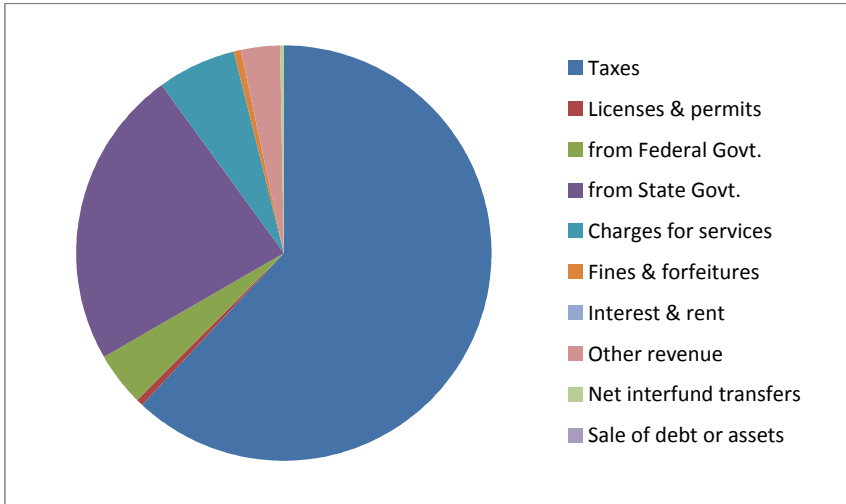


**CITIZENS' GUIDE TO LOCAL UNIT FINANCES - City of Charlotte, MI**

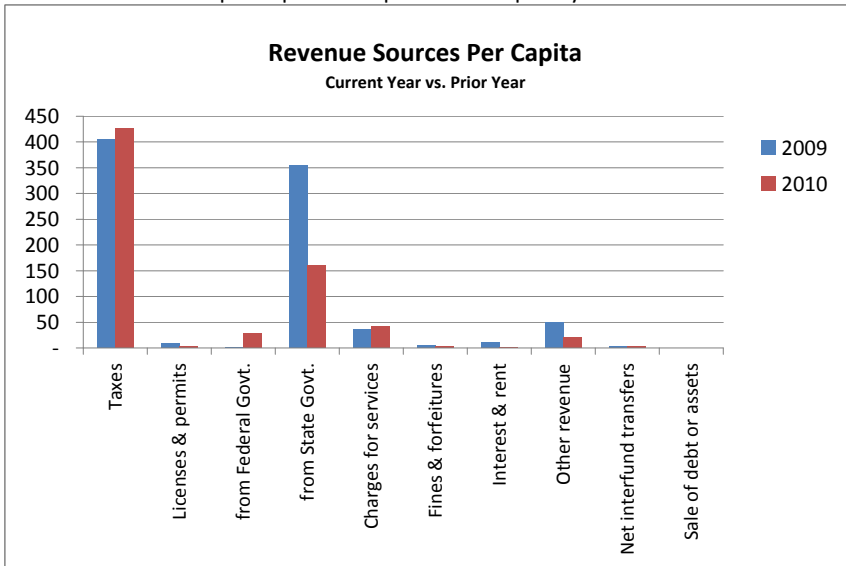
1. Where our money comes from (all governmental funds)



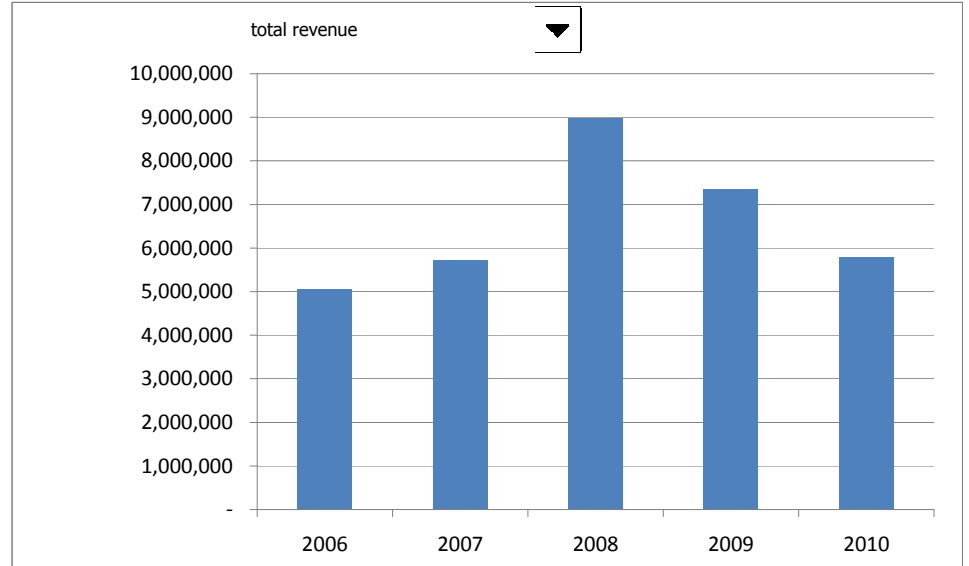
2. Compared to the prior year

	2009	2010	% change
Taxes	\$ 3,402,511	\$ 3,582,643	5%
Licenses & permits	71,916	30,657	(1)
From Federal Govt.	14,503	244,457	16
From State Govt.	2,981,392	1,353,815	-55%
Charges for services	302,187	355,473	18%
Fines & forfeitures	36,438	29,712	-18%
Interest & rent	99,745	7,953	-92%
Other revenue	416,412	166,295	-60%
Net interfund transfers	23,758	23,035	(0)
Sale of debt or assets	-	-	n/a
	<u>\$ 7,348,862</u>	<u>\$ 5,794,040</u>	-21%

3. Revenue sources per capita - compared to the prior year



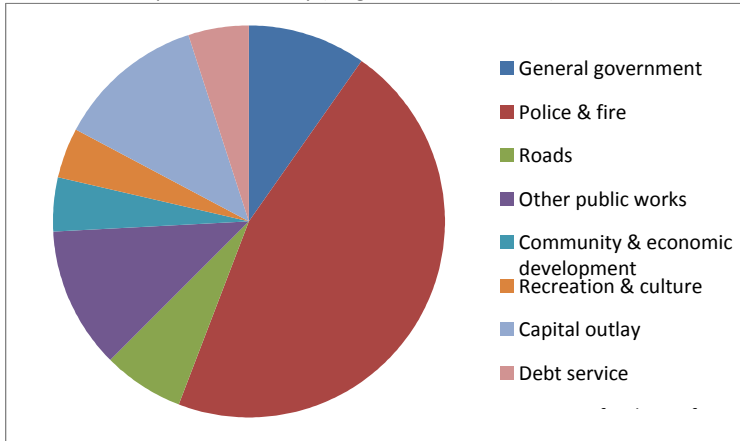
4. Historical trends



The City's governmental activities revenue is comprised predominantly of property taxes and state-shared revenue (54.0% and 11.7% respectively in FY 2010). The city has minimal control over either of these revenue sources. The City's ability to raise property tax revenue is limited by the levying constraints of both Proposal A and the Headlee amendment. In FY 2010, State budgetary constraints resulted in the legislature cutting state revenue sharing. In addition, a one-time only grant receipt in FY 2009 for road construction contributed to the 55% decrease in revenue from the State for FY 2010. The significant spike in revenues in FY 2008 was due to the receipt of \$3.1 million in bond proceeds for the construction of the West Side Fire Station.

**CITIZENS' GUIDE TO LOCAL UNIT FINANCES - City of Charlotte, MI**

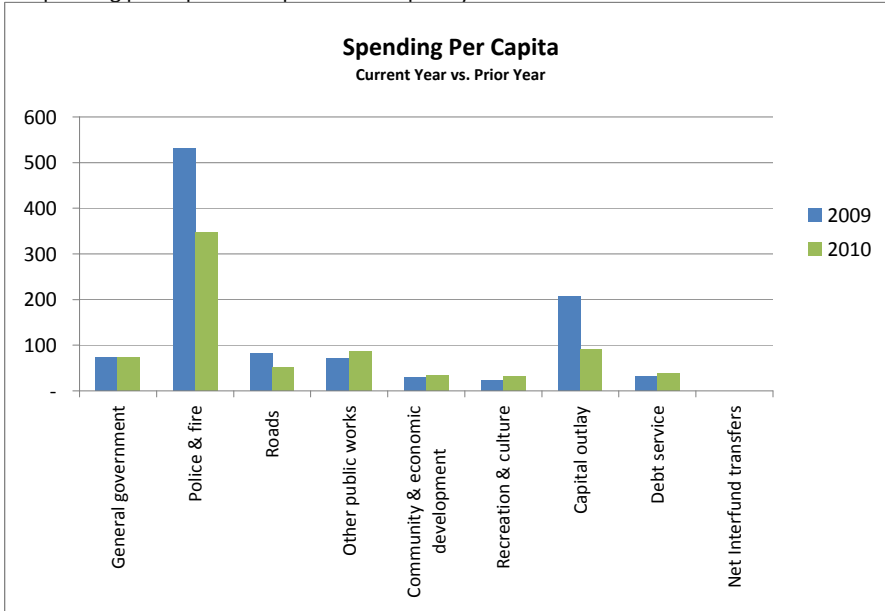
1. Where we spend our money (all governmental funds)



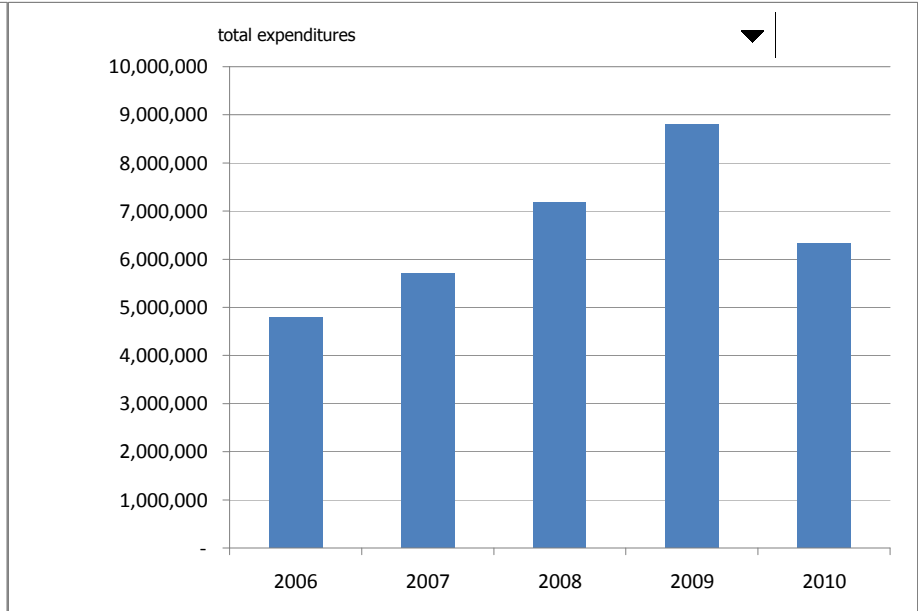
2. Compared to the prior year

	2009	2010	% change
General government	\$ 622,650	\$ 615,309	-1%
Police & fire	4,458,059	2,910,550	-35%
Roads	682,561	432,774	-37%
Other public works	601,881	730,793	21%
Community & economic developr	249,128	288,130	16%
Recreation & culture	187,754	260,343	39%
Capital outlay	1,735,713	763,240	-56%
Debt service	270,994	322,445	19%
<b>total expenditures</b>	<b>\$ 8,808,740</b>	<b>\$ 6,323,584</b>	<b>-28%</b>

3. Spending per capita - compared to the prior year



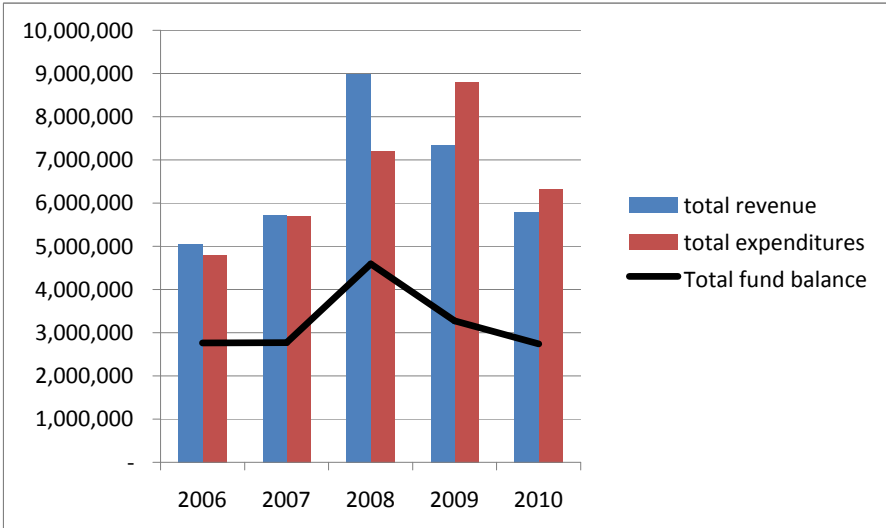
4. Historical trends



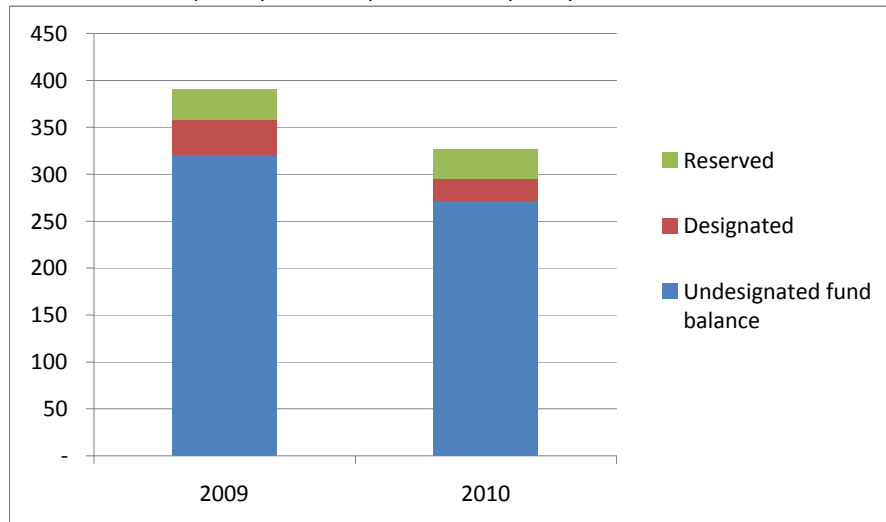
The City saw a 28% drop in total governmental expenditures in FY 2010. This decrease was a the result of a combination of decreases in both Police & Fire expenditures and Capital Outlay expenditures. The decrease in Police & Fire expenditures was due to the expenditure recognition and completion of the West Side Fire Station in FY 2009, while the completion of the Shepherd Street road construction project in FY 2009 resulted in a significant decrease in capital outlay expenditures in FY 2010 when compared to the prior year.

**CITIZENS' GUIDE TO LOCAL UNIT FINANCES - City of Charlotte, MI**

1. How have we managed our governmental fund resources (fund balance)?



3. Fund balance per capita - compared to the prior year



The City of Charlotte's total expenditures exceeded their total revenue for FY 2010 resulting in a draw on fund balance of \$529,544. The significant spike in revenues in FY 2008 was due to the receipt of \$3.1 million in bond proceeds for the construction of the West Side Fire Station.

Although the City had to draw on fund balance in both FY 2009 and FY 2010, the City's undesignated fund balance as a percent of expenditures remained strong at 30% and 36% respectively.

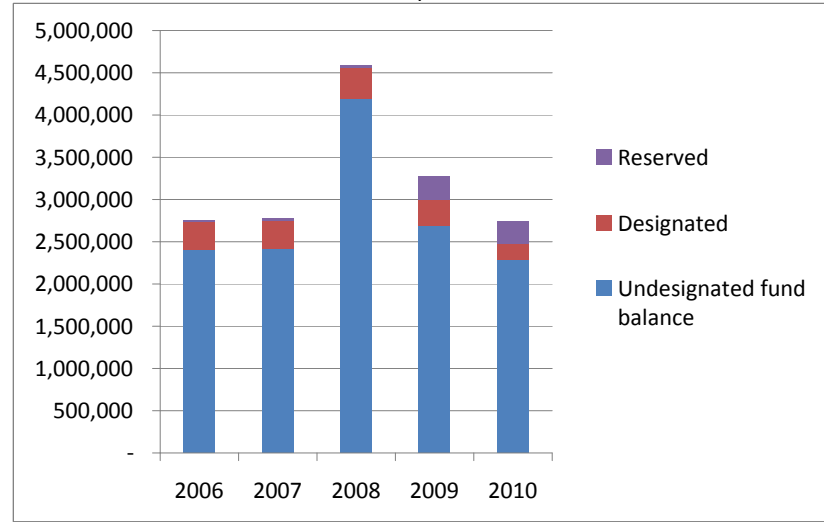
For more information on the City of Charlotte's finances, contact the Finance Department at (517) 543-8842.

**FINANCIAL POSITION**

2. Compared to the prior year

	2009	2010	% change
Revenue	7,348,862	5,794,040	-21%
Expenditures	8,808,740	6,323,584	-28%
Surplus (shortfall)	(1,459,878)	(529,544)	-64%
<b>Fund balance, by component:</b>			
Reserved	273,362	262,457	-4%
Designated	309,960	200,000	-35%
Undesignated	2,689,539	2,280,860	-15%
total fund balance	3,272,861	2,743,317	-16%

4. Historical trends of individual components



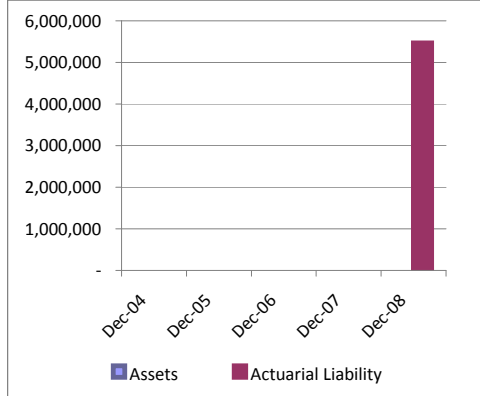
**CITIZENS' GUIDE TO LOCAL UNIT FINANCES - City of Charlotte, MI**

**OTHER LONG TERM OBLIGATIONS**

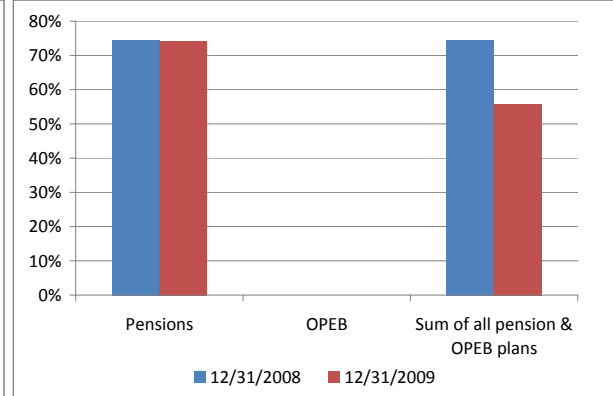
1. Pension funding status



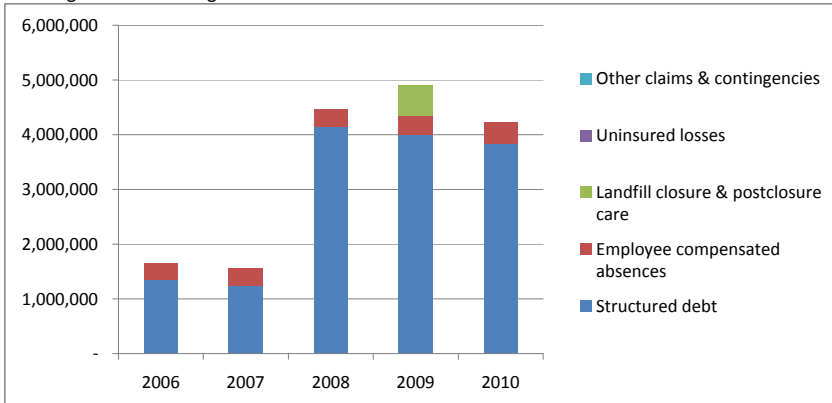
2. Retiree Healthcare funding status



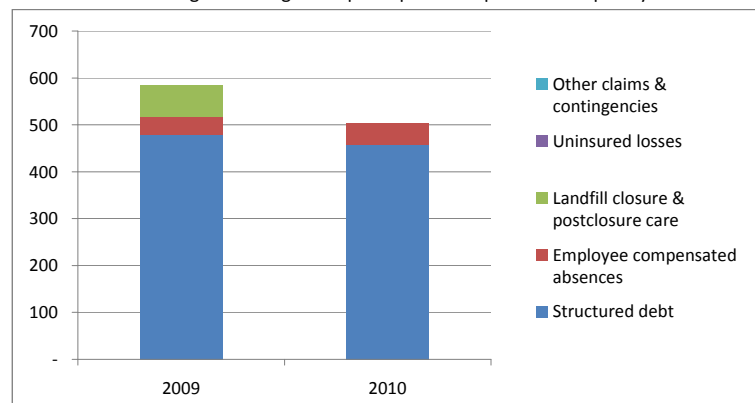
3. Percent funded - compared to the prior year



4. Long Term Debt obligations:



5. Debt & other long term obligations per capita - compared to the prior year



**Table 1** - The City participates in the Michigan Municipal Employees' Retirement System (MERS), an agent multiple-employer defined benefit pension plan that covers all employees of the City. The system provides retirement, disability and death benefits to plan members and their beneficiaries. As of December 31, 2009, the City's actuarial accrued liability was \$16.7 million which exceeded the actuarial value of the City's pension assets of \$12.4 million.

**Table 2** - The City provides retiree healthcare benefits (OPEB) to eligible employees and beneficiaries. This is a single employer defined benefit plan administered by the City. As of December 31, 2008, the first year data is available, the actuarial accrued liability for retiree healthcare benefits is \$5.5 million, part of which will be paid by retirees.

**Table 3** - The City's pension funds remained steady at 74% funded; however, the city has chosen to continue funding its OPEB obligations on a pay-as-you-go basis and therefore a 0% funding rate is shown. Not pre-funding our OPEB obligations resulted in the dramatic decrease in total funding from 74% to 56% funded.

**Table 4** - The City's long term debt obligations, which are comprised of structured debt (i.e. bond issues and loans) and employee compensated absences (i.e. accrued leave), saw a decrease of 14% in FY 2010. The majority of this decrease was the expiration in FY 2010 of a potential pollution remediation liability that the City recognized in FY 2009. In addition, the significant increase in FY 2008 was the result of a \$3.1 million voter approved bond issue for the construction of the West Side Fire Station.

**Table 5** - The City's debt obligation per capita decreased from 585 in FY 2009 to 503 in FY 2010. As in Table 4, this significant decrease is attributable to the elimination of the pollution remediation liability in FY 2010.

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