Percentage of Noncapital Expenditures	6.2%	6.3%	5.2%	7.9%

2002 - The Postemployment Benefits Fund and the Golf Course Fund were previously reported as a Special Revenue Fund. The Postemployment Benefits Fund is now reported as a fiduciary fund and the Golf Course Fund as an Enterprise Fund under GASB No. 34.

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

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

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

Fiscal Year Ended June 30						
2002	2003	2004	2005	2006	2007	
\$ 20,436,493	\$ 22,727,254	\$ 24,861,085	\$ 27,181,113	\$ 28,776,295	\$ 31,370,213	
2,551,057	2,403,811	2,591,470	2,610,487	1,184,154	1,325,935	
688,661	764,073	1,164,970	1,232,577	747,386	679,808	
7,709,288	7,148,836	6,534,179	7,495,391	7,699,661	6,862,834	
2,976,653	3,172,143	3,867,639	4,979,670	5,355,205	4,947,877	
488,992	200,534	74,236	74,694	48,986	184,713	
2,589,298	2,791,714	3,046,138	3,726,795	4,834,666	4,279,386	
737,763	739,165	717,382	819,052	730,565	532,928	
1,764,592	1,726,009	2,029,300	2,103,145	2,258,194	2,224,275	
709,043	321,262	521,039	960,824	515,300	788,505	
-	-	-	-	-	-	
856,124	849,915	862,161	921,506	965,942	1,053,568	
<u>3,064,365</u>	<u>3,361,923</u>	<u>8,481,659</u>	<u>4,593,033</u>	<u>4,077,154</u>	<u>5,082,241</u>	
44,572,329	46,206,639	54,751,258	56,698,287	57,193,508	59,332,283	
9,199,038	8,121,823	9,606,264	9,450,349	9,702,802	8,178,142	
17,338,695	19,142,528	20,706,000	24,780,670	24,843,074	25,122,075	
7,833,373	8,733,989	8,898,412	8,807,135	8,117,795	7,855,452	
5,461,281	6,005,243	6,439,401	7,024,307	6,916,506	7,112,172	
2,083,855	2,284,566	2,506,162	3,107,479	3,297,460	3,331,292	
428,849	334,697	711,641	353,481	1,092,632	758,490	
2,124,367	13,309,695	19,454,016	2,106,554	1,446,490	1,913,290	
1,715,000	1,415,000	1,348,750	1,352,000	1,845,000	2,195,000	
<u>878,465</u>	<u>938,412</u>	<u>604,898</u>	<u>521,457</u>	<u>561,471</u>	<u>1,348,155</u>	
47,062,923	60,285,953	70,275,544	57,503,432	57,823,230	57,814,068	
(2,490,594)	(14,079,314)	(15,524,286)	(805,145)	(629,722)	1,518,215	
2,790,774	3,090,781	6,627,588	3,752,561	5,674,350	4,059,515	
(3,313,896)	(3,611,542)	(7,172,173)	(4,235,804)	(5,934,350)	(6,036,036)	
-	-	-	(6,782,507)	-	-	
-	-	-	3,127,082	-	-	
-	25,330,000	8,100,000	6,551,000	-	-	
-	(2,600,000)	-	-	-	-	
<u>(523,122)</u>	<u>22,209,239</u>	<u>7,555,415</u>	<u>2,412,332</u>	<u>(260,000)</u>	<u>(1,976,521)</u>	
(3,013,716)	8,129,925	(7,968,871)	1,607,187	(889,722)	(458,306)	
<u>27,350,141</u>	<u>25,718,112</u>	<u>33,461,458</u>	<u>25,492,587</u>	<u>27,099,774</u>	<u>26,210,052</u>	
\$ 24,336,425	\$ 33,848,037	\$ 25,492,587	\$ 27,099,774	\$ 26,210,052	\$ 25,751,746	
5.8%	5.0%	3.8%	3.4%	4.3%	6.3%	

Charter Township of Canton

Taxable Value by Property Type					
Real Property					
Tax Year	Residential	Commercial	Industrial	Agricultural and Other	Personal Property
1998	\$ 1,390,068,311	\$ 187,880,043	\$ 98,452,973	\$ 689,576	\$ 130,256,670
1999	1,555,657,654	199,860,214	110,139,639	693,530	147,296,960
2000	1,728,853,394	217,391,941	111,263,567	703,501	150,537,360
2001	1,929,949,340	238,431,201	126,293,992	652,977	170,562,480
2002	2,136,168,909	270,200,857	136,127,703	-	169,394,180
2003	2,333,870,912	322,206,541	141,129,471	-	181,804,933
2004	2,568,834,283	341,386,242	152,197,908	-	194,145,256
2005	2,778,981,260	385,258,211	170,750,820	-	194,754,034
2006	3,023,547,837	447,688,439	193,317,099	-	188,787,437
2007	3,194,414,432	465,870,638	205,009,244	-	196,454,679

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

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

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
\$ 1,807,347,573	9.05	\$ 1,951,425,250	92.62
2,013,647,997	8.85	2,203,898,155	91.37
2,208,749,763	8.85	2,479,871,370	89.07
2,465,889,990	8.85	2,817,336,350	87.53
2,711,891,649	8.85	3,226,241,880	84.06
2,979,011,857	8.85	3,635,181,579	81.95
3,256,563,689	8.86	3,954,442,252	82.35
3,529,744,325	8.65	4,236,220,142	83.32
3,853,340,812	8.65	4,609,843,477	83.59
4,061,748,993	8.65	4,772,938,595	85.10

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
1998	1.1100	5.0000	2.9400	9.0500	6.7300	0.9600	0.2300	0.2500	1.6400	1.1500
1999	1.1100	4.8000	2.9400	8.8500	6.7068	0.9505	0.2218	0.2493	1.6269	1.0190
2000	1.1100	4.8000	2.9400	8.8500	6.6651	0.9446	0.2202	0.2477	1.6114	1.0000
2001	1.5100	4.4000	2.9400	8.8500	6.6556	0.9432	0.2186	0.2473	1.5946	2.4995
2002	1.7100	4.4000	2.7400	8.8500	6.6380	0.9381	0.2170	0.2459	1.5766	2.4862
2003	2.0000	4.2500	2.6000	8.8500	6.6380	0.9381	0.2161	0.2459	1.5635	2.4862
2004	2.3660	4.1260	2.3580	8.8500	6.6380	0.9381	0.2154	0.2459	1.5331	2.4844
2005	2.3660	4.1260	2.1580	8.6500	6.6380	0.9381	0.2146	0.2459	1.5554	2.4769
2006	2.3660	3.9260	2.3580	8.6500	6.6380	0.9381	0.2146	0.2459	1.5437	2.4769
2007	2.6160	3.6760	2.3580	8.6500	6.6380	0.9381	0.2146	0.2459	1.5437	2.4769

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

Overlapping Taxes								
Schoolcraft Community College	Intermediate School District	State Education	School - Homestead Plymouth/ Canton	School - Homestead Wayne/ Westland	School - Homestead Van Buren	School - Non- homestead Plymouth/ Canton	School - Non- homestead Wayne/ Westland	School - Non- homestead Van Buren
1.8600	2.0000	6.0000	2.1800	5.1400	1.3000	20.1800	23.1400	19.3000
1.8500	1.9914	6.0000	3.4700	5.1400	1.3000	21.4700	23.1400	19.3000
1.8311	1.9789	6.0000	3.1500	5.1400	1.2901	21.1500	23.1400	19.2901
1.8193	1.9753	6.0000	3.4900	5.0000	1.2719	21.4900	23.0000	19.2719
1.8043	3.4643	6.0000	3.3000	4.7000	1.2649	21.3000	22.7000	19.2649
1.8024	3.4643	5.0000	3.1500	5.1300	1.2645	21.1500	23.1300	19.2645
1.7967	3.4643	6.0000	3.1000	5.0922	1.2645	21.1000	23.0922	19.2645
1.7967	3.4643	6.0000	3.4300	4.8422	1.2617	21.4300	22.8422	19.2617
1.7967	3.4643	6.0000	3.1500	4.8322	1.2603	21.1500	22.8322	19.2603

Charter Township of Canton

Revenue Capacity Information Principal Property Taxpayers (Unaudited)

Taxpayer	2007 Taxable Value	Percentage of Total	1998 Taxable Value	Percentage of Total	1998 Rank
1 Yazaki North America Inc	\$ 52,951,110	1.30	\$ 19,774,600	1.09	2
2 Uptown Investors II LLC	25,190,553	0.62	-	0.00	-
3 Detroit Edison Company	23,399,160	0.58	23,503,307	1.30	1
4 Michigan Consolidated Gas Co	14,714,300	0.36	13,141,170	0.73	4
5 IKEA	13,960,600	0.34	-	0.00	-
6 Honeytree (Crossings of Canton)	12,083,031	0.30	9,630,600	0.53	7
7 Tianz Inc	11,359,690	0.28	-	0.00	-
8 Procoil Company	10,966,496	0.27	11,076,525	0.61	6
9 Kmart Corporation	10,737,228	0.26	19,756,830	1.09	3
10 Village Squire	9,091,423	0.22	7,242,700	0.40	8
Steel Technologies			11,556,900	0.64	5
Meisel-Sysco Corporation			10,075,460	0.56	9
Toys 'R' Us			6,354,240	0.35	10

Source: Township's assessment records

Charter Township of Canton

Revenue Capacity Information Property Tax Levies and Collections (Unaudited)

Fiscal Year Ended December 31	Tax Levy (1)	Current Tax Collections	Percent of Levy Collected	Delinquent Collections	Total Tax Collections	Percent of Total Collections to Tax Levy
1998	\$ 18,280,784	\$ 17,555,065	96.03	\$ 716,556	\$ 18,271,621	99.95
1999	19,980,678	19,283,376	96.51	683,757	19,967,133	99.93
2000	21,965,681	21,221,595	96.61	716,763	21,938,359	99.88
2001	24,489,573	23,340,093	95.31	1,119,019	24,459,113	99.88
2002	27,067,550	25,822,336	95.40	1,198,905	27,021,241	99.83
2003	29,703,962	28,781,831	96.90	868,239	29,650,069	99.82
2004	32,474,111	31,230,820	96.17	1,164,815	32,395,635	99.76
2005	34,702,193	33,148,310	95.52	1,478,087	34,626,397	99.78
2006	38,058,748	35,943,479	94.44	2,099,136	38,042,616	99.96
2007	40,218,390	37,836,336	94.08	2,332,780	40,169,116	99.88

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

Charter Township of Canton

	1998	1999	2000	2001
Governmental Activities				
General obligation bonds	\$ 7,225,000	\$ 12,575,000	\$ 14,025,000	\$ 13,307,500
Special assessment bonds	7,710,000	7,080,000	6,220,000	5,265,000
Land contracts	283,500	-	-	-
Total	15,218,500	19,655,000	20,245,000	18,572,500
Business-type Activities				
General obligation bonds	8,780,152	8,191,767	11,828,381	10,737,496
Installment purchase agreements	220,000	110,000	-	-
Total	9,000,152	8,301,767	11,828,381	10,737,496
Total debt of the government	24,218,652	27,956,767	32,073,381	29,309,996
Total Population	72,000	75,000	76,366	76,366
Total Debt per Capita	\$ 336.37	\$ 372.76	\$ 414.95	\$ 383.81
Taxable Value	1,807,347,573	2,013,647,997	2,208,749,763	2,465,889,990
Ratio of Total Debt to Taxable Value	1.34%	1.39%	1.45%	1.19%

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

	2002	2003	2004	2005	2006	2007
\$	12,572,500	\$ 35,087,500	\$ 36,743,750	\$ 35,160,940	\$ 33,467,320	\$ 32,097,462
	4,285,000	3,430,000	8,175,000	7,375,000	6,175,000	5,175,000
	-	-	-	-	-	-
	16,857,500	38,517,500	44,918,750	42,535,940	39,642,320	37,272,462
	10,027,496	9,377,500	8,871,250	8,102,957	8,455,653	52,309,414
	-	-	-	-	-	-
	10,027,496	9,377,500	8,871,250	8,102,957	8,455,653	52,309,414
	26,884,996	47,895,000	53,790,000	50,638,897	48,097,973	89,581,876
	81,681	82,612	83,567	84,930	85,476	84,037
\$	329.15	\$ 581.82	\$ 645.71	\$ 604.03	\$ 576.07	\$ 1,065.98
	2,711,891,649	2,979,011,857	3,256,563,689	3,529,744,325	3,853,340,812	4,068,481,471
	0.99%	1.61%	1.65%	1.43%	1.25%	2.20%

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
1998	\$ 7,225,000	\$ -	\$ -	\$ 283,500	\$ 7,508,500	\$ 1,807,347,573	0.42	72,000	\$ 104.28
1999	12,575,000	-	-	-	12,575,000	2,013,647,997	0.62	75,000	167.67
2000	14,025,000	-	-	-	14,025,000	2,208,749,763	0.63	76,366	183.66
2001	13,307,500	-	-	-	13,307,500	2,465,889,990	0.54	76,366	174.26
2002	12,572,500	-	-	-	12,572,500	2,711,891,649	0.46	81,681	153.92
2003	35,087,500	-	-	-	35,087,500	2,979,011,857	1.18	82,612	424.73
2004	36,743,750	-	-	-	36,743,750	3,256,563,689	1.13	83,567	439.69
2005	35,160,940	-	-	-	35,160,940	3,529,744,325	1.00	84,930	414.00
2006	33,467,320	-	-	-	33,467,320	3,853,340,812	0.87	85,476	391.54
2007	32,097,462	-	-	-	32,097,462	4,068,481,471	0.79	84,037	381.94

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	\$ 83,702,885	7.68%	\$ 6,428,382
Plymouth-Canton Community Schools	192,341,000	54.47%	104,768,143
Wayne-Westland Schools	84,765,000	13.01%	11,027,927
Van Buren Schools	10,355,000	16.69%	1,728,250
Wayne County Community College	40,575,000	2.05%	831,788
35th District Court Authority	3,190,000	47.00%	1,499,300
Western Townships Utilities Authority	<u>111,525,000</u>	37.77%	<u>42,125,415</u>
Total overlapping debt	526,453,885		168,409,205
Direct Township debt	84,451,876	100.00%	84,451,876
Downtown Development Authority	9,265,172	100.00%	9,265,172
District Library	<u>5,130,000</u>	100.00%	<u>5,130,000</u>
Total direct and overlapping debt	<u>\$ 625,300,933</u>		<u>\$ 267,256,253</u>

Charter Township of Canton

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Calculation of Debt Limit				
State equalized valuation	\$ 1,951,425,250	\$ 2,203,898,155	\$ 2,479,871,370	\$ 2,817,336,350
Plus: equivalent valuation of Act 198 exemptions	<u>43,267,430</u>	<u>70,044,696</u>	<u>87,707,005</u>	<u>91,901,710</u>
Total valuation	<u>\$ 1,994,692,680</u>	<u>\$ 2,273,942,851</u>	<u>\$ 2,567,578,375</u>	<u>\$ 2,909,238,060</u>
10 percent of taxable value	199,469,268	227,394,285	256,757,838	290,923,806
Calculation of Debt Subject to Limit				
Total debt	24,218,657	27,956,771	32,073,381	29,309,996
Less debt not subject to limit - Special assessment bonds	<u>7,710,000</u>	<u>7,080,000</u>	<u>6,220,000</u>	<u>5,265,000</u>
Net Debt Subject to Limit	<u>16,508,657</u>	<u>20,876,771</u>	<u>25,853,381</u>	<u>24,044,996</u>
Legal Debt Margin	<u><u>\$ 182,960,612</u></u>	<u><u>\$ 206,517,514</u></u>	<u><u>\$ 230,904,457</u></u>	<u><u>\$ 266,878,810</u></u>
Net Debt Subject to Limit as				

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

2002	2003	2004	2005	2006	2007
\$ 3,226,241,880	\$ 3,635,181,579	\$ 3,954,442,252	\$ 4,236,220,142	\$ 4,609,843,477	\$ 4,805,093,368
<u>94,837,497</u>	<u>92,697,794</u>	<u>88,613,861</u>	<u>73,112,460</u>	<u>69,657,938</u>	<u>82,254,588</u>
<u>\$ 3,321,079,377</u>	<u>\$ 3,727,879,373</u>	<u>\$ 4,043,056,113</u>	<u>\$ 4,309,332,602</u>	<u>\$ 4,679,501,415</u>	<u>\$ 4,887,347,956</u>
332,107,938	372,787,937	404,305,611	430,933,260	467,950,142	488,734,796
26,884,996	47,895,000	53,790,000	50,638,897	48,097,973	89,581,876
<u>4,285,000</u>	<u>3,430,000</u>	<u>8,175,000</u>	<u>7,375,000</u>	<u>6,175,000</u>	<u>5,175,000</u>
<u>22,599,996</u>	<u>44,465,000</u>	<u>45,615,000</u>	<u>43,263,897</u>	<u>41,922,973</u>	<u>84,406,876</u>
<u>\$ 309,507,942</u>	<u>\$ 328,322,937</u>	<u>\$ 358,690,611</u>	<u>\$ 387,669,363</u>	<u>\$ 426,027,169</u>	<u>\$ 404,327,920</u>

Charter Township of Canton

Fiscal Year	Water and Sewer Revenue Bonds						
	Gross Revenues	Applicable Expenses	Net Revenues	Debt Service		Coverage	
				Principal	Interest		
1998	\$ 15,530,830	\$ 5,153,455	\$ 10,377,375	\$ 143,385	\$ 65,040	49.79	
1999	16,950,484	8,166,892	8,783,592	143,386	58,246	43.56	
2000	16,507,794	7,873,732	8,634,062	153,386	51,203	42.20	
2001	18,508,327	8,921,854	9,586,473	158,386	49,909	46.02	
2002	19,145,687	10,825,374	8,320,313	115,000	24,942	59.46	
2003	20,067,602	14,554,275	5,513,327	255,000	52,875	17.91	
2004	22,951,435	15,066,991	7,884,444	255,000	43,650	26.40	
2005	27,852,026	20,495,118	7,356,908	260,000	34,300	25.00	
2006	26,685,392	20,656,438	6,028,954	265,000	24,900	20.80	
2007	26,721,872	21,492,117	5,229,755	265,000	15,925	18.62	

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		
\$ 798,670	\$ 475,000	\$ 280,237		1.06
795,441	630,000	295,150		0.86
723,368	860,000	283,225		0.63
913,965	955,000	243,589		0.76
591,034	980,000	200,910		0.50
586,443	855,000	160,741		0.58
334,765	855,000	123,603		0.34
674,446	800,000	254,006		0.64
823,373	1,200,000	190,813		0.59
435,711	1,000,000	230,727		0.35

Charter Township of Canton

Demographic and Economic Statistics (Unaudited)

Fiscal Year	Population (1)	Personal Income (in thousands)	Per Capita Personal Income	Unemployment Rate (3)	Estimated Number of Households (1)
1998	72,000	(4)	(4)	1.50	25,800
1999	75,000	(4)	(4)	1.50	27,294
2000	76,366 (2)	(4)	\$ 28,609 (2)	2.10	27,490 (2)
2001	79,449	(4)	(4)	2.00	28,443
2002	81,681	(4)	(4)	2.60	29,456
2003	82,612	(4)	(4)	3.40	30,613
2004	83,567	(4)	(4)	3.20	31,550
2005	84,930	(4)	(4)	2.60	32,237
2006	85,476	(4)	(4)	2.50	32,652
2007	84,037	(4)	(4)	2.70	32,361

(1) Southeast Michigan Council of Governments Information Services

(2) 2000 U.S. Census

(3) Michigan Department of Labor & Economic Growth

(4) Not Available

Charter Township of Canton

Principal Employers (Unaudited)

Taxpayer	2007 Employees	Percentage of Total	1998 Employees	Percentage of Total	1998 Rank
Plymouth Canton Schools	3,000	39.69	(1)	(1)	(1)
Yazaki North America	1,400	18.52	(1)	(1)	(1)
Miesel-Sysco Corporation	635	8.40	(1)	(1)	(1)
IKEA	500	6.61	(1)	(1)	(1)
A & D Transport	450	5.95	(1)	(1)	(1)
Meijer Thrifty Acres	370	4.89	(1)	(1)	(1)
Charter Township of Canton	369	4.88	(1)	(1)	(1)
Home Depot	320	4.23	(1)	(1)	(1)
Walmart	285	3.77	(1)	(1)	(1)
Sam's Club	230	3.04	(1)	(1)	(1)

(1) Not available

Source: Canton Township Supervisor's Office

Charter Township of Canton

Operating Information Full-time Equivalent Government Employees (Unaudited)

Department	1998	1999	2000	2001	2002	2003	2004	2005	2006 (6)	2007
Supervisor's Office (1)	3	3	3	3	3	3	2	2	4	4
Economic Development	0	0	0	0	0	0	1	1	1	1
Clerk's Office	6	6	6	6	6	6	6	6	8	8
Treasurer's Office	7	7	7	7	6	6	6	6	7	6
Executive Operations and Public Safety										
Fire	50	50	55	57	62	65	68	68	63	70
Police	88	93	99	99	105	108	110	109	106	117
Human Resources	3	3	4	4	4	4	5	5	5	5
Finance and Budget										
Finance and Budget	10	10	11	12	12	12	12	12	11	10
Information Technology Systems	3	4	7	8	8	8	8	8	7	7
Community Services	7	7	3	4	4	4	4	4	2	3
Cable Television	1	2	2	3	2	3	3	3	3	3
Facilities Maintenance (2)	9	9	11	11	11	8	16	16	11	11
Utility Billing	3	3	4	4	4	4	5	5	4	4
Municipal Services										
Director's Office	2	2	4	5	5	5	5	4	3	5
Building and Inspection Services	18	18	19	20	20	21	23	20	11	12
Engineering Services	6	9	12	14	16	16	16	24	15	19
Planning Services	6	6	7	7	8	8	7	9	6	6
Public Works	31	30	31	31	34	35	33	35	37	38
Leisure Services										
Director's Office	0	0	2	2	4	4	4	5	4	7
Parks Division/Grounds	8	11	11	12	10	12	12	12	11	12
Summit Community Center (2)	8	10	10	10	10	8	8	6	10	11
Pheasant Run Golf Course	4	4	6	6	4	5	3	3	3	3
Parks and Recreation	5	4	4	4	9	11	10	11	12	7
Softball Center (3)	0	0	3	3	1	1	2	2	2	1
Performing Arts (4)	0	0	0	0	0	0	1	1	1	2
Administrative Services (5)	2	2	3	3	3	3	3	3	-	-
Total	<u>280</u>	<u>293</u>	<u>324</u>	<u>335</u>	<u>351</u>	<u>360</u>	<u>373</u>	<u>380</u>	<u>347</u>	<u>372</u>

Source: Township personnel records

- (1) The DDA coordinator was moved from the supervisor's office to Economic Development.
- (2) Several of the facilities maintenance staff were transferred to the Summit Community Center.
- (3) The Township acquired and began to operate a sports facility in 2000.
- (4) A performing arts coordinator was added to support The Village Theater which opened in 2004.
- (5) The director of administrative services retired in 2006 and a new division, Executive Operations and Public Safety, was formed. The departments from administrative services were allocated between the new division and finance and budget.
- (6) As a result of retirement incentives and less new construction, there was an overall reduction in staff.

Charter Township of Canton

Function/Program	1998	1999	2000	2001
Police:				
Physical arrests	1,772	2,678	2,887	2,294
Traffic violations	16,002	15,862	15,338	14,652
Parking violations	259	320	369	403
Fire:				
Fire runs	1,155	1,385	1,281	1,181
Emergency medical runs	3,228	3,911	3,744	3,667
Inspections	2,302	1,372	1,009	721
Parks and recreation:				
Recreation program attendance	32,208	35,301	40,994	132,857
Community center admissions	154,087	152,984	257,809	258,372
Library:				
Circulation (books borrowed)	724,897	732,991	762,654	945,464
Collection volume	149,471	175,624	184,934	210,708
Water:				
Number of customers billed	18,138	18,903	19,672	20,300
Total consumption (billed - gallons)	2,908,818,000	3,096,507,000	2,715,344,000	3,047,036,000
Sewer:				
Number of customers billed	17,834	18,592	19,362	19,990

Operating Information
Operating Indicators
(Unaudited)

2002	2003	2004	2005	2006	2007
2,329	2,649	2,682	2,760	3,580	3,709
13,742	16,647	17,378	16,293	16,670	18,113
446	433	295	399	290	446
1,253	1,224	1,148	1,294	1,152	1,109
3,851	3,489	3,561	3,754	4,012	4,348
1,172	1,150	1,073	889	628	515
195,826	352,458	351,860	406,774	524,722	494,347
377,147	343,645	403,473	342,949	284,088	232,400
1,156,106	1,345,278	1,486,599	1,567,489	1,654,395	1,614,242
238,309	261,182	262,488	284,337	302,026	308,547
21,184	21,835	22,425	22,967	23,272	23,388
3,297,112,000	3,059,188,000	2,987,866,000	3,367,677,000	3,041,124,000	3,316,524,000
21,166	21,520	22,111	22,651	22,953	23,069

Charter Township of Canton

Operating Information Capital Asset Statistics (Unaudited)

Function/Program	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units:										
Cars and Jeep	36	36	36	39	39	39	40	41	47	50
Prisoner van	1	1	1	1	1	1	1	1	1	1
Motorcycles	4	4	6	4	4	4	4	6	6	6
Fire:										
Stations	2	2	2	2	2	2	2	3	3	3
Fire and emergency response vehicles	8	9	8	9	11	12	14	14	14	15
Public works:										
Streets (miles)	288	305	310	315	315	325	325	325	373	390
Streetlights	683	695	705	705	705	705	705	705	705	705
Parks and recreation:										
Acreage	234.6	469	599	729	859	859	859	859	859	859
Parks	4	7	7	7	7	7	7	7	7	7
Soccer fields	10	30	30	30	30	30	30	30	30	30
Baseball diamonds	22	22	22	22	22	22	22	22	22	22
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)	243	265	265	265	268	279	279	279	424	424
Fire hydrants	2,081	3,493	3,493	3,493	3,493	3,493	3,493	3,493	4,874	4,930
Sewer:										
Miles of sanitary sewers	208	228	235	238	238	248	248	248	328	330

Charter Township of Canton

**Federal Awards
Supplemental Information
December 31, 2007**

Charter Township of Canton

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Independent Auditor's Report

To the Board of Trustees
Charter Township of Canton

We have audited the 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 as of and for the year ended December 31, 2007, which collectively comprise the Charter Township of Canton's basic financial statements, and have issued our report thereon dated May 20, 2008. Those basic financial statements are the responsibility of the management of the Charter Township of Canton. Our responsibility was to express opinions on those basic 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter Township of Canton's basic financial statements. The accompanying schedule of expenditures of federal awards and reconciliation of basic financial statements federal revenue with schedule of expenditures of federal awards are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The information in these schedules has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Plante & Moran, PLLC

May 20, 2008

Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements Performed
in Accordance with *Government Auditing Standards*

To the Board of Trustees
Charter Township of Canton

We have audited the 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 as of and for the year ended December 31, 2007, which collectively comprise the Charter Township of Canton's basic financial statements, and have issued our report thereon dated May 20, 2008. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Charter Township of Canton's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Charter Township of Canton's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Charter Township of Canton's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal controls. We consider the control deficiencies described in the accompanying schedule of findings and questioned costs as items 07-2 and 07-3 to be significant deficiencies in internal control over financial reporting.

To the Board of Trustees
Charter Township of Canton

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We believe the deficiency described in the schedule of findings and questioned costs as item 07-1 constitutes a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Charter Township of Canton's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. We noted certain matters that we reported to the management of the Charter Township of Canton in a separate letter dated May 20, 2008.

The Charter Township of Canton's response to the significant deficiencies identified in our audit and described in the accompanying schedule of findings and questioned costs has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the audit committee, the board of trustees, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Plante & Moran, PLLC

May 20, 2008

Report on Compliance with Requirements Applicable to Each Major Program
and on Internal Control Over Compliance in Accordance
with OMB Circular A-133

To the Board of Trustees
Charter Township of Canton

Compliance

We have audited the compliance of the Charter Township of Canton with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 2007. The major federal programs of the Charter Township of Canton are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Charter Township of Canton's management. Our responsibility is to express an opinion on the Charter Township of Canton's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Charter Township of Canton's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Charter Township of Canton's compliance with those requirements.

In our opinion, the Charter Township of Canton complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2007.

To the Board of Trustees
Charter Township of Canton

Internal Control Over Compliance

The management of the Charter Township of Canton is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Charter Township of Canton's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal controls. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 07-4 and 07-5 to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. We did not consider any of the deficiencies described in the accompanying schedule of findings and questioned costs to be a material weakness.

The Charter Township of Canton's response to the significant deficiencies identified in our audit and described in the accompanying schedule of findings and questioned costs has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the audit committee, the board of trustees, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Alanta E. Moran, PLLC

May 20, 2008

Charter Township of Canton

Schedule of Expenditures of Federal Awards Year Ended December 31, 2007

Federal Agency/Pass-through Agency/Program Title	CFDA Number	Pass-through Entity Project/Grant Number	Federal Expenditures
U.S. Department of Agriculture - Passed through Michigan Department of Natural Resources Cooperative Forestry Assistance	10.664	EAB 07-05	\$ 20,000
U.S. Department of Homeland Security - Passed through Michigan Department of State Police:			
Homeland Security Grant Program	97.008	N/A	151,331
Emergency Management Performance Grants	97.042	N/A	<u>17,007</u>
Total U.S. Department of Homeland Security			168,338
U.S. Department of Housing and Urban Development - Community Development Block Grant Program:	14.218	N/A	
Entitlement Grants Program year 2005-B-05-MC-26-0039			6,141
Entitlement Grants Program year 2006-B-06-MC-26-0039			234,963
Entitlement Grants Program year 2007-B-07-MC-26-0039			<u>93,725</u>
Total U.S. Department of Housing and Urban Development			334,829
U.S. Department of Justice:			
Bulletproof Vest Partnership Grant	16.607	N/A	5,040
Drug Forfeiture Administration	16.unknown	N/A	49,180
Passed through Michigan Department of State Police:			
Edward Byrne Memorial Justice Assistance Grant	16.738	2005-DJ-BX-0565	5,117
Edward Byrne Formula Grant	16.579	OCDP#82197-04-08-B	32,664
Passed through Southeastern Michigan HIDTA:			
HIDTA Program - Western Wayne Criminal Investigations	07.000	#100-690	81,000
Drug Forfeiture Administration	16.unknown	N/A	<u>61,095</u>
Total U.S. Department of Justice			234,096
U.S. Department of Transportation - Passed through Downriver Community Conference State and Community Highway Safety	20.600	PT 07/24	22,621
U.S. Environmental Protection Agency - Passed through Wayne County, Michigan Lower Rouge River Recreation Trail Head Project	66.202	RVIIB-02	<u>175,970</u>
Total federal expenditures			<u><u>\$ 955,854</u></u>

Charter Township of Canton

Reconciliation of Basic Financial Statements Federal Revenue with Schedule of Expenditures of Federal Awards Year Ended December 31, 2007

Revenue from federal sources - As reported on financial statements (governmental funds)	\$ 679,808
Add amount not available within 60 days, therefore included in deferred revenue for year ended December 31, 2007	<u>276,046</u>
Federal expenditures per the schedule of expenditures of federal awards	<u>\$ 955,854</u>

Charter Township of Canton

Notes to Schedule of Expenditures of Federal Awards Year Ended December 31, 2007

Note 1 - Significant Accounting Policies

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Charter Township of Canton and is presented on the same basis of accounting as the basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2 - Subrecipient Awards

Of the federal expenditures presented in the schedule, federal awards were provided to subrecipients as follows:

Federal Program Title	CFDA Number	Amount Provided to Subrecipients
Community Development Block Grant	14.218	\$ 68,014

Charter Township of Canton

Schedule of Findings and Questioned Costs Year Ended December 31, 2007

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes None reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major program(s):

Material weakness(es) identified? Yes No

- Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes None reported

Type of auditor's report issued on compliance for major program(s): Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? Yes No

Identification of major program(s):

CFDA Numbers	Name of Federal Program or Cluster
14.218	Community Development Block Grant
97.008	Homeland Security Grant Program

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? Yes No

Charter Township of Canton

Schedule of Findings and Questioned Costs (Continued) Year Ended December 31, 2007

Section II - Financial Statement Audit Findings

Reference Number	Findings
07-1	<p>Finding Type - Material weakness</p> <p>Criteria - Management's goal is to adequately record all year-end closing entries prior to the start of the audit.</p> <p>Condition - In connection with the Charter Township of Canton's financial statement audit of the year ended December 31, 2007, the Charter Township of Canton was required to post various entries in order for its financial statements to be materially stated.</p> <p>Context - Historically, the Charter Township of Canton's auditors have recommended journal entries as part of the audit. Although the amount of journal entries proposed by the auditors was reduced by more than 50 percent during the current year (26 vs. 12), for the audit of the Charter Township of Canton's year end beginning with December 31, 2006, Statement on Auditing Standards (SAS) No. 112, <i>Communicating Internal Control Related Matters Identified in an Audit</i>, was effective. SAS 112 defines entries of this nature to be a material weakness.</p> <p>Effect - Various account balances were misstated in the preliminary accounting records. These amounts related to multiple funds and in aggregate were material to the financial statements.</p> <p>Cause - The Charter Township of Canton did not have a system in place to ensure the accuracy of all reported balances at year end.</p> <p>Recommendation - The Charter Township of Canton should attempt to post all material year-end closing entries prior to the start of the audit.</p> <p>Views of Responsible Officials and Planned Corrective Actions - The Charter Township of Canton will continue to focus on recording all material closing entries prior to the start of future audits.</p>

Charter Township of Canton

Schedule of Findings and Questioned Costs (Continued) Year Ended December 31, 2007

Section II - Financial Statement Audit Findings (Continued)

Reference Number	Findings
07-2	<p>Finding Type - Significant deficiency</p> <p>Criteria - Management's goal is to adequately compute and record depreciation related to enterprise fund assets.</p> <p>Condition - In connection with the Charter Township of Canton's financial statement audit of the year ended December 31, 2007, an adjusting entry was proposed to correctly state activity in the enterprise funds for depreciation recorded improperly in prior years.</p> <p>Context - The Charter Township of Canton's auditors have identified the Township's system for tracking and recording enterprise funds capital assets and depreciation to be insufficient to appropriately record depreciation expense.</p> <p>Effect - Depreciation expense in the enterprise funds was misstated in the current and prior years.</p> <p>Cause - The Charter Township's system for recording enterprise funds depreciation is a manual system that is not reliable or consistent.</p> <p>Recommendation - We recommend that the Charter Township address this matter as part of the implementation of a new financial management system and consider standardizing the tracking of enterprise funds depreciation with that used for tracking general fixed assets.</p> <p>Views of Responsible Officials and Planned Corrective Actions - The Charter Township of Canton intends to revamp its system for computing and recording depreciation in the enterprise funds in connection with the new financial management system.</p>

Charter Township of Canton

Schedule of Findings and Questioned Costs (Continued) Year Ended December 31, 2007

Section II - Financial Statement Audit Findings (Continued)

Reference Number	Findings
07-3	<p>Finding Type - Significant deficiency</p> <p>Criteria - Management's goal is to restrict access to the financial management system to the appropriate users.</p> <p>Condition - In connection with the Charter Township of Canton's financial statement audit of the year ended December 31, 2007, an analysis of the general controls of the information technology was performed as required by new auditing standards.</p> <p>Context - Several information technology general control issues were identified during an analysis conducted as required by new audit standards with the audit of the year ended December 31, 2007. At least one of the issues identified rise to the level of a significant deficiency over financial reporting. The matter relates to a lack of periodic review of programs the network administrator has accessed, in addition to a lack of review to ensure only appropriate employees have access to certain software programs.</p> <p>Effect - Independent reviews of access, the network administrator had to the system and reviews of individuals with user access to business functions were not performed.</p> <p>Cause - The Charter Township did not have a system in place to perform these reviews.</p> <p>Recommendation - We recommend that the Charter Township implement procedures to ensure that appropriate reviews are performed.</p> <p>Views of Responsible Officials and Planned Corrective Actions - The Charter Township of Canton intends to put appropriate controls in place to review network administrator's access as well as review of user access to appropriate business functions. The Charter Township does, however, currently have other compensating controls to ensure only authorized individuals actually post manual journal entries in the general ledger.</p>

Charter Township of Canton

Schedule of Findings and Questioned Costs (Continued) Year Ended December 31, 2007

Section III - Federal Program Audit Findings

Reference Number	Findings
07-4	<p>Identification of Federal Expenditures</p> <p>Finding Type - Significant deficiency</p> <p>Criteria - A complete and accurate schedule of expenditures of federal awards (SEFA) is necessary to record all program expenditures as required by federal regulations.</p> <p>Condition - Management's goal is to prepare a complete and accurate SEFA to record all program expenditures in order to comply with the above criteria.</p> <p>Context - The original SEFA provided by the Charter Township as part of the audit did not include a complete listing of Drug Forfeiture Administration federal expenditures. In addition, expenditures relating to the 2006 Homeland Security Grant Program were included on the 2007 SEFA due to the fact that they were not identified as federal expenditures in 2006, and therefore were omitted from the 2006 SEFA.</p> <p>Effect - As the Charter Township did not have appropriate procedures in place to report the correct amount of federal expenditures on the SEFA, there were several changes made to the expenditure amounts during the course of the audit to be compliant with federal regulations.</p> <p>Cause - The Charter Township did not have appropriate procedures in place to identify all federal expenditures throughout the year.</p> <p>Recommendation - We recommend that the Charter Township develop a procedure to identify federal expenditures throughout the year to ensure a complete and accurate SEFA is available for the audit.</p> <p>Views of Responsible Officials and Planned Corrective Actions - The Charter Township concurs with the recommendation. The accounting duties and responsibilities are being reorganized. A higher level of due diligence will be expected and additional reviews will be implemented.</p>

Charter Township of Canton

Schedule of Findings and Questioned Costs (Continued) Year Ended December 31, 2007

Section III - Federal Program Audit Findings (Continued)

Reference Number	Findings
07-5	<p>Identification of Suspended and Debarred Subrecipients</p> <p>Finding Type - Significant deficiency</p> <p>Criteria - The Charter Township must ensure that the subrecipients who are granted awards of federal funds are not on the excluded parties listing system maintained by the general services administration as being suspended or debarred for receiving federal funds.</p> <p>Condition - The Charter Township did not review the excluded parties listing system for the awards to the subrecipients during the year ended December 31, 2007.</p> <p>Context - During our audit of the Community Development Block Grant, we discovered that the Charter Township did not review the excluded parties listing system for the awards to the subrecipients to determine whether they were suspended or debarred from receiving federal awards. Upon further review, it was noted that none of the subrecipients were on the listing.</p> <p>Effect - As the Charter Township did not have procedures in place to review the excluded parties list on an annual basis for its subrecipients, the Charter Township did not verify that the subrecipients were not currently suspended or debarred from receiving federal funds.</p> <p>Cause - The Charter Township did not have appropriate procedures in place to review the listing of suspended and debarred parties for all subrecipient grant awards.</p> <p>Recommendation - We recommend that the Charter Township develop a procedure to ensure the excluded parties list is reviewed annually for the Charter Township's subrecipient awards.</p> <p>Views of Responsible Officials and Planned Corrective Actions - The Charter Township concurs with the recommendation. The Charter Township will begin reviewing the listing on an annual basis to ensure the subrecipients are not suspended or debarred.</p>



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May 20, 2008

To the Board of Trustees
Charter Township of Canton
1150 S. Canton Center Road
Canton, MI 48188-1699

Dear Board Members:

We have recently completed the audit of the financial statements of the Charter Township of Canton (the "Township") for the year ended December 31, 2007. As a result of the audit, we offer the following observations and comments for your consideration:

Special Assessments

Several special assessment Debt Service Funds had debt service expenditures for the year in excess of revenue, causing a use of fund balance. We recommend that the Township compare the remaining debt service by fund with monies to be collected to ensure that adequate resources are available.

Financial Management System

As the Township implements its new financial management system, we encourage the Township to review and examine all aspects of its current processes and business methods for opportunities to improve controls and achieve efficiencies by leveraging the Township's investment in this technology. It is a very common practice that habits develop over time around the functionality of the system being replaced. For example, it is often common that tasks that cannot be performed using the financial management system are performed manually, using excel spreadsheets or in duplicate as a control check on the system. These are sometimes referred to as "shadow systems." The implementation of the new system is an opportunity to challenge traditional methods of transaction processing and workflow.

Retiree Healthcare Benefits and GASB No. 45

As discussed in past years, the Township was required to implement GASB No. 43 at December 31, 2007 and GASB No. 45 for the year ending December 31, 2008. GASB Nos. 43 and 45 require a governmental unit to measure its retiree healthcare liability through actuarial valuations that are to be performed at least biennially. These valuations compute an annual required contribution (ARC). While the Township has accumulated some monies to fund its obligation for retiree health care (approximately \$3.8 million at December 31, 2007) and has created an account with MERS for retiree health care, the Township, like most other governmental units, has not been actuarially funding this liability like a defined benefit pension system.



As discussed in the notes to the financial statements, the unfunded actuarial accrued liability for retiree health care as of December 31, 2006 (the date of the first and most recent actuarial valuation) is approximately \$41.1 million (based on an interest rate of 6 percent). For 2008, to be fully compliant with GASB No. 45, the Township's annual required contribution (ARC) is approximately \$3.5 million (based on an interest rate of 6 percent). For 2007, the contribution to the Other Postemployment Benefits Fund was approximately \$1 million. For 2008 and future budget years, the Township will need to determine whether the current annual contribution levels to the Other Postemployment Benefits Fund will be increased to the ARC amount determined by the actuary in accordance with GASB No. 45.

New Audit Standards Effective for the Audit of the Year Ended December 31, 2007

Several additional audit standards required implementation during the Township's financial statement audit. These new rules - formally called Statements on Auditing Standards Nos. 104 through 111 and known collectively as the new Risk Assessment Standards - significantly changed the procedures auditors must perform in all financial statement audits. These changes to auditing standards are a direct result of the major corporate scandals (i.e., Enron, Worldcom) that happened several years ago and are designed to strengthen the confidence of users in audited financial statements.

Under these new rules, we were required to do the following:

- More thoroughly examine and evaluate the Township's accounting processes and controls, including the overall control environment, key controls over significant transactions, the quality of internal oversight of the financial reporting process, and information technology general controls
- More thoroughly assess and document conditions in the Township's systems and processes that create risks of material misstatement in their financial statements, and perform additional testing in response to these risks
- Design and perform more analytical tests of accounting and financial data
- Apply more stringent standards in identifying, assessing, and communicating internal control deficiencies
- Communicate more information about the results of the auditor's work to individuals involved in overseeing strategic direction and accountability for operations

As you also probably recall, we were required to implement Statement on Auditing Standards No. 112 last year, which lowered the threshold of items that auditors should consider bringing to your consideration.

As a result of the implementation of the new audit standards and our testing, we offer the following comments on the Township's internal controls and accounting procedures for your consideration:

- The Township continues to use an excel spreadsheet to track Water and Sewer Fund fixed assets and considerable reconciliation is required annually between this program and the general ledger. We noted significant discrepancies in the calculation of the depreciation expense in the Water and Sewer Fund. The Township utilizes a different application for its general fixed assets. We recommend that the Township standardize the tracking of Water and Sewer Fund fixed assets utilizing either the Township's application that tracks and reports its general fixed assets or be addressed as part of the implementation of a new financial management system. In conjunction with whatever solution that is ultimately selected by the Township, it is a recommended practice to periodically complete an inventory of fixed assets which can be used to make any adjustments necessary to the detail subsidiary ledger.
- We noted that not all cash collected by the treasurer's office is run through the cash register upon receipt of the funds, specifically as it relates to the purchase of recycling bins or copier fees. Although the nature of the transactions not run through the system and cash drawer immediately may not be significant in amount, it is a best practice to put all collections immediately into the cash register to alleviate potential misappropriation of assets.
- The same individuals who collect the cash in the treasurer's office also balance the cash drawers at the end of the day. To improve the segregation of duties, we recommend developing a system that provides for separate individuals to be involved in the "cash out" at the end of the day. An option, for example, would be for the tellers at the end of the day to recount each other's drawers.
- The Township's current financial management system is not able to produce a system-generated receipt to customers. We recommend that the Township address this matter as part of the implementation of a new financial management system.
- During our testing of investments, we noted that there is no audit trail or documented review of the investment activities. The investment activity is actually reconciled to the general ledger by the finance department. We still recommend that periodically a documented review of Township investment activities be performed.
- The Township implemented procedures in 2004 as allowed by state law to make and accept electronic funds transfers (ACH payments). We reviewed the policies developed by the Township for ACH payments and noted that the same individual can both initiate and approve wire transfers. We suggest that the Township separate these functions.
- The Township's current financial management system allows the ability to set up new vendors in the purchasing system without approval (a common method where fraud can occur within an organization). While efforts have been made to limit who is authorized to set up new vendors in the system, we would encourage the Township to address this control matter as part of the implementation of the new financial management system.

- As part of our testing relative to the new auditing standards, we were required to take a closer look at the Township's information technology general controls. A separate report has been issued relative to the findings of that review. There are a number of matters which we recommend the Township consider immediately.

Also, we provided the finance department with a list of other control matters throughout the Township noted as part of the change in scope in this year's audit which caused us to give a different consideration to controls and procedures than in the past.

In addition to these comments and recommendations on control matters and accounting procedures, as required by the new Statement on Auditing Standards No. 112, our audit also identified several significant deficiencies and material weaknesses in internal control that have been reported to you in the report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*. This report letter has been included in the supplemental schedule of federal financial assistance (the single audit report).

Revenue Sharing

The annual funding of revenue sharing continues to be static at best - which is down considerably compared to funding levels in 2000 and 2001. In 2000 and 2001, the Township received approximately \$7.2 million in revenue sharing annually. The current funding level is about \$5.9 million - a decrease of approximately \$1.3 million from historical funding levels. Of the approximately \$5.9 million in revenue sharing received, the Township has approximately \$734,000 of statutory revenue sharing remaining.

The condition of the State's budget remains tenuous and that will impact the funding of revenue sharing going forward. The governor's budget that was introduced for the State's 2008/2009 fiscal year currently includes a small funding increase in revenue sharing. However, many open issues remain to be resolved with the revenue-sharing program and the governor's 2008/2009 fiscal year budget occurred before issues with 2008 taxable valuations will be quantified (which could impact the State's School Aid Fund and indirectly the State's General Fund). There are a number of other factors that will impact revenue sharing, including:

- **Future of County Participation in Statutory Revenue Sharing** - The question that remains is when the reserve funds established by counties several years ago as a result of the shift of the county tax levy date are depleted, will counties come back into the "revenue-sharing formula" and to what extent? Will the size of the statutory pot grow to accommodate counties or will there be a shift of the same monies from cities, villages, and townships to the counties?
- **Statutory Revenue-sharing Formula** - Legislative action is required on this Act for appropriations to continue beyond 2008.

- **Changes to Michigan's Tax Structure** - Significant changes to the Michigan tax structure were made in 2007 (elimination of the single business tax, creation of new Michigan business tax, passage and then subsequent repeal of the services tax, and addition of a surcharge to the Michigan business tax). Technical corrections on the new Michigan business tax continue to occur. The true financial impact on the State's budget of all these changes is hard to predict.

Property Taxes and Taxable Value Changes

Challenges with property values in the current Michigan economy have been very well publicized. A number of factors are impacting the market value of properties including foreclosures, properties on the market for extended periods of time, properties selling below market value, etc. Property tax assessments are being completed currently for the 2008 tax year and tax rolls will not be finalized until May 2008. However, early indications are that declines in state equalized value may threaten the inflationary growth in taxable value that communities had been experiencing following the passage of Proposal A. We caution the Township to keep this in mind as it reviews the expected financial results for 2008, its budget for 2009, and the next few years thereafter.

As a response to the situation with the real estate market, legislation is being discussed in Lansing to adjust the mechanics of the general property tax act. The nature of the legislation has ranged from the suspension of the "pop-up" or increase in taxable value that occurs when a property sells or a "super cap" on taxable value that prohibits an increase in taxable value when market values are declining. The outcome of this legislation could also have a significant impact on the Township.

In light of all these and other developments and the continued uncertainty with the State's budget, we recommend that the Township continue its practice of long range financial planning.

We would like to thank you and your staff again this year for their preparedness, cooperation, and assistance provided to us during the audit. For the current year audit, the Township substantially changed its process in preparing for the audit, how information is provided to the auditors, and the Township also prepared its own financial statements this year. This is a very large undertaking and we compliment the Township on the initiative taken in this area.

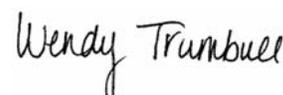
If you have any questions, or would like to discuss these items further, please feel free to contact us at your convenience.

Yours truly,

Plante & Moran, PLLC



Frank W. Audia



Wendy N. Trumbull



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May 20, 2008

To the Board of Trustees
Charter Township of Canton

We have audited the financial statements of the Charter Township of Canton (the "Township") for the year ended December 31, 2007 and have issued our report thereon dated May 20, 2008. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated December 11, 2007, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. We are responsible for planning and performing the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement. As part of our audit, we considered the internal control of the Charter Township of Canton. Our consideration of internal control was solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters and our audit of the financial statements does not relieve you or management of your responsibilities.

Our audit of the Charter Township of Canton's financial statements has also been conducted in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. Under *Government Auditing Standards*, we have made some assessments of the Charter Township of Canton's compliance with certain provisions of laws, regulations, contracts, and grant agreements. While those assessments are not sufficient to identify all noncompliance with applicable laws, regulations, and contract provisions, we are required to communicate all noncompliance conditions that come to our attention. We have communicated those conditions in a separate letter dated May 20, 2008 regarding our consideration of the Charter Township of Canton's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements.

We also are obligated to communicate certain matters related to our audit to those responsible for the governance of the Charter Township of Canton, including certain instances of error or fraud and significant deficiencies in internal control that we identify during our audit. In certain situations, *Government Auditing Standards* require disclosure of illegal acts to applicable government agencies. If such illegal acts were detected during our audit, we would be required to make disclosures regarding these acts to applicable government agencies. No such disclosures were required.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on March 12, 2008.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Charter Township of Canton are described in Note I to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2007.

We noted no transactions entered into by the Township during the year for which there is a lack of authoritative guidance or consensus.

There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. We noted no significant estimates on the Township's financial statements.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

The following material misstatements detected as a result of audit procedures were corrected by management:

- Deferred revenue was adjusted in various funds to appropriately record revenue that was not available to be used for current expenditures, and was also adjusted to appropriately record revenue that was received during the current year.
- Various interfund receivables and payables were adjusted to ensure the balances were appropriately stated as of December 31, 2007.

During the course of the audit, there were other adjustments that were either brought to our attention by management or recommended by us as a result of our testing that were corrected by management.

Disagreements with Management

For the purpose of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management's Representations

We have requested certain representations from management that are included in the management representation letter dated May 20, 2008.

Management's Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

In the normal course of our professional association with the Township, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the Township, and business plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition of our retention as the Township's auditors.

This information is intended solely for the use of the board of trustees and management of the Charter Township of Canton and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Plante & Moran, PLLC

A handwritten signature in black ink that reads "Frank W. Audia". The signature is written in a cursive style with a large, stylized initial 'F'.

Frank W. Audia

Client: Charter Township of Canton
Opinion Unit: W&S Fund (Major Enterprise Fund)
Y/E: December 31, 2007

SUMMARY OF UNRECORDED POSSIBLE ADJUSTMENTS

		Increase (Decrease)				
Ref. #	Description of Misstatement	Assets	Liabilities	Net Assets	Revenue	Expenses
Known Misstatements:						
A1						
A2						
Estimate Adjustments:						
B1	To adjust fund balance for cumulative prior year W&S depreciation expense errors	\$ (419,885)		\$ (419,885)		
B2						
Implied Adjustments:						
C1						
C2						
		-	\$ -	-	\$ -	\$ -
	Combined effect	<u>\$ (419,885)</u>	<u>\$ -</u>	<u>\$ (419,885)</u>	<u>\$ -</u>	<u>\$ -</u>