

# **City of Charlotte, Michigan**

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**Comprehensive Annual Financial Report  
Prepared by the Office of Finance and Treasury  
June 30, 2010**

# City of Charlotte, Michigan

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# City of Charlotte, Michigan

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## **Introductory Section**

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city of  
**CHARLOTTE**

October 26, 2010

To the Honorable Mayor,  
Members of the City Council,  
City Manager Gregg Guetschow, and the  
Citizens of the City of Charlotte

The comprehensive annual financial report of the City of Charlotte for the year ended June 30, 2010, is hereby submitted as mandated by both local ordinances and State statutes. These ordinances and statutes require the City of Charlotte to annually issue a report on its financial position and activity, and that this report be audited by an independent firm of certified public accountants. Responsibility for both the accuracy of the data as well as the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner that presents fairly the financial position and results of operations of the various funds and component units of the City of Charlotte. All disclosures necessary to enable the reader to gain an understanding of the City of Charlotte's activities have been included.

**THE REPORTING ENTITY AND ITS SERVICES**

The City of Charlotte is located in the heart of Michigan, 18 miles southwest of the capital city of Lansing. The City currently has a land area of approximately 5 ½ square miles and an estimated population of about 8,700. Charlotte is the hub of three interstate highways: Interstates 69, 96 and 94. These highways provide excellent access to all major markets in Michigan, the Mid-West and Canada.

Only 200 years ago, the land on which the city is located was an overgrown prairie with an abundance of wild flowers, inhabited by Chippewa and Pottawatomie Indians. Indian paths crisscrossed the area and one trail became the preferred route for early pioneers. Running from Detroit to Grand Rapids, settlers named it Clinton Trail; today it is known as state highway M-50. The pioneer settlement located in the middle of Eaton County was incorporated as a village in 1863. Railroads brought growth to Michigan and Charlotte grew as well. Charlotte was incorporated as a city in 1871. Several beautiful homes and buildings in the downtown area, which still survive today, characterize the growth of the city. E.B. Bostwick, an early landowner, held the contract for all of Eaton County and suggested the city be named for his new bride, Charlotte (pronounced Shar-LOT).

The City's most notable attributes are its outstanding schools and parks; the Eaton County government complex; the Hayes Green Beach Memorial Hospital and specialty clinic's facility; and the developing Combs industrial park, which consists of 190 acres. Eight manufacturing facilities and one warehousing facility currently occupy this industrial park.

The City provides a full range of municipal services as established by statute or charter. These services include police and fire protection, water and sewer utility services, the construction and maintenance of roads, streets and infrastructures, recreational activities and general administrative services.

For financial reporting purposes, this report includes all the funds of the City of Charlotte, as well as its component units. Component units are legally separate entities for which the primary government is financially accountable. The City of Charlotte Downtown Development Authority (DDA) and the Local Development Financing Authority (LDFA) are reported as discretely presented component units. Discretely presented component units are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial position, results of operations, and cash flows from those of the primary government. The City's Building Authority is reported as a blended component unit. Although blended component units are legally separate, they are reported as if they are part of the primary government. The primary purpose of the City's Building Authority is to finance and construct the City's public buildings.

## **ECONOMIC CONDITION AND OUTLOOK**

The City council was pro-active in using conservative budgeting practices in an effort to maintain sufficient fund balances. In developing the 2010/2011 fiscal year budget, the impact of the nation's recession, the State of Michigan's challenging economic recovery and on-going budget cuts, as well as perpetually increasing health care costs, and rising utility costs were taken into consideration. In addition, the 2010/2011 fiscal year budget saw the elimination of one police patrol officer position.

The City continues to grow, but at a much slower rate than in prior years. While new residential construction was minimal in fiscal year 2009/2010, we issued over 600 residential remodel permits with a value of \$.60 million. In addition, the City continues to realize a small amount of economic growth through commercial efforts.

The City was notified in the early spring that Owens-Illinois Glass Container, a glass manufacturer and the city's second largest taxpayer, would be closing their Charlotte plant in May 2010. The impact of this closure on the City's tax revenue was taken into consideration in preparing the fiscal year 2010/2011 budget.

State revenue sharing payments to local governments continue to be a primary target as the legislature works to balance their budget. Constitutional revenue sharing can only be cut through a vote of the people. Therefore, any legislative cuts to revenue sharing will come from the statutory portion. Since statutory revenue sharing represents 4.2% of our General Fund revenue, we remain vulnerable if the State chooses to reduce the statutory portion to local governments.

### **MAJOR INITIATIVES**

The City is recognized as a growing and progressive community in the Lansing region and receives positive media coverage in the Charlotte Shopping Guide, The County Journal and Lansing State Journal. Economic development is actively encouraged, as demonstrated by the steady growth during the past ten years.

Following are highlights of some of the City's major projects recently completed or planned for the future:

***City Hall Renovations*** – The construction of a female locker room and reception area for the police department was completed during the year. The project was funded through the remaining proceeds from the \$3 million sale of G.O. bonds for the construction of the west side fire station and city hall renovations. Voters approved these bonds through a millage proposal on the November 2007 ballot. The total cost of the fire station project was \$2.9 million. The total cost of the city hall renovations was \$56 thousand. The remaining funds will be used in fiscal year 2010/2011 to rewire all of city hall for internet and phone service as well as the purchase of a new phone system.

***Street Improvements*** – The City completed \$250 thousand of hot-in-place recycling of various major and local streets. In the 2010/2011 fiscal year budget, the City has again demonstrated their commitment to maintaining its infrastructure by appropriating \$250,000 for hot-in-place recycling of both major and local streets.

***Fire Truck*** – The process of purchasing a new fire truck began during the year with the purchase of a chassis. Funds have been appropriated in the fiscal year 2010/2011 budget for the purchase of the body. It is anticipated that the truck will be in full operation by early fall 2010. The truck will be paid for on a 50/50 cost sharing arrangement for capital equipment with the Rural Fire Association. Therefore, the City's cost will be \$172 thousand.

***Taser Equipment*** – Through the receipt of a \$17 thousand federal grant, the police department was able to purchase taser equipment.

## **ACCOUNTING SYSTEM AND BUDGETARY CONTROL**

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

The City's accounting records for general governmental operations are maintained on a modified accrual basis, with revenue being recorded when available and measurable and expenditures being recorded when the services or goods are received and the liabilities are incurred. Accounting records for the City's enterprise funds and internal service funds are maintained on the accrual basis. Assets used in governmental fund type operations and long-term liabilities expected to be financed from governmental funds are accounted for at the government-wide level, not in the governmental funds.

Management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse, and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. Internal accounting controls are designed to provide reasonable, but not absolute, assurance that these objectives will be met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal, state, and local financial assistance, the City is also responsible for ensuring that an adequate internal control structure is in place to ensure and document compliance with applicable laws and regulations related to these programs. This internal control is subject to periodic evaluation by management of the City and the external-independent audit staff retained by the City for required periodic audits.

The City maintains extensive budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council.

Activities of the general fund and special revenue funds are included in the annual appropriated budget. Project-length budgets are prepared for capital projects funds, if any. The level of budgetary control (i.e. the level at which expenditures cannot legally exceed the appropriated amount) is the functional level within each fund.



## **CASH MANAGEMENT AND INVESTMENTS**

The City is conservative in its approach to cash management with a realization that there is a time-value to money. A high priority has been placed on procedures to ensure that all monies due the City are collected and deposited as promptly as possible. Disbursements are closely controlled and wire transfers are used whenever appropriate.

Of equal importance is the emphasis on investment portfolio management. Investments of temporarily idle funds are invested in certificates of deposit with maturities ranging from 30 to 180 days depending on when the money is needed. The City pools the cash of various funds, except in certain restricted and special accounts, to maximize interest earnings. These investments are consistent with the City's policy to minimize credit and market risk while maintaining a competitive yield on its portfolio.

## **INDEPENDENT AUDIT**

State law requires an annual audit by independent certified public accountants. The auditing firm of Plante & Moran, PLLC was selected to conduct the required audit and their report is included in the Comprehensive Annual Financial Report.

## **AWARDS & ACKNOWLEDGEMENTS**

The City of Charlotte has been presented the Government Finance Officers Association's (GFOA) Certificate of Achievement for Excellence in Financial Reporting for the year ended June 30, 2009. In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized comprehensive annual financial report that satisfies 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 annual financial report will also meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine eligibility for a certificate.

I want to thank my Deputy Treasurer for her efforts in preparing this report and various other city staff for their cooperation and assistance throughout the past year. I also appreciate the support extended by the City Manager, Mayor and City Council.

Respectfully submitted,



Christine K. Mossner, C.P.A., J.D.  
Finance Director

# City of Charlotte, Michigan

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## List of Elected and Appointed Officials June 30, 2010

### City Council:

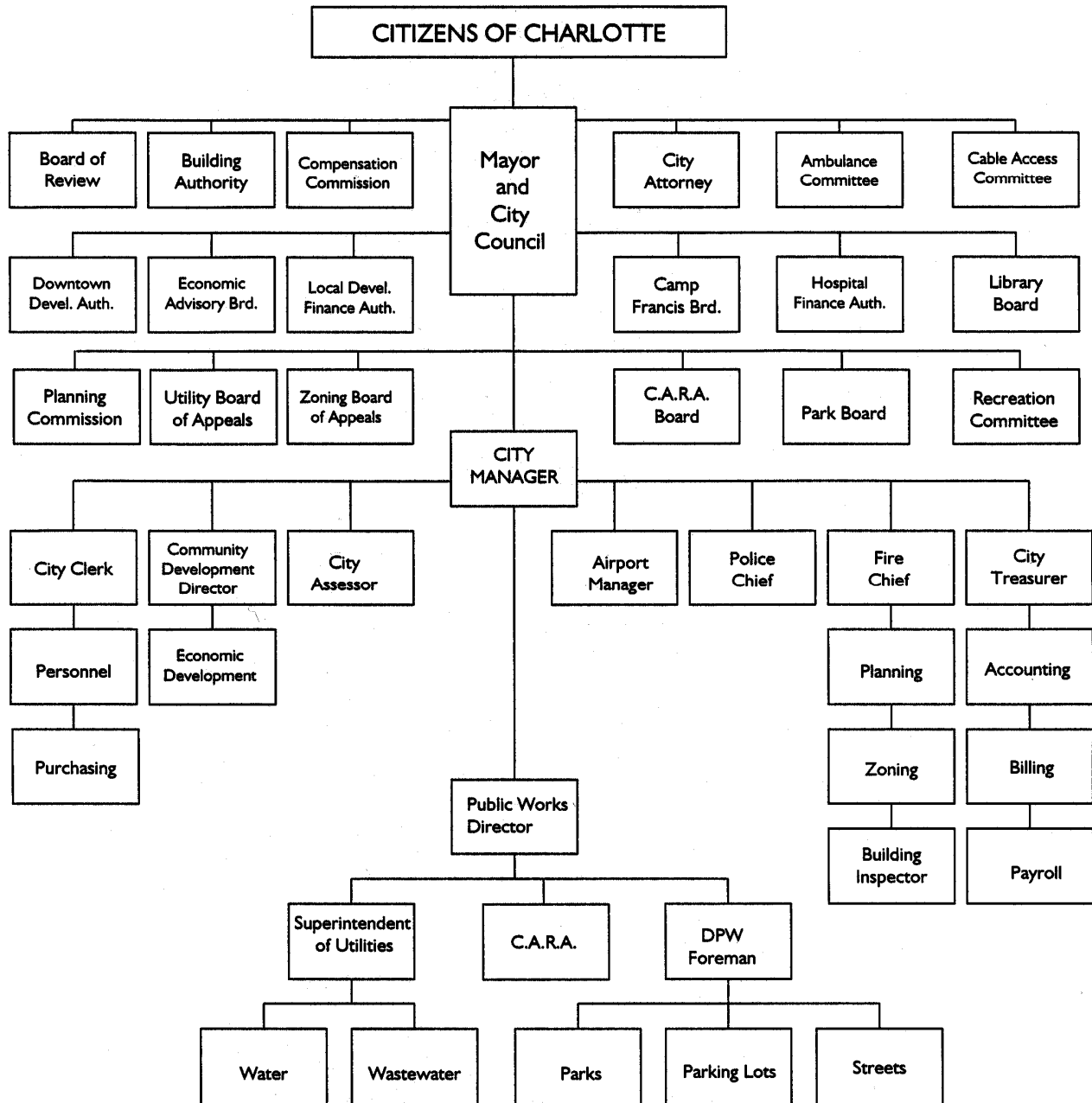
Mayor	Deleski Smith
Mayor Pro-Tem	Mary Jean Baker
Trustee	Corey Sanders
Trustee	Kevin Weissenborn
Trustee	Wayne Kruger
Trustee	Bill Arnold
Trustee	Scott Cuttle

### Appointed Officials:

City Manager	Gregg Guetschow
Fire Chief	Kevin Fullerton
Assessor (Contract)	Randy Jewell
Clerk	Michelle King
Finance Director	Christine Mossner
Director of Public Works	Amy Schoonover
Police Chief	Bill Callahan

# City of Charlotte, Michigan

## Organizational Chart



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Charlotte  
Michigan

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2009

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.



President

Executive Director

## **Financial Section**

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## Independent Auditor's Report

To the City Council  
City of Charlotte, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Charlotte, Michigan (the "City") as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Charlotte, Michigan's management. 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. 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Charlotte, Michigan, as of June 30, 2010 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.

The management's discussion and analysis and the budgetary comparison schedules for the General Fund, 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. We have applied certain limited procedures, 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.

To the City Council  
City of Charlotte, Michigan

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Charlotte, Michigan's basic financial statements. 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 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. The budgetary comparison schedules, combining balance sheet, and combining statement 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.

As described in Note 12 to the financial statements, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. As a result, the government-wide statements now report the cost of retiree health care as those benefits are earned by employees.

*Plante & Moran, PLLC*

October 26, 2010

# City of Charlotte, Michigan

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## Management's Discussion and Analysis

The following discussion and analysis of the City of Charlotte, Michigan's (the "City") annual financial report presents our view of the City's financial performance during the fiscal year ended June 30, 2010. Please read it in conjunction with the City's financial statements, which follow beginning on page 11.

### Financial Highlights

The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$31.7 million (net assets). Of this amount, \$2.4 million (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.

During the year, the City received \$9.6 million in revenue and incurred \$9.9 million in expenses, resulting in a decrease in net assets of approximately \$0.3 million. Of the City's \$9.9 million expense total, \$3.0 million related to business-type expenses and the balance of \$6.9 million related to governmental activities.

As of the close of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$2.7 million, a decrease of \$0.53 million from the prior year. Approximately 83.1 percent of this amount is available for spending at the government's discretion (unreserved/undesignated fund balance). The remaining 16.9 percent has been reserved and/or designated.

At the end of the current fiscal year, unreserved undesignated fund balance for the General Fund was \$1.3 million or 26.3 percent of the General Fund's total expenditures.

### Overview of the Financial Statements

This annual report consists of the following report sections: management's discussion and analysis (this section), the basic financial statements, required supplemental information, and an optional section that presents combining statements for nonmajor governmental funds and Internal Service Funds. The basic financial statements are presented in two different formats: government-wide financial statements and fund financial statements.

The government-wide financial statements include the statement of net assets and the statement of activities. These statements provide both long-term and short-term information about the City's overall financial status.

The fund financial statements include the balance sheet and the statement of revenue, expenditures, and changes in net assets/fund balances. These statements focus on individual parts of the City government and report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds.



# City of Charlotte, Michigan

## Management's Discussion and Analysis (Continued)

The governmental fund statements tell how general government services, like public safety, were financed in the short term as well as what remains for future spending.

The proprietary fund statements present short- and long-term financial information about those activities that the City operates in a business-like manner, such as the water supply and sewage disposal systems.

The fiduciary fund statements provide information about the financial relationships in which the City acts solely as a trustee or agent for the benefit of others to whom the resources in question belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplemental information that further explains and supports the information presented in the financial statements. In addition to these required supplemental schedules, we have provided a section with combining statements that provide details about our nonmajor governmental and Internal Service Fund.

### Government-wide Statements

The City's government-wide statements begin on page 11 of this report. These statements report information about the City as a whole under the accrual method of accounting, which is similar to the accounting used by most private sector companies. The statement of net assets includes both current and long-term assets and liabilities and the statement of activities includes all of the current year's revenue and expenses regardless of when cash is received or paid.

The combined objective of the government-wide statements is to report the City's net assets and how they have changed. The reporting of net assets is one way to measure the City's financial position.

The City's government-wide financial statements divide the reported information into three categories:

- Governmental activities - Most of the City's basic services are included here, such as police, fire, public works, recreation, and general services. Property taxes, state revenue sharing, and federal grants are used to finance most of these activities.
- Business-type activities - The City charges fees to customers to help it cover the costs of certain services it provides. The City's water supply and sewage disposal systems are included in this category.
- Component units - The City includes other legal entities in its report such as the Downtown Development Authority, Tax Increment Financing Authority, and Brownfield Redevelopment Authority. The City is financially accountable for these "component units" although they are legally separate entities.

# City of Charlotte, Michigan

## Management's Discussion and Analysis (Continued)

### Fund Financial Statements

The City's fund financial statements begin on page 14 of this report. These statements provide more detailed information about the City's most significant funds. The City uses funds to account for specific sources of funding and spending for particular purposes. Some funds are required by state law or bond covenants and others are established to control and manage money for particular purposes.

The City has three fund types that use different accounting approaches:

- **Governmental Funds** - Most of the City's basic services are included in governmental funds. These funds focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year end available for spending. These funds are reported using the modified accrual accounting method that measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Because governmental fund information has a short-term focus and the government-wide statement incorporates long-term information, we reconcile the differences at the bottom of the fund financial statements.
- **Proprietary Funds** - When the City charges customer fees for the services it provides, the fees are generally reported in proprietary funds. Similar to the reporting method used on the government-wide statements, proprietary funds provide both long- and short-term financial information.
  - In fact, the City's enterprise funds (Water Supply and Sewage Disposal Fund, and Recycling Fund) are the business-type activities reported in the government-wide statements, but provide more detail in the proprietary funds statements.
  - We use an Internal Service Fund (the other type of proprietary fund) to report equipment rental services to the City's other programs and activities, which is reported in the Motor Vehicle Pool Fund.
- **Fiduciary Funds** - The City acts as a collection agent for certain other taxing jurisdictions such as the schools and county. The City is responsible for ensuring that the assets reported in this fund are used for their intended purpose. A separate statement of fiduciary assets and liabilities is presented on page 21 of this report. These activities are excluded from the City's government-wide financial statements because the City cannot use these assets to finance its operations.

# City of Charlotte, Michigan

## Management's Discussion and Analysis (Continued)

### Financial Analysis of the City as a Whole

The City's combined net assets decreased from \$32.1 million to \$31.7 million. The following table illustrates the varying results of the governmental activities and business-type activities that combine to capture the City's total net assets.

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
(in thousands)						
<b>Assets</b>						
Current assets	\$ 3,852	\$ 4,387	\$ 1,665	\$ 1,749	\$ 5,517	\$ 6,136
Noncurrent assets	21,095	21,472	16,040	16,499	37,135	37,971
Total assets	24,947	25,859	17,705	18,248	42,652	44,107
<b>Liabilities</b>						
Current liabilities	403	823	90	676	493	1,499
Long-term liabilities	4,338	4,587	6,081	5,962	10,419	10,549
Total liabilities	4,741	5,410	6,171	6,638	10,912	12,048
<b>Net Assets</b>						
Invested in capital assets -						
Net of related debt	17,424	17,712	10,130	9,942	27,554	27,654
Restricted	1,008	1,089	764	884	1,772	1,973
Unrestricted	1,774	1,648	640	784	2,414	2,432
Total net assets	<u>\$ 20,206</u>	<u>\$ 20,449</u>	<u>\$ 11,534</u>	<u>\$ 11,610</u>	<u>\$ 31,740</u>	<u>\$ 32,059</u>

A substantial portion of the City's net assets (86.8 percent) reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment), less any related outstanding debt used to acquire those assets. Such assets are used to provide services to the citizens of Charlotte and are therefore not available for future spending.

The City's governmental activities net assets decreased by 1.0 percent to \$20.2 million during the fiscal year. This decrease is due to expenses exceeding revenue for the year. The City's business-type activities experienced a 0.7 percent decrease to \$11.5 million during the fiscal year. This decrease is due to expenses exceeding revenue for the year.

# City of Charlotte, Michigan

## Management's Discussion and Analysis (Continued)

The following table displays the City's changes in net assets:

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
<b>Revenue</b>						
Program revenue:						
Charges for services	\$ 403	\$ 812	\$ 2,907	\$ 2,664	\$ 3,310	\$ 3,476
Operating grants	725	1,505	26	35	751	1,540
Capital grants	338	101	-	-	338	101
General revenue:						
Property taxes	3,570	3,383	-	-	3,570	3,383
State-shared revenue	773	1,000	-	-	773	1,000
Investment earnings	8	100	2	14	10	114
Transfers and other revenue	786	397	(2)	39	784	436
Total revenue	6,603	7,298	2,933	2,752	9,536	10,050
<b>Program Expenses</b>						
General government	787	633	-	-	787	633
Public safety	3,041	2,934	-	-	3,041	2,934
Public works	2,153	1,928	-	-	2,153	1,928
Community and economic development	328	302	-	-	328	302
Recreation and cultural	371	333	-	-	371	333
Interest on long-term debt	167	176	-	-	167	176
Recycling	-	-	57	54	57	54
Water and sewer	-	-	2,953	3,091	2,953	3,091
Total expenses	6,847	6,306	3,010	3,145	9,857	9,451
<b>Change in Net Assets</b>	<b>\$ (244)</b>	<b>\$ 992</b>	<b>\$ (77)</b>	<b>\$ (393)</b>	<b>\$ (321)</b>	<b>\$ 599</b>

### Governmental Activities

- The cost of all governmental activities this year was \$6.9 million.
- The amount that City taxpayers paid for these activities through City taxes was \$3.6 million.
- Some of the cost (\$1.3 million) was paid by the beneficiaries of the program's activities or by other governments and organizations that subsidized certain programs with grants and contributions.
- The City's governmental activities revenue is comprised predominantly of property taxes and state-shared revenue (54.0 percent and 11.7 percent, respectively). 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 addition, state budgetary constraints resulted in the legislature cutting state revenue-sharing amounts during the fiscal year.
- A combined 75.9 percent of the City's governmental activities expenses are for "public benefit" services such as fire protection, police protection, and city street maintenance and construction.

# City of Charlotte, Michigan

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## Management's Discussion and Analysis (Continued)

### Business-type Activities

The City's business-type activities of water supply, sewage disposal, and recycling realized a decrease in net assets of \$77 thousand for the year. The water supply and sewage disposal activity had operating revenue of \$2.9 million, operating expenses of \$2.6 million, and net nonoperating expenses and transfers of \$311 thousand, resulting in a net loss of \$76 thousand. The recycling activity realized a net loss of \$1 thousand.

### Financial Analysis of the City's Funds

As the City completed the year, its governmental funds (see the balance sheet presented on page 14) reported a \$0.53 million combined fund balance decrease to \$2.7 million. This 16.2 percent decrease is partially attributable to the \$.25 million transfer out to the major and local street funds for street improvement projects. The remaining decrease is attributable to expenses exceeding revenue.

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The Water Supply and Sewage Disposal Fund realized a loss in net assets of \$76 thousand and had unrestricted net assets at the end of the year of \$587 thousand. The Recycling Fund had an increase in net assets of \$1 thousand for total unrestricted net assets at year end of \$53 thousand.

### General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were minimal with only an \$8 thousand decrease in appropriations. This decrease is attributable to the removal of appropriations for the operation of the city airport from the recreation and culture appropriations of the General Fund to a special revenue fund. The decrease, however, was almost entirely offset by an increase in general government and community and economic development operating appropriations.

# City of Charlotte, Michigan

## Management's Discussion and Analysis (Continued)

### Capital Assets

At June 30, 2010, the City had invested approximately \$37.1 million in a broad range of capital assets, including police and fire equipment, buildings, computer equipment and software, parks and recreational facilities, roads, sidewalks, parking lots, and water and sewer lines as follows:

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land	\$ 1,927,919	\$ 1,926,376	\$ 104,995	\$ 104,995	\$ 2,032,914	\$ 2,031,371
Construction in progress	202,838	34,838	36,553	-	239,391	34,838
Infrastructure	25,919,416	25,363,183	-	-	25,919,416	25,363,183
Buildings and improvements	5,747,227	5,624,568	27,077,471	27,043,284	32,824,698	32,667,852
Vehicles	2,131,368	2,117,629	-	-	2,131,368	2,117,629
Equipment	2,780,809	2,740,381	-	-	2,780,809	2,740,381
Subtotal assets	38,709,577	37,806,975	27,219,019	27,148,279	65,928,596	64,955,254
Accumulated depreciation	17,614,622	16,334,717	11,179,228	10,649,270	28,793,850	26,983,987
Net capital assets	<u>\$ 21,094,955</u>	<u>\$ 21,472,258</u>	<u>\$ 16,039,791</u>	<u>\$ 16,499,009</u>	<u>\$ 37,134,746</u>	<u>\$ 37,971,267</u>

Governmental activities have construction in progress (CIP) which includes the engineering and design costs for the Parkland Drive and Lipsey Drive construction projects as well as the purchase of a fire truck chassis. The expansion of Parkland and Lipsey Drive, in the industrial park, is on hold pending approval of the environmental permits by the State of Michigan. Funds are appropriated in the fiscal year 2010/2011 budget for the purchase of the fire truck body. The new fire truck is anticipated to be in operation by early fall.

### Debt

At year end, the City had \$10.3 million in bonds, notes outstanding, and compensated absences. This represents a \$1.2 million decrease from the previous year. More detailed information about the City's long-term liabilities is presented in Note 7 to the financial statements.

# **City of Charlotte, Michigan**

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## **Management's Discussion and Analysis (Continued)**

### **Economic Factors and Next Year's Budget and Rates**

The City's budget for the 2010/2011 fiscal year is balanced with a property tax rate of 13.9144 mills. Property tax revenue is expected to decrease by approximately \$100 thousand. This decrease is primarily the result of a negative taxable value inflationary index of -0.3 percent since the adoption of Proposal A in 1994. As stated earlier, the City's General Fund revenue is comprised predominantly of property taxes and state-shared revenue. The City has seen a leveling off of state-shared revenue receipts since fiscal year 2001/2002 due to state budget shortfalls. This reduction in state-shared revenue, coupled with minimal property tax growth, has hindered the City's ability to realize revenue adequate enough to maintain current services and yet meet the demands of escalating employee benefit and operating expenditures. As a result, the City again limited its General Fund capital outlay expenditures for fiscal year 2010/2011 and eliminated one full-time police patrol officer funded by the General Fund.

Total expenses in the General Fund for fiscal year 2010/2011 are estimated to be \$5.5 million. The public safety departments represent the single largest component of overall budget expenditures with a total estimated cost of \$3.0 million.

### **Contacting the City's Financial Management**

This financial report is intended to provide citizens, taxpayers, customers, and investors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional information, we welcome you to contact the finance director's office at the City of Charlotte, 111 E. Lawrence Ave., Charlotte, Michigan 48813.

# City of Charlotte, Michigan

## Statement of Net Assets June 30, 2010

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
Cash and investments (Note 3)	\$ 3,017,373	\$ 112,226	\$ 3,129,599	\$ 1,320,312
Receivables - Net (Note 4)	565,069	634,478	1,199,547	3,025
Prepaid expenses and other assets	218,139	155,067	373,206	-
Restricted assets - Cash and investments (Notes 3 and 8)	51,386	763,748	815,134	-
Capital assets - Net (Note 5):				
Assets not subject to depreciation	2,130,757	141,548	2,272,305	-
Assets subject to depreciation	18,964,198	15,898,243	34,862,441	-
Total assets	24,946,922	17,705,310	42,652,232	1,323,337
<b>Liabilities</b>				
Accounts payable	195,342	33,632	228,974	2,234
Accrued liabilities and other	207,485	56,822	264,307	-
Noncurrent liabilities:				
Due within one year (Note 7)	345,092	610,294	955,386	-
Due in more than one year:				
Net OPEB obligation (Note 12)	120,096	-	120,096	-
Long-term debt (Note 7)	3,873,138	5,470,753	9,343,891	-
Total liabilities	4,741,153	6,171,501	10,912,654	2,234
<b>Net Assets</b>				
Invested in capital assets - Net of related debt	17,423,981	10,130,482	27,554,463	-
Restricted for:				
Streets and highways	927,789	-	927,789	-
Debt service	46,004	629,467	675,471	-
Other purposes	34,114	134,281	168,395	-
Unrestricted	1,773,881	639,579	2,413,460	1,321,103
Total net assets	<u>\$ 20,205,769</u>	<u>\$ 11,533,809</u>	<u>\$ 31,739,578</u>	<u>\$ 1,321,103</u>



# City of Charlotte, Michigan

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 786,751	\$ 101,663	\$ -	\$ -
Public safety	3,041,186	301,165	2,170	17,985
Public works	2,152,815	-	485,345	12,709
Community and economic development	327,832	-	226,472	56,789
Recreation and culture	370,842	-	11,316	250,224
Interest on long-term debt	166,504	-	-	-
Total governmental activities	6,845,930	402,828	725,303	337,707
Business-type activities:				
Water Supply and Sewage Disposal	2,952,939	2,876,745	782	-
Recycling	57,305	30,625	25,824	-
Total business-type activities	3,010,244	2,907,370	26,606	-
Total primary government	<u>\$ 9,856,174</u>	<u>\$ 3,310,198</u>	<u>\$ 751,909</u>	<u>\$ 337,707</u>
Component units:				
Downtown Development Authority	\$ 62,859	\$ -	\$ -	\$ -
Local Development Financing Authority	38,306	-	-	-
Total component units	<u>\$ 101,165</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
General revenue:				
Property taxes				
Unrestricted state-shared revenue				
Unrestricted investment income				
Other miscellaneous income				
Total general revenue				
<b>Special Items (Note 13)</b>				
<b>Transfers</b>				
<b>Change in Net Assets</b>				
<b>Net Assets - Beginning of year</b>				
<b>Net Assets - End of year</b>				

**Statement of Activities**  
**Year Ended June 30, 2010**

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (685,088)	\$ -	\$ (685,088)	\$ -
(2,719,866)	-	(2,719,866)	-
(1,654,761)	-	(1,654,761)	-
(44,571)	-	(44,571)	-
(109,302)	-	(109,302)	-
(166,504)	-	(166,504)	-
(5,380,092)	-	(5,380,092)	-
-	(75,412)	(75,412)	-
-	(856)	(856)	-
-	(76,268)	(76,268)	-
(5,380,092)	(76,268)	(5,456,360)	-
-	-	-	(62,859)
-	-	-	(38,306)
-	-	-	(101,165)
3,569,934	-	3,569,934	167,337
772,594	-	772,594	-
7,953	1,779	9,732	3,317
203,202	20,695	223,897	9,439
4,553,683	22,474	4,576,157	180,093
560,000	-	560,000	-
23,035	(23,035)	-	-
(243,374)	(76,829)	(320,203)	78,928
20,449,143	11,610,638	32,059,781	1,242,175
<b>\$ 20,205,769</b>	<b>\$ 11,533,809</b>	<b>\$ 31,739,578</b>	<b>\$ 1,321,103</b>

# City of Charlotte, Michigan

## Governmental Funds Balance Sheet June 30, 2010

	General Fund	Nonmajor Funds	Total
<b>Assets</b>			
Cash and investments (Note 3)	\$ 1,633,670	\$ 998,818	\$ 2,632,488
Receivables - Net (Note 4)	391,787	173,176	564,963
Prepaid expenses and other assets	174,608	7,731	182,339
Restricted assets - Cash and investments (Notes 3 and 8)	-	51,386	51,386
	<b>\$ 2,200,065</b>	<b>\$ 1,231,111</b>	<b>\$ 3,431,176</b>
Total assets			
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ 171,545	\$ 20,148	\$ 191,693
Accrued liabilities and other	171,563	8,552	180,115
Deferred revenue (Note 4)	224,445	91,606	316,051
	567,553	120,306	687,859
Total liabilities			
<b>Fund Balances</b>			
Reserved for:			
Prepaid expenses and inventory	174,608	7,731	182,339
Debt service	-	46,004	46,004
Law enforcement	-	34,114	34,114
Unreserved, reported in:			
General Fund:			
Designated for - Retiree health benefits	200,000	-	200,000
Undesignated	1,257,904	-	1,257,904
Special Revenue Funds	-	973,930	973,930
Capital Projects Funds	-	49,026	49,026
	1,632,512	1,110,805	2,743,317
Total fund balances			
Total liabilities and fund balances	<b>\$ 2,200,065</b>	<b>\$ 1,231,111</b>	<b>\$ 3,431,176</b>

# City of Charlotte, Michigan

## Governmental Funds Reconciliation of the Balance Sheet to the Statement of Net Assets Year Ended June 30, 2010

<b>Fund Balance Reported in Governmental Funds</b>	\$ 2,743,317
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	20,420,885
Special assessment receivables are expected to be collected over several years and are not available to pay for current year expenditures	316,051
Long-term liabilities are not due and payable in the current period and are not reported in the funds	(4,218,230)
Accrued interest is not due and payable in the current period and is not reported in the funds	(24,660)
Governmental funds report bond issuance costs as expenditures; these costs are allocated over the related bond term as interest expense	25,525
Other long-term liabilities, such as claims and judgments, landfill closure and postclosure costs, and net pension obligations do not present a claim on current financial resources and are not reported as fund liabilities	(120,096)
Internal Service Funds are included as part of governmental activities	<u>1,062,977</u>
<b>Net Assets of Governmental Activities</b>	<b><u>\$ 20,205,769</u></b>

# City of Charlotte, Michigan

## Governmental Funds

### Statement of Revenue, Expenditures, and Changes in Fund Balances Year Ended June 30, 2010

	General Fund	Nonmajor Funds	Total
<b>Revenue</b>			
Property taxes	\$ 3,397,800	\$ 184,843	\$ 3,582,643
Licenses and permits	30,657	-	30,657
Federal grants	17,985	226,472	244,457
State and local sources	783,436	570,379	1,353,815
Charges for services	355,473	-	355,473
Fines and forfeitures	29,712	-	29,712
Investment income	6,083	1,870	7,953
Other revenue	64,581	101,714	166,295
	4,685,727	1,085,278	5,771,005
<b>Expenditures - Current</b>			
General government	615,309	-	615,309
Public safety	2,844,023	66,527	2,910,550
Public works	730,793	432,774	1,163,567
Community and economic development	130,494	157,636	288,130
Recreation and culture	146,720	113,623	260,343
Capital outlay	299,560	463,680	763,240
Debt service:			
Principal	-	155,000	155,000
Interest on long-term debt	-	167,445	167,445
	4,766,899	1,556,685	6,323,584
<b>Excess of Expenditures Over Revenue</b>	(81,172)	(471,407)	(552,579)
<b>Other Financing Sources (Uses)</b>			
Transfers in (Note 6)	-	502,592	502,592
Transfers out (Note 6)	(405,682)	(73,875)	(479,557)
	(405,682)	428,717	23,035
<b>Net Change in Fund Balances</b>	(486,854)	(42,690)	(529,544)
<b>Fund Balances - Beginning of year</b>	2,119,366	1,153,495	3,272,861
<b>Fund Balances - End of year</b>	\$ 1,632,512	\$ 1,110,805	\$ 2,743,317

# City of Charlotte, Michigan

## Governmental Funds Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended June 30, 2010

<b>Net Change in Fund Balances - Total Governmental Funds</b>	\$ (529,544)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:	
Capital outlay	716,479
Depreciation expense	(1,231,571)
Net book value of assets disposed of	(6,834)
Revenue is recorded in the statement of activities when earned; it is not reported in the funds until collected or collectible within 60 days of year end	(26,305)
Capital contributions are recorded in the statement of activities; they are not recorded at the fund level	250,224
Special assessment revenue is recorded in the statement of activities when the assessment is set; it is not reported in the funds until collected or collectible within 60 days of year end	(12,709)
Bond costs are an expenditure in the governmental funds; in the statement of activities, these costs are allocated over the life of the related debt	(1,110)
Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	172,874
Change in accrued interest payable and other	941
Increase in accumulated employee sick and vacation pay, OPEB obligation, and other similar expenses reported in the statement of activities do not require the use of current resources, and therefore are not reported in the fund statements until they come due for payment	(165,414)
Decrease in pollution remediation liability is a revenue in the statement of activities, it is not recorded at the fund level	560,000
Internal Service Funds are included as part of governmental activities	29,595
<b>Change in Net Assets of Governmental Activities</b>	<b><u>\$ (243,374)</u></b>

# City of Charlotte, Michigan

## Proprietary Funds Statement of Net Assets June 30, 2010

	Business-type Activities			Governmental Activities
	Major Fund	Nonmajor Fund	Total	Internal Service Fund - Motor Pool
	Water Supply and Sewage Disposal	Recycling		
<b>Assets</b>				
Current assets:				
Cash and cash equivalents (Note 3)	\$ 59,212	\$ 53,014	\$ 112,226	\$ 384,885
Receivables - Net (Note 4)	634,463	15	634,478	106
Prepaid expenses and other assets	153,643	1,424	155,067	10,275
Total current assets	847,318	54,453	901,771	395,266
Noncurrent assets:				
Restricted assets - Cash and investments (Notes 3 and 8)	763,748	-	763,748	-
Net capital assets (Note 5)	16,039,791	-	16,039,791	674,070
Total noncurrent assets	16,803,539	-	16,803,539	674,070
Total assets	17,650,857	54,453	17,705,310	1,069,336
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	33,017	615	33,632	3,649
Accrued liabilities and other	55,710	1,112	56,822	2,710
Current portion of long-term debt (Note 7)	610,294	-	610,294	-
Total current liabilities	699,021	1,727	700,748	6,359
Noncurrent liabilities - Long-term debt - Net of current portion (Note 7)	5,470,753	-	5,470,753	-
Total liabilities	6,169,774	1,727	6,171,501	6,359
<b>Net Assets</b>				
Invested in capital assets - Net of related debt Restricted (Note 8):	10,130,482	-	10,130,482	674,070
Debt service	629,467	-	629,467	-
Other purposes	134,281	-	134,281	-
Unrestricted	586,853	52,726	639,579	388,907
Total net assets	<u>\$ 11,481,083</u>	<u>\$ 52,726</u>	<u>\$ 11,533,809</u>	<u>\$ 1,062,977</u>

# City of Charlotte, Michigan

## Proprietary Funds Statement of Revenue, Expenses, and Changes in Net Assets Year Ended June 30, 2010

	Business-type Activities			Governmental
	Major Fund	Nonmajor Fund	Total	Activities
	Water Supply and Sewage Disposal	Recycling		Internal Service Motor Vehicle Pool
<b>Operating Revenue</b>				
Sale of water	\$ 971,735	\$ -	\$ 971,735	\$ -
Sewage charges	1,905,010	-	1,905,010	-
Recycling fees	-	30,625	30,625	-
Charges for services	-	-	-	400,544
Total operating revenue	2,876,745	30,625	2,907,370	400,544
<b>Operating Expenses</b>				
Cost of services	2,011,008	-	2,011,008	242,886
Recycling	-	57,305	57,305	-
Depreciation	630,817	-	630,817	129,049
Total operating expenses	2,641,825	57,305	2,699,130	371,935
<b>Operating Income (Loss)</b>	234,920	(26,680)	208,240	28,609
<b>Nonoperating Revenue (Expenses)</b>				
Investment income	1,652	127	1,779	986
Interest expense	(311,114)	-	(311,114)	-
Grants	782	25,824	26,606	-
Other nonoperating general revenue	20,695	-	20,695	-
<b>Income (Loss) - Before transfers</b>	(53,065)	(729)	(53,794)	29,595
<b>Transfers Out</b> (Note 6)	(23,035)	-	(23,035)	-
<b>Change in Net Assets</b>	(76,100)	(729)	(76,829)	29,595
<b>Net Assets - Beginning of year</b>	11,557,183	53,455	11,610,638	1,033,382
<b>Net Assets - End of year</b>	<u>\$ 11,481,083</u>	<u>\$ 52,726</u>	<u>\$ 11,533,809</u>	<u>\$ 1,062,977</u>



# City of Charlotte, Michigan

## Proprietary Funds Statement of Cash Flows Year Ended June 30, 2010

	Business-type Activities			Governmental Activities
	Major Fund	Nonmajor Fund		
	Water Supply and Sewage Disposal	Recycling	Total	Internal Service Fund- Motor Vehicle Pool
<b>Cash Flow from Operating Activities</b>				
Receipts from customers	\$ 2,719,888	\$ 30,655	\$ 2,750,543	\$ 400,652
Payments to suppliers	(1,018,004)	(31,770)	(1,049,774)	(160,632)
Payments to employees	(940,824)	(25,800)	(966,624)	(81,755)
Net cash (used in) provided by operating activities	761,060	(26,915)	734,145	158,265
<b>Cash Flows from Noncapital Financing Activities</b>				
Grants	782	25,824	26,606	-
Transfers to other funds	(23,035)	-	(23,035)	-
Net cash provided by (used in) noncapital financing activities	(22,253)	25,824	3,571	-
<b>Cash Flows from Capital and Related Financing Activities</b>				
Other nonoperating revenue general	20,695	-	20,695	-
Purchase of capital assets	(171,599)	-	(171,599)	(23,448)
Principal and interest paid on capital debt	(813,347)	-	(813,347)	-
Net cash used in capital and related financing activities	(964,251)	-	(964,251)	(23,448)
<b>Cash Flows from Investment Activities - Interest received on investments</b>	1,652	127	1,779	986
<b>Net (Decrease) Increase in Cash and Cash Equivalents</b>	(223,792)	(964)	(224,756)	135,803
<b>Cash and Cash Equivalents - Beginning of year</b>	1,046,752	53,978	1,100,730	249,082
<b>Cash and Cash Equivalents - End of year</b>	<u>\$ 822,960</u>	<u>\$ 53,014</u>	<u>\$ 875,974</u>	<u>\$ 384,885</u>
<b>Balance Sheet Classification of Cash and Cash Equivalents</b>				
Cash and investments	\$ 59,212	\$ 53,014	\$ 112,226	\$ 384,885
Restricted cash	763,748	-	763,748	-
Total cash and cash equivalents	<u>\$ 822,960</u>	<u>\$ 53,014</u>	<u>\$ 875,974</u>	<u>\$ 384,885</u>
<b>Reconciliation of Operating Income to Net Cash from Operating Activities</b>				
Operating income (loss)	\$ 234,920	\$ (26,680)	\$ 208,240	\$ 28,609
Adjustments to reconcile operating income (loss) to net cash from operating activities:				
Depreciation and amortization	630,817	-	630,817	129,049
Changes in assets and liabilities:				
Receivables	(156,857)	30	(156,827)	108
Prepaid and other assets	16,053	189	16,242	1,186
Accounts payable	5,871	(450)	5,421	(1,150)
Accrued liabilities and other	30,256	(4)	30,252	463
Net cash provided by (used in) operating activities	<u>\$ 761,060</u>	<u>\$ (26,915)</u>	<u>\$ 734,145</u>	<u>\$ 158,265</u>

**Noncash Investing, Capital, and Financing Activities** - During the year ended June 30, 2010, the Water Supply and Sewage Disposal Fund incurred \$28,715 of amortization on capital debt bond refunding.

# City of Charlotte, Michigan

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## Fiduciary Funds Statement of Assets and Liabilities June 30, 2010

	<u>Agency Funds</u>
<b>Assets - Cash and cash equivalents</b>	<b>\$ 117,090</b>
<b>Liabilities</b>	
Due to other governmental units	\$ 109,409
Escrow withholding	<u>7,681</u>
Total liabilities	<b>\$ 117,090</b>

# City of Charlotte, Michigan

## Component Units Statement of Net Assets June 30, 2010

	Downtown Development Authority	Local Development Financing Authority	Total
<b>Assets</b>			
Cash and investments	\$ 114,110	\$ 1,206,202	\$ 1,320,312
Accrued interest receivables	2,691	334	3,025
Total assets	116,801	1,206,536	1,323,337
<b>Liabilities - Accounts payable</b>	2,234	-	2,234
<b>Net Assets</b>	<b>\$ 114,567</b>	<b>\$ 1,206,536</b>	<b>\$ 1,321,103</b>

# City of Charlotte, Michigan

## Component Units Statement of Activities Year Ended June 30, 2010

Functions/Programs	Expenses	Net (Expense) Revenue and Changes in Net Assets		
		Downtown Development Authority	Local Development Financing Authority	Total
Downtown Development Authority	\$ 62,859	\$ (62,859)	\$ -	\$ (62,859)
Local Development Financing Authority	38,306	-	(38,306)	(38,306)
Total component units	<b><u>\$ 101,165</u></b>	(62,859)	(38,306)	(101,165)
Property taxes		56,967	110,370	167,337
Interest		259	3,058	3,317
Other miscellaneous income		9,439	-	9,439
Total general revenue		<u>66,665</u>	<u>113,428</u>	<u>180,093</u>
<b>Change in Net Assets</b>		3,806	75,122	78,928
<b>Net Assets - Beginning of year</b>		<u>110,761</u>	<u>1,131,414</u>	<u>1,242,175</u>
<b>Net Assets - End of year</b>		<b><u>\$ 114,567</u></b>	<b><u>\$ 1,206,536</u></b>	<b><u>\$ 1,321,103</u></b>

### Note I - Nature of Business and Significant Accounting Policies

The accounting policies of the City of Charlotte, Michigan (the "City") 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 City of Charlotte, Michigan:

#### **Reporting Entity**

The City of Charlotte, Michigan is governed by an elected seven-member council and administered by an appointed City manager. The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Although blended component units are legal separate entities, in substance, they are part of the City's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City (see discussion below for description).

**Blended Component Units** - The Building Authority is governed by a board that is appointed by City Council. Although it is legally separate from the City, it is reported as if it were part of the primary government because its sole purpose is to finance and construct the City's public buildings.

**Discretely Presented Component Units** - The following component units are reported within the component units column in the statement of net assets. They are reported in a separate column to emphasize that they are legally separate from the City. More detailed information on each component unit is disclosed in the component units statement of net assets.

**Downtown Development Authority** - The Downtown Development Authority (the "DDA") was established pursuant to P.A. 197 of 1975 for the purpose of revitalizing the downtown business district. The DDA's governing body, which consists of nine individuals, is appointed by the City Council. In addition, the DDA's annual budget is subject to review and approval by the City Council. The DDA uses governmental fund-type accounting. Financial statements for the Downtown Development Authority are available at the City.

**Local Development Financing Authority** - The Local Development Financing Authority (LDFA) was established pursuant to P.A. 281 of 1986 for the purpose of developing and marketing an industrial park. The LDFA's governing body, which consists of eight individuals, is appointed by the City Council. In addition, the LDFA's annual budget is subject to review and approval by the City Council. The LDFA uses governmental fund-type accounting. Financial statements for the Local Development Financing Authority are available at the City.

### **Note I - Nature of Business and 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 revenue, 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 revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes: (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 revenue 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 - Nature of Business and 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 City considers revenue to be available if it is collected within 60 days of the end of the current fiscal period. The following major revenue sources meet the availability criterion: state-shared revenue, state gas and weight tax revenue, 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.

Noncurrent receivables, such as special assessments, are recorded at full value, and deferred revenue is recorded for the portion not available for use to finance operations as of year end. Interest income on special assessments receivable is not accrued until its due date.

The City reports the following major governmental fund:

**General Fund** - The General Fund is the City'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 City reports the following major proprietary fund:

**Water Supply and Sewage Disposal Fund** - This fund is used to account for the operation of the City's water distribution, water treatment, sewage disposal, and sewage treatment systems; the construction and acquisition of additions and improvements to those systems; and contributions toward the payment of interest and principal on general obligation bonds issued to help finance the construction projects undertaken by this fund.

Additionally, the City reports the following fund types:

**Internal Service Fund** - The Internal Service Fund accounts for major machinery and equipment purchases and maintenance provided to other departments of the City on a cost reimbursement basis.

**Agency Fund** - The Agency Fund is used to account for the collection of property taxes due to other jurisdictions that will be subsequently transferred to third parties.

### **Note 1 - Nature of Business and Significant Accounting Policies (Continued)**

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 City has elected not to follow private sector standards issued after November 30, 1989 for its business-type activities.

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

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the City's policy is to first apply restricted resources.

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of our proprietary funds relates to charges to customers for sales and services. The Water Supply and Sewage Disposal 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.

#### **Property Tax Revenue**

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

The City's 2008 tax is levied and collectible on July 1, 2009 and is recognized as revenue in the year ended June 30, 2010, when the proceeds of the levy are budgeted and available for the financing of operations.



### **Note 1 - Nature of Business and Significant Accounting Policies (Continued)**

The 2009 taxable valuation of the City of Charlotte, Michigan totaled \$238,879,799 (a portion of which is captured by the LDFA and DDA), on which taxes levied consisted of 13.4346 mills for operating purposes and .7500 mills for debt service and resulted in \$3,209,255 and \$179,160 for operating and debt service purposes, respectively. These amounts are recognized in the General Fund and Debt Service Fund financial statements, respectively, as tax revenue.

#### **Assets, Liabilities, and Net Assets or Equity**

**Bank Deposits 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. Pooled investment income from the General Fund and the Water and Sewer Fund is generally allocated to each fund by a percentage of total investment value attributable to each fund.

**Receivables and Payables** - In general, outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown as net of allowance for uncollectible amounts.

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

**Restricted Assets** - The revenue bonds of the Enterprise Funds require amounts to be set aside for construction, debt service principal and interest, operations and maintenance, and a bond reserve. These amounts have been classified as restricted assets, as well as amounts on deposit at the county being held for the construction or debt service of the City of Charlotte's water and sewer lines.

The revenue bond of the Building Fund requires amounts to be set aside for construction, debt service principal and interest, operations and maintenance, and a bond reserve. The amount of the unspent bond proceeds has been classified as a restricted asset for the construction of the West Side Fire Station.

### Note I - Nature of Business and Significant Accounting Policies (Continued)

**Capital Assets** - Capital assets, which include property, plant, equipment, intangible assets, and infrastructure assets (e.g., roads, bridges, 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 City as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Interest incurred during the construction of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. During the current year, there was no interest expense capitalized as part of the cost of assets under construction.

Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Infrastructure	25 to 50 years
Water and sewer buildings and systems	10 to 100 years
Buildings and building improvements	25 to 50 years
Vehicles	3 years
Equipment	5 to 10 years

**Compensated Absences (Vacation and Sick Leave)** - It is the City's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. There is no liability for nonvested accumulated sick leave. All vacation pay and vested sick leave is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements.

**Long-term Obligations** - In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

### **Note I - Nature of Business and Significant Accounting Policies (Continued)**

**Pension and Other Postemployment Benefit Costs** - The City offers both pension and retiree healthcare benefits to retirees. The City receives an actuarial valuation to compute the annual required contribution (ARC) necessary to fund the obligation over the remaining amortization period. In the governmental funds, pension and OPEB costs are recognized as contributions are made. For the government-wide statements and proprietary funds, the City reports the full accrual cost equal to the current year required contribution, adjusted for interest and "adjustment to the ARC" on the beginning of year underpaid amount, if any.

In the current year, the City implemented the Governmental Accounting Standards Board's Statement No. 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 pronouncement causes the government-wide financial statements and proprietary funds to recognize the cost of providing retiree healthcare expenses over the working life of the employee, rather than at the time the healthcare expenses are paid. This statement was implemented prospectively. As a result of this new standard, the City continued to pay its current premiums, and opted not to prefund any of the accrued liability. The implementation of this standard resulted in an additional \$120,000 liability and expense to be recorded in the current year on the government-wide statements.

**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. Designations of fund balance represent tentative management plans that are subject to change.

**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.

**Comparative Data/Reclassifications** - Comparative data is not included in the City's financial statements.

### Note 1 - Nature of Business and Significant Accounting Policies (Continued)

In March 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund-type Definitions*. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund-type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Under this standard, the fund balance classifications of reserved, designated, and unreserved will be replaced with five new classifications: nonspendable, restricted, committed, assigned, and unassigned. The City is currently evaluating the impact this standard will have on the financial statements when adopted. The City will implement Statement No. 54 beginning with the fiscal year ending June 30, 2011.

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

**Construction Code Fees** - The City 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 City charges fees for these services. 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 the cumulative surplus or shortfall generated since January 1, 2000 is as follows:

Cumulative shortfall at July 1, 2009	\$ (871,798)
Current year permit revenue	16,855
Direct and estimated indirect costs	<u>226,335</u>
Current year shortfall	<u>(209,480)</u>
Cumulative shortfall at June 30, 2010	<u>\$ (1,081,278)</u>

**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, and Debt Service Funds. All annual appropriations lapse at fiscal year end.

Charter provisions require department head budget submissions by the second Monday in February, submission of the budget to Council by the second Monday in April, and adoption of the budget by the third Monday in May. The budget document presents information by fund, function, department, and line items. The legal level of budgetary control adopted by the City is the activity level.

### Note 2 - Stewardship, Compliance, and Accountability (Continued)

Amounts encumbered for purchase orders, contracts, etc. are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

A comparison of the budget with statements of actual revenue and expenditures, including budget variances, for the General Fund is presented as required supplemental information; a comparison of budget to actual revenue and expenditures for all other governmental funds is reported as other supplemental information.

**Excess of Expenditures Over Appropriations in Budgeted Funds** - The City had significant expenditures over the appropriated budget amount as follows:

	<u>Budget</u>	<u>Actual</u>
General Fund - Recreation & Culture	116,700	146,720
Major Street Fund - Capital Outlay	125,000	261,556
Local Street Fund - Capital Outlay	125,000	138,486
Grant Fund- Community and Economic Development	50,000	110,036
Airport Fund - Capital Outlay	3,500	7,049

### 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 law also allows investments outside the State of Michigan when fully insured. 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 mature 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 City has designated three banks for the deposit of its funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CDs, but not the remainder of state statutory authority as listed above. The City has no formal policy relating to interest rate risk.

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

### 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 City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. At year end, the City had \$4,019,935 of bank deposits (certificates of deposit, checking, and savings accounts) that were uninsured and uncollateralized. The City 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 City 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.

The component units' deposits had a bank balance of \$1,352,379, of which \$225,263 was covered by federal depository insurance and \$1,127,116 which was uninsured and uncollateralized.

**Credit Risk** - As of year end, the City had \$677,953 invested in bank investment pools with a rating of AAA by Standard and Poor's and an average maturity of 25 days. The City's investment policy does not limit credit risk beyond that imposed by state law.

### Note 4 - Receivables and Deferred Revenue

Receivables as of year end for the City's individual major funds and the nonmajor funds and internal service funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Nonmajor Funds	Water Supply and Sewage Disposal	Nonmajor Enterprise	Proprietary Internal Service Fund	Total
Receivables:						
Special assessments receivable	\$ -	\$ 91,606	\$ -	\$ -	\$ -	\$ 91,606
Accounts and other	133,019	4,331	634,463	15	106	771,934
Intergovernmental	258,768	77,239	-	-	-	336,007
Net receivables	<u>\$ 391,787</u>	<u>\$ 173,176</u>	<u>\$ 634,463</u>	<u>\$ 15</u>	<u>\$ 106</u>	<u>\$ 1,199,547</u>

# City of Charlotte, Michigan

## Notes to Financial Statements June 30, 2010

### Note 4 - Receivables and Deferred Revenue (Continued)

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 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>
Special assessments	\$ 91,606
State-shared revenue	135,109
Grant revenue	11,316
Other	<u>78,020</u>
Total	<u>\$ 316,051</u>

### Note 5 - Capital Assets

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

	Balance <u>July 1, 2009</u>	Additions	Disposals	Balance <u>June 30, 2010</u>
<b>Governmental Activities</b>				
Capital assets not being depreciated:				
Land	\$ 1,926,376	\$ 1,543	\$ -	\$ 1,927,919
Construction in progress	<u>34,838</u>	<u>168,000</u>	<u>-</u>	<u>202,838</u>
Subtotal	1,961,214	169,543	-	2,130,757
Capital assets being depreciated:				
Infrastructure	25,363,183	556,233	-	25,919,416
Buildings and improvements	5,624,568	122,659	-	5,747,227
Vehicles	2,117,629	23,448	9,709	2,131,368
Equipment	<u>2,740,381</u>	<u>118,268</u>	<u>77,840</u>	<u>2,780,809</u>
Subtotal	35,845,761	820,608	87,549	36,578,820
Accumulated depreciation:				
Infrastructure	11,399,055	984,728	-	12,383,783
Buildings and improvements	1,518,377	115,505	-	1,633,882
Vehicles	1,337,958	129,049	9,709	1,457,298
Equipment	<u>2,079,327</u>	<u>131,338</u>	<u>71,006</u>	<u>2,139,659</u>
Subtotal	<u>16,334,717</u>	<u>1,360,620</u>	<u>80,715</u>	<u>17,614,622</u>
Net capital assets being depreciated	<u>19,511,044</u>	<u>(540,012)</u>	<u>6,834</u>	<u>18,964,198</u>
Net capital assets	<u>\$ 21,472,258</u>	<u>\$ (370,469)</u>	<u>\$ 6,834</u>	<u>\$ 21,094,955</u>

# City of Charlotte, Michigan

## Notes to Financial Statements June 30, 2010

### Note 5 - Capital Assets (Continued)

<b>Business-type Activities</b>	Balance July 1, 2009	Additions	Disposals	Balance June 30, 2010
Capital assets not being depreciated:				
Land	\$ 104,995	\$ -	\$ -	\$ 104,995
Construction in progress	-	36,553	-	36,553
Subtotal	104,995	36,553	-	141,548
Capital assets being depreciated -				
Buildings and systems	27,043,285	135,045	100,859	27,077,471
Accumulated depreciation - Buildings and systems	10,649,270	630,817	100,859	11,179,228
Net capital assets being depreciated	16,394,015	(495,772)	-	15,898,243
Net capital assets	<u>\$ 16,499,010</u>	<u>\$ (459,219)</u>	<u>\$ -</u>	<u>\$ 16,039,791</u>

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

**Governmental activities:**

General government	\$ 54,138
Public safety	142,190
Public works	944,079
Recreation and culture	91,164
Internal Service Fund depreciation is charged to the various functions based on their usage of the asset	129,049
Total governmental activities	<u>\$ 1,360,620</u>

**Business-type activities:**

Water	\$ 103,687
Sewer	527,130
Total business-type activities	<u>\$ 630,817</u>



# City of Charlotte, Michigan

## Notes to Financial Statements June 30, 2010

### Note 6 - Interfund Transfers

Interfund transfers reported in the fund financial statements are comprised of the following:

<u>Fund Providing Resources</u>	<u>Fund Receiving Resources</u>	<u>Amount</u>
General Fund	Nonmajor Special Revenue Funds	\$ 358,922
	Nonmajor Debt Service Funds	46,760
	Total General Fund	405,682
Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	73,875
Water Supply and Sewage Disposal Fund	Nonmajor Debt Service Fund	23,035
	Total	<u>\$ 502,592</u>

The transfers from the General Fund to the nonmajor Special Revenue Funds represent the use of unrestricted resources to finance those programs in accordance with budgetary authorizations; the transfers from the nonmajor Special Revenue Funds to the nonmajor Debt Service Fund represent the movement of resources to be used to service major streets and nonmajor Special Revenue Fund debt, respectively; the transfers from the General Fund and Water and Sewer Fund to the nonmajor Debt Service Fund represent the movement of resources to be used to service the nonmajor Debt Service Fund debt.

### Note 7 - Long-term Debt

The City 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 City. A county contractual agreement is also a general obligation of the government. Revenue bonds involve a pledge of specific income derived from the acquired or constructed assets to pay debt service.

# City of Charlotte, Michigan

## Notes to Financial Statements June 30, 2010

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

Long-term debt activity can be summarized as follows:

	<u>Interest Rate Ranges</u>	<u>Maturing Through</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities</b>							
General obligation bonds:							
Building Authority Bonds- Series 2001 (Limited Tax General Obligation) Bonds	4.5% - 5.1%	2016	\$ 405,000	\$ -	\$ 50,000	\$ 355,000	\$ 50,000
Michigan Transportation Fund Bonds- Series 2001 (Limited Tax General Obligation) Bonds	4.7% - 5.3%	2017	490,000	-	50,000	440,000	55,000
2008 Facility Building and Site Bonds (Unlimited Tax General Obligation) - Net of bond issue costs of \$25,525	4.125% - 4.25%	2032	2,980,000	-	55,000	2,925,000	65,000
Economic Development Agreement		2017	129,582	-	17,874	111,708	17,874
Total bonds payable			4,004,582	-	172,874	3,831,708	187,874
Other long-term obligations:							
Pollution remediation (Note 13)			560,000	-	560,000	-	-
Compensated absences			341,204	197,232	151,914	386,522	157,218
Total governmental activities			\$ 4,905,786	\$ 197,232	\$ 884,788	\$ 4,218,230	\$ 345,092
<b>Business-type Activities</b>							
County Bond Obligations - County of Eaton 1996 Water and Sewer Bonds - Net of bond issue costs of \$4,675							
	4.375%	2011	\$ 410,000	\$ -	\$ 205,000	\$ 205,000	\$ 205,000
2005 Revenue Refunding Bonds - Water Supply and Sewage Disposal System - Net of deferred amount on refunding of \$375,691							
	3.5% - 4.25%	2024	6,000,594	-	296,285	5,704,309	335,000
Total bonds payable			6,410,594	-	501,285	5,909,309	540,000
Compensated absences			146,178	81,482	55,922	171,738	70,294
Total business-type activities			\$ 6,556,772	\$ 81,482	\$ 557,207	\$ 6,081,047	\$ 610,294

# City of Charlotte, Michigan

## Notes to Financial Statements June 30, 2010

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

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

Years Ending June 30	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2011	\$ 187,874	\$ 160,431	\$ 348,305	\$ 540,000	\$ 251,856	\$ 791,856
2012	202,874	152,783	355,657	350,000	231,160	581,160
2013	222,874	144,258	367,132	360,000	218,910	578,910
2014	227,874	134,841	362,715	375,000	206,310	581,310
2015	242,874	124,968	367,842	390,000	191,310	581,310
2016-2020	782,338	493,523	1,275,861	2,185,000	710,122	2,895,122
2021-2025	685,000	358,450	1,043,450	2,085,000	87,612	2,172,612
2026-2030	870,000	201,038	1,071,038	-	-	-
2030-2032	410,000	26,350	436,350	-	-	-
Less unamortized loss on refunding	-	-	-	(375,691)	-	(375,691)
Total	\$ 3,831,708	\$ 1,796,642	\$ 5,628,350	\$ 5,909,309	\$ 1,897,280	\$ 7,806,589

**Future Revenue Pledged for Debt Payment** - The City has pledged substantially all revenue of the Water and Sewer Fund, net of operating expenses, to repay the above water and sewer revenue bonds. Proceeds from the bonds provided financing for the construction of the water supply and sewage disposal system. The bonds are payable solely from the net revenue of the water and sewer system. The remaining principal and interest to be paid on the bonds total \$7,592,619. During the current year, revenue of the system was \$2,876,745 compared to the annual debt requirements of \$579,260.

### Note 8 - Restricted Net Assets

The balances of the restricted asset accounts are as follows:

	Governmental Activities	Business-type Activities
Operation and Maintenance Fund	\$ -	\$ 134,281
Bond and Interest Redemption Fund	2,360	48,157
Bond reserve account	-	581,310
Unspent bond proceeds	49,026	-
Total restricted net assets	\$ 51,386	\$ 763,748

**Operation and Maintenance Fund** - The Water Supply and Sewage Disposal System is required to maintain cash sufficient to provide for operation and maintenance of the system.

**Bond and Interest Redemption Fund** - This fund represents cash to be used for the current principal and interest due in the water supply and sewage disposal system.

### **Note 8 - Restricted Net Assets (Continued)**

**Bond Reserve Account** - The water supply and sewage disposal system is required to maintain cash to be used solely for the payment of principal and interest when there would otherwise be default.

**Unspent Bond Proceeds** - The cash received from the issuance of the 2008 Facility Building and Site Bonds is required to be spent solely on expenditures related to projects covered under the bond agreement.

### **Note 9 - Risk Management**

The City 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 City has purchased commercial insurance for medical benefit claims and errors and omissions, and participates in the Michigan Municipal League risk pool for claims relating to property loss, torts, and 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 League risk pool program operates as a common risk-sharing management program for local units of government in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

### **Note 10 - Defined Benefit Pension Plan**

**Plan Description** - The City participates in the Michigan Municipal Employees' Retirement System (the "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. The City Council has the authority for establishing and amending benefits offered by the defined benefit plan. The Michigan Municipal Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplemental 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 employees was established by negotiation with the City's competitive bargaining units and requires a contribution from the employees of 0.0 percent and 10.03 percent of gross wages for the various groups.

# City of Charlotte, Michigan

## Notes to Financial Statements June 30, 2010

### Note 10 - Defined Benefit Pension Plan (Continued)

**Annual Pension Cost** - For the year ended June 30, 2010, the City's annual pension cost of \$348,477 for the plan was equal to the City's required and actual contribution. The annual required contribution was determined as part of an actuarial valuation at December 31, 2007, using the entry age actuarial cost method. Significant actuarial assumptions used include (a) an 8.0 percent investment rate of return, (b) projected salary increases of 2 to 4.5 percent per year compounded annually, attributable to inflation, (c) additional projected salary increases of 0.0 percent to 8.40 percent per year, depending on age, attributable to seniority/merit, and (d) the assumption that benefits will increase 2.5 percent per year after retirement, for persons selecting certain benefit options. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a five-year period. The unfunded actuarial liability is being amortized as a level percentage of payroll on a closed basis. The remaining amortization period is 28 years.

	Fiscal Year Ended June 30		
	2008	2009	2010
Annual pension cost (APC)	\$ 341,610	\$ 353,438	\$ 348,477
Percentage of APC contributed	100.0 %	100.0 %	100.0 %
Net pension obligation	-	-	-

	Actuarial Valuation as of December 31		
	2007	2008	2009
Actuarial value of assets	\$ 11,935,577	\$ 12,157,694	\$ 12,393,669
Actuarial Accrued Liability (AAL) (entry age)	15,255,703	16,351,826	16,698,529
Unfunded AAL (UAAL)	3,320,126	4,194,132	4,304,860
Funded ratio	78.2 %	74.4 %	74.2 %
Covered payroll	2,534,176	2,747,012	2,657,620
UAAL as a percentage of covered payroll	131.0 %	152.7 %	162.0 %

### Note 11 - Defined Contribution Pension Plan

The City provides pension benefits to the City manager and department supervisors through a defined contribution plan administered by the Michigan Municipal Employees' Retirement System (MERS). In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate from the date of employment. As established by MERS, the City contributes 13.88 percent of employees' gross earnings. Contributions for each employee plus interest are allocated to the employee's account. The City manager's plan has immediate vesting while department supervisors are fully vested after four years of service.

The City's total payroll during the current year was \$2,749,462. The current year contribution was calculated based on covered payroll of \$163,423, resulting in an employer contribution of \$21,499 and employee contributions of \$0.

### Note 12 - Other Postemployment Benefits

**Plan description** - The City provides retiree healthcare benefits to eligible employees and their beneficiaries. This is a single employer defined benefit plan administered by the City. The benefits are provided under collective bargaining agreements and council adopted policy.

**Funding policy** - The collective bargaining agreements and council policy require no contributions from employees. The City has no obligation to make contributions in advance of when the insurance premiums are due for payment (in other words, this may be financed on a "pay-as-you-go" basis).

**Funding progress** - For the year ended June 30, 2010, the City has estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of December 31, 2008. The valuation computes an annual required contribution, which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. This valuation's computed contribution and actual funding are summarized as follows:

Annual required contribution	\$ 314,550
Amounts contributed -	
Payments of current premiums	<u>(194,454)</u>
Increase in net OPEB obligation	120,096
OPEB obligation - Beginning of year	<u>-</u>
OPEB obligation - End of year	<u>\$ 120,096</u>

# City of Charlotte, Michigan

## Notes to Financial Statements June 30, 2010

### Note 12 - Other Postemployment Benefits (Continued)

The annual OPEB costs, the percentage contributed to the plan, and the net OPEB obligation for the current year was as follows:

Fiscal Year Ended	Actuarial Valuation Date	Annual Required Contribution	Percentage Contributed	Net OPEB Obligation
6/30/10	12/31/08	\$ 314,550	61.8	\$ 120,096.0

The funding progress of the plan is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
12/31/08	-	5,469,530	5,469,530	-	2,747,012	199.1

**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 above, 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.

### **Note 12 - Other Postemployment Benefits (Continued)**

In the December 31, 2008, actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 9 percent initially, reduced by decrements to an ultimate rate of 4.5 percent after 10 years. Both rates included a 4.5 percent inflation assumption. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2008, was 30 years.

### **Note 13 - Lincoln Park Litigation**

The City purchased a parcel of property that was previously classified as a contaminated site by the State of Michigan. The Michigan Department of Environmental Quality (MDEQ) incurred approximately \$1.2 million in clean-up costs. The State was pursuing reimbursement from the property's previous owners who were responsible for the contamination. If the State was not successful in obtaining reimbursement from the property's previous owners, the courts have previously issued a legal opinion determining that the City could be held liable under an indemnification clause and be responsible for the extent of damages asserted by the State against the previous owner. The City had adopted Governmental Accounting Standards Board (GASB) Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, effective for the fiscal year ended June 30, 2009. The City had calculated and recorded the potential remediation liability of \$560,000 retrospectively for the fiscal year ended June 30, 2009 as if it were incurred as of June 30, 2008. In the current fiscal year, the statute of limitations expired for the State to file suit against the City, and the City has no further liability for this claim. As of June 30, 2010, the City has removed the pollution remediation liability from its records, which was recorded as a special item on the government-wide statement of activities.



## **Required Supplemental Information**

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# City of Charlotte, Michigan

## Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended June 30, 2010

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes	\$ 3,332,900	\$ 3,497,900	\$ 3,397,800	\$ (100,100)
Licenses and permits	54,300	54,300	30,657	(23,643)
State-shared revenue and grants	890,000	906,945	801,421	(105,524)
Charges for services	372,500	355,500	355,473	(27)
Fines and forfeitures	35,300	35,300	29,712	(5,588)
Investment income	40,000	40,000	6,083	(33,917)
Other	134,950	84,950	64,581	(20,369)
Total revenue	4,859,950	4,974,895	4,685,727	(289,168)
<b>Expenditures - Current</b>				
General government	586,300	635,026	615,309	19,717
Public safety	2,844,595	2,844,595	2,844,023	572
Public works	711,314	711,314	730,793	(19,479)
Community and economic development	106,880	136,154	130,494	5,660
Recreation and culture	215,700	116,700	146,720	(30,020)
Capital outlay	394,450	407,895	299,560	108,335
Total expenditures	4,859,239	4,851,684	4,766,899	84,785
<b>Excess of Revenue Over (Under) Expenditures</b>	711	123,211	(81,172)	(204,383)
<b>Other Financing Uses -</b>				
Transfers out	(340,260)	(410,260)	(405,682)	4,578
<b>Net Change in Fund Balance</b>	(339,549)	(287,049)	(486,854)	(199,805)
<b>Fund Balance - Beginning of year</b>	2,119,366	2,119,366	2,119,366	-
<b>Fund Balance - End of year</b>	<u>\$ 1,779,817</u>	<u>\$ 1,832,317</u>	<u>\$ 1,632,512</u>	<u>\$ (199,805)</u>

## **Other Supplemental Information**

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## **Nonmajor Governmental Funds**

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**Major Street Fund** - This fund is used to control the expenditure of motor fuel taxes and trunkline maintenance funds, which are earmarked by law and the State Constitution for major street and highway purposes.

**Local Street Fund** - This fund is used to control the expenditure of motor fuel taxes, which are earmarked by law and the State Constitution for local street and highway purposes.

**Industrial Park Fund** - This fund is used to control the expenditure of monies earmarked for the City's industrial park.

**Police Training Fund** - This fund is used to control the expenditure of state grant monies, which are earmarked for the continued training of police officers.

**Drug Enforcement Fund** - This fund is used to control the expenditures of monies earmarked for the local D.A.R.E. program.

**Grant Fund** - This fund is used to control the expenditure of federal grant monies, which are earmarked for job training within the community.

**Airport Fund** - This fund is used to control the expenditures of fuel sales, hangar rentals, and grant funds, which are earmarked for airport purposes.

**Building Authority Bond Fund** - This fund is used for payment of the 2001 Building Authority Bonds issued to cover \$735,000 of construction costs of a new DPW facility and renovations to the existing structure.

**Michigan Transportation Bond Fund** - This fund is used for payment of the 2001 Michigan Transportation Bonds issued to cover \$775,000 of construction costs and street resurfacing.

**Facility Building Bond Fund** - This fund is used for payment of the 2008 Facility Building and Site Bonds issued to cover \$3,000,000 of construction costs of a new fire station and renovations.

**Building Fund** - This fund is used to account for the construction of the West Side Fire Station.

# City of Charlotte, Michigan

	Special Revenue Funds				
	Major Street	Local Street	Industrial Park	Police Training	Drug Enforcement
<b>Assets</b>					
Cash and investments	\$ 584,807	\$ 178,285	\$ 127,685	\$ 24,400	\$ 9,715
Receivables - Net	56,608	113,522	35	-	3
Prepaid expenses and other assets	972	1,295	324	-	-
Restricted assets - Cash and investments	-	-	-	-	-
<b>Total assets</b>	<b>\$ 642,387</b>	<b>\$ 293,102</b>	<b>\$ 128,044</b>	<b>\$ 24,400</b>	<b>\$ 9,718</b>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities</b>					
Accounts payable	\$ 309	\$ 704	\$ -	\$ -	\$ 4
Accrued liabilities and other	2,363	4,324	1,829	-	-
Deferred revenue	-	91,606	-	-	-
<b>Total liabilities</b>	<b>2,672</b>	<b>96,634</b>	<b>1,829</b>	<b>-</b>	<b>4</b>
<b>Fund Balances</b>					
Reserved for:					
Prepaid expenses and inventory	972	1,295	324	-	-
Debt service	-	-	-	-	-
Law enforcement	-	-	-	24,400	9,714
Unreserved, reported in:					
Special Revenue Funds	638,743	195,173	125,891	-	-
Capital Projects Funds	-	-	-	-	-
<b>Total fund balances</b>	<b>639,715</b>	<b>196,468</b>	<b>126,215</b>	<b>24,400</b>	<b>9,714</b>
<b>Total liabilities and fund balances</b>	<b>\$ 642,387</b>	<b>\$ 293,102</b>	<b>\$ 128,044</b>	<b>\$ 24,400</b>	<b>\$ 9,718</b>

**Other Supplemental Information  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2010**

Special Revenue Funds		Debt Service Funds			Capital Projects Fund	Total Nonmajor Governmental Funds
Grant	Airport	Building Authority Bond	Michigan Transportation Bond	Facility Building Bond	Building Fund	
\$ 17,282	\$ 13,000	\$ -	\$ -	\$ 43,644	\$ -	\$ 998,818
-	3,008	-	-	-	-	173,176
-	5,140	-	-	-	-	7,731
-	-	2,277	83	-	49,026	51,386
<b>\$ 17,282</b>	<b>\$ 21,148</b>	<b>\$ 2,277</b>	<b>\$ 83</b>	<b>\$ 43,644</b>	<b>\$ 49,026</b>	<b>\$ 1,231,111</b>
\$ 17,282	\$ 1,849	\$ -	\$ -	\$ -	\$ -	\$ 20,148
-	36	-	-	-	-	8,552
-	-	-	-	-	-	91,606
17,282	1,885	-	-	-	-	120,306
-	5,140	-	-	-	-	7,731
-	-	2,277	83	43,644	-	46,004
-	-	-	-	-	-	34,114
-	14,123	-	-	-	-	973,930
-	-	-	-	-	49,026	49,026
-	19,263	2,277	83	43,644	49,026	1,110,805
<b>\$ 17,282</b>	<b>\$ 21,148</b>	<b>\$ 2,277</b>	<b>\$ 83</b>	<b>\$ 43,644</b>	<b>\$ 49,026</b>	<b>\$ 1,231,111</b>

# City of Charlotte, Michigan

	Special Revenue Funds				
	Major Street	Local Street	Industrial Park	Police Training	Drug Enforcement
<b>Revenue</b>					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Federal grants	-	-	-	-	-
State sources	376,602	133,528	-	3,660	-
Investment income	1,244	265	337	-	24
Other revenue:					
Special assessments	1,474	11,235	-	-	-
Other miscellaneous income	5,220	8,055	-	-	1,217
<b>Total revenue</b>	<b>384,540</b>	<b>153,083</b>	<b>337</b>	<b>3,660</b>	<b>1,241</b>
<b>Expenditures - Current</b>					
Public safety	-	-	-	2,815	-
Public works	177,297	255,477	-	-	-
Community and economic development	-	-	46,550	-	-
Recreation and culture	-	-	-	-	-
Capital outlay	261,556	138,486	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest on long-term debt	-	-	-	-	-
<b>Total expenditures</b>	<b>438,853</b>	<b>393,963</b>	<b>46,550</b>	<b>2,815</b>	<b>-</b>
<b>Excess of Revenue (Under) Over Expenditures</b>	<b>(54,313)</b>	<b>(240,880)</b>	<b>(46,213)</b>	<b>845</b>	<b>1,241</b>
<b>Other Financing Sources (Uses)</b>					
Transfers in	136,100	156,200	-	1,200	-
Transfers out	(44,325)	(29,550)	-	-	-
<b>Total other financing sources (uses)</b>	<b>91,775</b>	<b>126,650</b>	<b>-</b>	<b>1,200</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>37,462</b>	<b>(114,230)</b>	<b>(46,213)</b>	<b>2,045</b>	<b>1,241</b>
<b>Fund Balances (Deficit) - Beginning of year</b>	<b>602,253</b>	<b>310,698</b>	<b>172,428</b>	<b>22,355</b>	<b>8,473</b>
<b>Fund Balances - End of year</b>	<b>\$ 639,715</b>	<b>\$ 196,468</b>	<b>\$ 126,215</b>	<b>\$ 24,400</b>	<b>\$ 9,714</b>

**Other Supplemental Information**  
**Combining Statement of Revenue, Expenditures, and**  
**Changes in Fund Balances (Deficit)**  
**Nonmajor Governmental Funds**  
**Year Ended June 30, 2010**

Special Revenue Funds		Debt Service Funds			Capital Projects Fund	Total Nonmajor Governmental Funds
Grant	Airport	Building Authority Bond	Michigan Transportation Bond	Facility Building Bond	Building Fund	
\$ -	\$ -	\$ -	\$ -	\$ 184,843	\$ -	\$ 184,843
226,472	-	-	-	-	-	226,472
56,589	-	-	-	-	-	570,379
-	-	-	-	-	-	1,870
-	-	-	-	-	-	12,709
-	74,513	-	-	-	-	89,005
<u>283,061</u>	<u>74,513</u>	<u>-</u>	<u>-</u>	<u>184,843</u>	<u>-</u>	<u>1,085,278</u>
-	-	-	-	-	63,712	66,527
-	-	-	-	-	-	432,774
110,036	-	275	275	500	-	157,636
-	113,623	-	-	-	-	113,623
56,589	7,049	-	-	-	-	463,680
-	-	50,000	50,000	55,000	-	155,000
-	-	19,520	23,600	124,325	-	167,445
<u>166,625</u>	<u>120,672</u>	<u>69,795</u>	<u>73,875</u>	<u>179,825</u>	<u>63,712</u>	<u>1,556,685</u>
116,436	(46,159)	(69,795)	(73,875)	5,018	(63,712)	(471,407)
-	65,422	69,795	73,875	-	-	502,592
-	-	-	-	-	-	(73,875)
<u>-</u>	<u>65,422</u>	<u>69,795</u>	<u>73,875</u>	<u>-</u>	<u>-</u>	<u>428,717</u>
116,436	19,263	-	-	5,018	(63,712)	(42,690)
<u>(116,436)</u>	<u>-</u>	<u>2,277</u>	<u>83</u>	<u>38,626</u>	<u>112,738</u>	<u>1,153,495</u>
<u>\$ -</u>	<u>\$ 19,263</u>	<u>\$ 2,277</u>	<u>\$ 83</u>	<u>\$ 43,644</u>	<u>\$ 49,026</u>	<u>\$ 1,110,805</u>



# City of Charlotte, Michigan

## Other Supplemental Information Nonmajor Governmental Fund - Local Street Budgetary Comparison Year Ended June 30, 2010

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
State-shared revenue and grants	\$ 132,000	\$ 132,000	\$ 133,528	\$ 1,528
Investment income	5,000	5,000	265	(4,735)
Other revenue:				
Special assessments	9,000	9,000	11,235	2,235
Other miscellaneous income	10,500	10,500	8,055	(2,445)
Total revenue	156,500	156,500	153,083	(3,417)
<b>Expenditures - Current</b>				
Public works - Street maintenance	282,970	265,470	255,477	9,993
Capital outlay	125,000	125,000	138,486	(13,486)
Total expenditures	407,970	390,470	393,963	(3,493)
<b>Excess of Revenue Under Expenditures</b>	(251,470)	(233,970)	(240,880)	(6,910)
<b>Other Financing Sources (Uses)</b>				
Transfers in	156,200	156,200	156,200	-
Transfers out	(29,550)	(29,550)	(29,550)	-
<b>Net Change in Fund Balance</b>	(124,820)	(107,320)	(114,230)	(6,910)
<b>Fund Balance - Beginning of year</b>	310,698	310,698	310,698	-
<b>Fund Balance - End of year</b>	<u>\$ 185,878</u>	<u>\$ 203,378</u>	<u>\$ 196,468</u>	<u>\$ (6,910)</u>

# City of Charlotte, Michigan

## Other Supplemental Information Nonmajor Governmental Fund - Industrial Park Budgetary Comparison Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
<b>Revenue -</b>				
Investment income	\$ 1,500	\$ 1,500	\$ 337	\$ (1,163)
<b>Expenditures - Current -</b>				
Community and economic development	<u>56,055</u>	<u>56,055</u>	<u>46,550</u>	<u>9,505</u>
<b>Net Change in Fund Balance</b>	(54,555)	(54,555)	(46,213)	8,342
<b>Fund Balance - Beginning of year</b>	<u>172,428</u>	<u>172,428</u>	<u>172,428</u>	<u>-</u>
<b>Fund Balance - End of year</b>	<u><b>\$ 117,873</b></u>	<u><b>\$ 117,873</b></u>	<u><b>\$ 126,215</b></u>	<u><b>\$ 8,342</b></u>

# City of Charlotte, Michigan

## Other Supplemental Information Nonmajor Governmental Fund - Police Training Budgetary Comparison Year Ended June 30, 2010

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue - State sources</b>	\$ 4,000	\$ 4,000	\$ 3,660	\$ (340)
<b>Expenditures - Current - Public safety - Police</b>	<u>4,000</u>	<u>4,000</u>	<u>2,815</u>	<u>1,185</u>
<b>Excess of Revenue Over Expenditures</b>	-	-	845	845
<b>Other Financing Sources - Transfers in</b>	<u>1,200</u>	<u>1,200</u>	<u>1,200</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	1,200	1,200	2,045	845
<b>Fund Balance - Beginning of year</b>	<u>22,355</u>	<u>22,355</u>	<u>22,355</u>	<u>-</u>
<b>Fund Balance - End of year</b>	<u><u>\$ 23,555</u></u>	<u><u>\$ 23,555</u></u>	<u><u>\$ 24,400</u></u>	<u><u>\$ 845</u></u>

# City of Charlotte, Michigan

## Other Supplemental Information Nonmajor Governmental Fund - Drug Enforcement Budgetary Comparison Year Ended June 30, 2010

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Investment income	\$ 50	\$ 50	\$ 24	\$ (26)
Other	100	100	1,217	1,117
Total revenue	150	150	1,241	1,091
<b>Expenditures - Current -</b>				
Public safety - Police	150	150	-	150
<b>Net Change in Fund Balance</b>	-	-	1,241	1,241
<b>Fund Balance - Beginning of year</b>	8,473	8,473	8,473	-
<b>Fund Balance - End of year</b>	<u>\$ 8,473</u>	<u>\$ 8,473</u>	<u>\$ 9,714</u>	<u>\$ 1,241</u>

# City of Charlotte, Michigan

## Other Supplemental Information Nonmajor Governmental Fund - Grant Budgetary Comparison Year Ended June 30, 2010

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Federal grants	\$ 50,000	\$ 50,000	\$ 226,472	\$ 176,472
State sources	139,000	139,000	56,589	(82,411)
Total revenue	189,000	189,000	283,061	94,061
<b>Expenditures - Current</b>				
Community and economic development	50,000	50,000	110,036	(60,036)
Capital outlay	441,000	441,000	56,589	384,411
Total expenditures	491,000	491,000	166,625	324,375
<b>Net Change in Fund Balance</b>	(302,000)	(302,000)	116,436	418,436
<b>Fund Balance - Beginning of year</b>	(116,436)	(116,436)	(116,436)	-
<b>Fund Balance - End of year</b>	<b>\$ (418,436)</b>	<b>\$ (418,436)</b>	<b>\$ -</b>	<b>\$ 418,436</b>

# City of Charlotte, Michigan

## Other Supplemental Information Nonmajor Governmental Fund - Building Authority Bond Budgetary Comparison Year Ended June 30, 2010

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Expenditures - Current</b>				
Community and economic development	\$ 275	\$ 275	\$ 275	\$ -
Debt service:				
Principal	50,000	50,000	50,000	-
Interest on long-term debt	19,520	19,520	19,520	-
Total expenditures	<u>69,795</u>	<u>69,795</u>	<u>69,795</u>	<u>-</u>
<b>Excess of Revenue Under Expenditures</b>	(69,795)	(69,795)	(69,795)	-
<b>Other Financing Sources -</b>				
Transfers in	69,795	69,795	69,795	-
<b>Fund Balance - Beginning of year</b>	<u>2,277</u>	<u>2,277</u>	<u>2,277</u>	<u>-</u>
<b>Fund Balance - End of year</b>	<u><u>\$ 2,277</u></u>	<u><u>\$ 2,277</u></u>	<u><u>\$ 2,277</u></u>	<u><u>\$ -</u></u>

# City of Charlotte, Michigan

## Other Supplemental Information Nonmajor Governmental Fund - Michigan Transportation Bond Budgetary Comparison Year Ended June 30, 2010

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Expenditures - Current</b>				
Community and economic development	\$ 275	\$ 275	\$ 275	\$ -
Debt service:				
Principal	50,000	50,000	50,000	-
Interest on long-term debt	23,600	23,600	23,600	-
Total expenditures	<u>73,875</u>	<u>73,875</u>	<u>73,875</u>	<u>-</u>
<b>Excess of Revenue Under Expenditures</b>	(73,875)	(73,875)	(73,875)	-
<b>Other Financing Sources -</b>				
Transfers in	73,875	73,875	73,875	-
<b>Fund Balance - Beginning of year</b>	<u>83</u>	<u>83</u>	<u>83</u>	<u>-</u>
<b>Fund Balance - End of year</b>	<u><u>\$ 83</u></u>	<u><u>\$ 83</u></u>	<u><u>\$ 83</u></u>	<u><u>\$ -</u></u>

# City of Charlotte, Michigan

## Other Supplemental Information Nonmajor Governmental Fund - Facility Building Bond Budgetary Comparison Year Ended June 30, 2010

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b> - Property taxes	\$ 185,000	\$ 185,000	\$ 184,843	\$ (157)
<b>Expenditures</b> - Current				
Community and economic development	1,000	1,000	500	500
Debt service:				
Principal	55,000	55,000	55,000	-
Interest on long-term debt	124,324	124,324	124,325	(1)
Total expenditures	<u>180,324</u>	<u>180,324</u>	<u>179,825</u>	<u>499</u>
<b>Net Change in Fund Balance</b>	4,676	4,676	5,018	342
<b>Fund Balance</b> - Beginning of year	<u>38,626</u>	<u>38,626</u>	<u>38,626</u>	<u>-</u>
<b>Fund Balance</b> - End of year	<u><u>\$ 43,302</u></u>	<u><u>\$ 43,302</u></u>	<u><u>\$ 43,644</u></u>	<u><u>\$ 342</u></u>



# City of Charlotte, Michigan

## Other Supplemental Information Nonmajor Governmental Fund - Airport Budgetary Comparison Year Ended June 30, 2010

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue - Other</b>	\$ -	\$ 67,000	\$ 74,513	\$ 7,513
<b>Expenditures</b>				
Current -				
Recreation and culture	-	126,000	113,623	12,377
Capital outlay	-	3,500	7,049	(3,549)
Total expenditures	-	129,500	120,672	8,828
<b>Excess of Revenue Under Expenditures</b>	-	(62,500)	(46,159)	16,341
<b>Other Financing Sources -</b>				
Transfers in	-	70,000	65,422	(4,578)
<b>Net Change in Fund Balance</b>	-	7,500	19,263	11,763
<b>Fund Balance - Beginning of year</b>	-	-	-	-
<b>Fund Balance - End of year</b>	<u>\$ -</u>	<u>\$ 7,500</u>	<u>\$ 19,263</u>	<u>\$ 11,763</u>

# City of Charlotte, Michigan

## Other Supplemental Information Nonmajor Governmental Fund - Major Street Budgetary Comparison Year Ended June 30, 2010

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
State-shared revenue and grants	\$ 366,000	\$ 366,000	\$ 376,602	\$ 10,602
Investment income	8,000	8,000	1,244	(6,756)
Other revenue:				
Special assessments	1,280	1,280	1,474	194
Other miscellaneous income	3,200	3,200	5,220	2,020
Total revenue	378,480	378,480	384,540	6,060
<b>Expenditures</b>				
Current -				
Public works	209,005	226,505	177,297	49,208
Capital outlay	125,000	125,000	261,556	(136,556)
Total expenditures	334,005	351,505	438,853	(87,348)
<b>Excess of Revenue Over (Under)</b>				
<b>Expenditures</b>	44,475	26,975	(54,313)	(81,288)
<b>Other Financing Sources (Uses)</b>				
Transfers in	136,100	136,100	136,100	-
Transfers out	(44,325)	(44,325)	(44,325)	-
<b>Net Change in Fund Balance</b>	136,250	118,750	37,462	(81,288)
<b>Fund Balance - Beginning of year</b>	602,253	602,253	602,253	-
<b>Fund Balance - End of year</b>	<b>\$ 738,503</b>	<b>\$ 721,003</b>	<b>\$ 639,715</b>	<b>\$ (81,288)</b>

# City of Charlotte, Michigan

## Other Supplemental Information Nonmajor Governmental Fund - Building Budgetary Comparison Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
<b>Revenue -</b>				
Investment income	\$ 500	\$ 500	\$ -	\$ (500)
<b>Expenditures - Current -</b>				
Public safety	<u>100,555</u>	<u>100,555</u>	<u>63,712</u>	<u>36,843</u>
<b>Net Change in Fund Balance</b>	(100,055)	(100,055)	(63,712)	36,343
<b>Fund Balance - Beginning of year</b>	<u>112,738</u>	<u>112,738</u>	<u>112,738</u>	<u>-</u>
<b>Fund Balance - End of year</b>	<u><b>\$ 12,683</b></u>	<u><b>\$ 12,683</b></u>	<u><b>\$ 49,026</b></u>	<u><b>\$ 36,343</b></u>

# City of Charlotte, Michigan

## Other Supplemental Information Schedule of Changes in Assets and Liabilities Agency Funds June 30, 2010

	Balance at July 1, 2009	Additions	Reductions	Balance at June 30, 2010
<b>Assets</b>				
Cash and cash equivalents	\$ -	\$ 11,496,562	\$ (11,379,472)	\$ 117,090
Due from other funds	10,400	-	(10,400)	-
Total assets	<u>\$ 10,400</u>	<u>\$ 11,496,562</u>	<u>\$ (11,389,872)</u>	<u>\$ 117,090</u>
<b>Liabilities</b>				
Due to other governmental units	\$ -	\$ 11,529,657	\$ (11,420,248)	\$ 109,409
Escrow withholding	10,400	7,681	(10,400)	7,681
Total liabilities	<u>\$ 10,400</u>	<u>\$ 11,537,338</u>	<u>\$ (11,430,648)</u>	<u>\$ 117,090</u>

## **Statistical Section**

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## **Statistical Section**

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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 supplemental information says about the City's overall financial health.

The statistical section is organized into the following main categories:

- Financial trends
- Revenue capacity
- Debt capacity
- Demographics and economic information
- Operating information

## **Financial Trends**

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

# City of Charlotte, Michigan

## Net Assets by Component Last Seven Fiscal Years

	2004	2005	2006	2007	2008	2009	2010
<b>Governmental Activities</b>							
Invested in capital assets - Net of related debt	\$ 18,452,965	\$ 17,874,974	\$ 17,277,656	\$ 16,888,466	\$ 17,429,185	\$ 17,712,356	\$ 17,423,981
Restricted	824,648	978,085	1,258,245	1,078,074	1,025,574	1,089,080	1,007,907
Unrestricted	1,596,273	1,756,948	1,570,373	1,785,177	1,562,327	1,647,707	1,773,881
Total net assets	<b>\$ 20,873,886</b>	<b>\$ 20,610,007</b>	<b>\$ 20,106,274</b>	<b>\$ 19,751,717</b>	<b>\$ 20,017,086</b>	<b>\$ 20,449,143</b>	<b>\$ 20,205,769</b>
<b>Business-type Activities</b>							
Invested in capital assets - Net of related debt	\$ 9,365,591	\$ 9,533,904	\$ 9,534,564	\$ 9,926,516	\$ 9,985,503	\$ 9,942,237	\$ 10,130,482
Restricted	918,355	865,171	840,427	846,350	905,755	884,227	763,748
Unrestricted	697,316	760,980	1,132,623	1,195,405	1,112,076	784,174	639,579
Total net assets	<b>\$ 10,981,262</b>	<b>\$ 11,160,055</b>	<b>\$ 11,507,614</b>	<b>\$ 11,968,271</b>	<b>\$ 12,003,334</b>	<b>\$ 11,610,638</b>	<b>\$ 11,533,809</b>
<b>Primary Government in Total</b>							
Invested in capital assets - Net of related debt	\$ 27,818,556	\$ 27,408,878	\$ 26,812,220	\$ 26,814,982	\$ 27,414,688	\$ 27,654,593	\$ 27,554,463
Restricted	1,743,003	1,843,256	2,098,672	1,924,424	1,931,329	1,973,307	1,771,655
Unrestricted	2,293,589	2,517,928	2,702,996	2,980,582	2,674,403	2,431,881	2,413,460
Total net assets	<b>\$ 31,855,148</b>	<b>\$ 31,770,062</b>	<b>\$ 31,613,888</b>	<b>\$ 31,719,988</b>	<b>\$ 32,020,420</b>	<b>\$ 32,059,781</b>	<b>\$ 31,739,578</b>

Note: The City implemented GASB No. 34 in 2004; therefore, net assets for governmental activities are not available before 2004.



# City of Charlotte, Michigan

## Changes in Governmental Net Assets Last Seven Fiscal Years

	2004	2005	2006	2007	2008	2009	2010
<b>Expenses</b>							
General government	\$ 592,841	\$ 609,254	\$ 650,757	\$ 606,810	\$ 636,198	\$ 632,906	\$ 786,751
Public safety	2,384,339	2,542,149	2,612,572	2,647,674	2,836,299	2,933,665	3,041,186
Public works	2,043,849	1,930,962	1,811,206	1,789,658	1,846,761	1,928,332	2,152,815
Community and economic development	182,540	275,397	169,232	643,206	344,634	302,046	327,832
Recreation and culture	224,200	54,924	185,789	211,174	257,352	332,881	370,842
Interest on long-term debt	64,845	62,873	57,357	54,933	51,028	176,165	166,504
Total governmental activities	5,492,614	5,475,559	5,486,913	5,953,455	5,972,272	6,305,995	6,845,930
<b>Program Revenue</b>							
Charges for services:							
General government	233,134	160,466	225,066	218,433	274,564	245,582	101,663
Public safety	220,660	161,416	155,155	190,175	202,189	221,891	301,165
Public works	380,681	366,987	362,519	358,457	357,521	344,105	-
Total charges for services	834,475	688,869	742,740	767,065	834,274	811,578	402,828
Operating grants and contributions	11,906	68,890	36,461	487,270	683,776	1,505,415	725,303
Capital grants and contributions	385,150	562,252	203,004	14,256	193,580	101,343	337,707
Total program revenue	1,231,531	1,320,011	982,205	1,268,591	1,711,630	2,418,336	1,465,838
<b>Net Expenses</b>	(4,261,083)	(4,155,548)	(4,504,708)	(4,684,864)	(4,260,642)	(3,887,659)	(5,380,092)
<b>General Revenue</b>							
Property taxes	2,491,783	2,612,177	2,712,501	2,919,096	3,128,658	3,383,020	3,569,934
State-shared revenue	1,301,276	1,095,448	1,096,527	1,043,178	1,040,457	1,000,108	772,594
Investment earnings	30,308	41,934	113,513	178,226	159,880	99,745	7,953
Miscellaneous	47,825	119,310	56,164	166,436	174,269	373,085	203,202
Total general revenue	3,871,192	3,868,869	3,978,705	4,306,936	4,503,264	4,855,958	4,553,683
<b>Transfers</b>	23,448	22,800	22,270	23,371	22,747	23,758	23,035
<b>Special Items</b>	-	-	-	-	-	-	560,000
<b>Change in Net Assets</b>	<b>\$ (366,443)</b>	<b>\$ (263,879)</b>	<b>\$ (503,733)</b>	<b>\$ (354,557)</b>	<b>\$ 265,369</b>	<b>\$ 992,057</b>	<b>\$ (243,374)</b>

Note: The City implemented GASB No. 34 in 2004; therefore, net assets for governmental activities are not available before 2004.

# City of Charlotte, Michigan

	2001	2002	2003	2004
<b>Operating Revenue</b>				
Water sales	\$ 816,552	\$ 867,471	\$ 874,286	\$ 871,133
Sewage charges	1,633,312	1,787,920	1,763,688	1,751,363
Tap fees	269,699	351,595	198,448	261,613
Recycling fees	21,660	22,401	16,532	14,011
Other	34,797	49,184	37,240	40,553
Total operating revenue	2,776,020	3,078,571	2,890,194	2,938,673
<b>Operating Expenses</b>				
Cost of services	1,447,704	1,599,276	1,641,493	1,739,638
Recycling	43,699	44,076	45,861	55,816
Depreciation	255,455	387,858	554,626	567,541
Total operating expenses	1,746,858	2,031,210	2,241,980	2,362,995
<b>Operating Income (Loss)</b>	1,029,162	1,047,361	648,214	575,678
<b>Nonoperating Revenue (Expense)</b>				
Investment income	486,405	94,161	24,942	11,856
Interest expense	(337,016)	(187,788)	(502,283)	(482,854)
Other	-	-	-	-
Total nonoperating revenue (expense)	149,389	(93,627)	(477,341)	(470,998)
<b>Income (Loss) - Before contributions and other items</b>	1,178,551	953,734	170,873	104,680
<b>Capital Contributions</b>	1,561,773	566,614	598,458	441,300
<b>Transfers to Other Funds</b>	-	(23,468)	(22,092)	(23,448)
<b>Change in Net Assets</b>	<u>\$ 2,740,324</u>	<u>\$ 1,496,880</u>	<u>\$ 747,239</u>	<u>\$ 522,532</u>
<b>Total Primary Government Revenue</b>	N/A	N/A	N/A	\$ 8,506,144
<b>Total Primary Government Expense</b>	N/A	N/A	N/A	8,350,055
<b>Total Primary Government Change in Net Assets</b>	N/A	N/A	N/A	<u>\$ 156,089</u>

**Changes in Business-type Net Assets  
Last Ten Fiscal Years**

2005	2006	2007	2008	2009	2010
\$ 898,846	\$ 930,983	\$ 912,385	\$ 917,463	\$ 868,475	\$ 971,735
1,827,475	1,860,641	1,807,977	1,810,109	1,755,366	1,905,010
128,602	66,556	355,713	234,599	11,500	-
14,855	15,645	20,278	35,769	29,151	30,625
8,559	56,544	33,580	60,779	97,907	-
<u>2,878,337</u>	<u>2,930,369</u>	<u>3,129,933</u>	<u>3,058,719</u>	<u>2,762,399</u>	<u>2,907,370</u>
1,734,836	1,764,385	1,905,570	2,039,009	2,134,963	2,011,008
49,196	49,590	44,846	46,994	54,790	57,305
591,980	600,098	603,955	624,226	621,126	630,817
<u>2,376,012</u>	<u>2,414,073</u>	<u>2,554,371</u>	<u>2,710,229</u>	<u>2,810,879</u>	<u>2,699,130</u>
502,325	516,296	575,562	348,490	(48,480)	208,240
25,632	77,501	83,352	66,848	14,423	1,779
(462,249)	(346,422)	(379,567)	(357,528)	(334,881)	(311,114)
-	-	-	-	-	47,301
<u>(436,617)</u>	<u>(268,921)</u>	<u>(296,215)</u>	<u>(290,680)</u>	<u>(320,458)</u>	<u>(262,034)</u>
65,708	247,375	279,347	57,810	(368,938)	(53,794)
135,885	122,454	204,681	-	-	-
<u>(22,800)</u>	<u>(22,270)</u>	<u>(23,371)</u>	<u>(22,747)</u>	<u>(23,758)</u>	<u>(23,035)</u>
<b><u>\$ 178,793</u></b>	<b><u>\$ 347,559</u></b>	<b><u>\$ 460,657</u></b>	<b><u>\$ 35,063</u></b>	<b><u>\$ (392,696)</u></b>	<b><u>\$ (76,829)</u></b>
\$ 8,225,902	\$ 8,036,003	\$ 8,933,512	\$ 9,296,360	\$ 10,060,451	\$ 9,509,926
8,310,988	8,192,177	8,827,412	8,995,928	9,461,090	9,830,129
<b><u>\$ (85,086)</u></b>	<b><u>\$ (156,174)</u></b>	<b><u>\$ 106,100</u></b>	<b><u>\$ 300,432</u></b>	<b><u>\$ 599,361</u></b>	<b><u>\$ (320,203)</u></b>

# City of Charlotte, Michigan

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	As of June 30			
	2001	2002	2003	2004
General Fund:				
Reserved	\$ 27,277	\$ 27,098	\$ 141,700	\$ 191,642
Unreserved	<u>1,351,184</u>	<u>1,860,717</u>	<u>1,818,495</u>	<u>1,351,022</u>
Total General Fund	<u><b>\$ 1,378,461</b></u>	<u><b>\$ 1,887,815</b></u>	<u><b>\$ 1,960,195</b></u>	<u><b>\$ 1,542,664</b></u>
All other governmental funds:				
Reserved	\$ -	\$ 2,205	\$ 6,204	\$ 9,894
Unreserved, reported in:				
Special Revenue Funds	739,130	977,365	941,315	989,534
Capital Projects Funds	<u>557,368</u>	<u>440,506</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u><b>\$ 1,296,498</b></u>	<u><b>\$ 1,420,076</b></u>	<u><b>\$ 947,519</b></u>	<u><b>\$ 999,428</b></u>

**Fund Balances, Governmental Funds  
Last Ten Fiscal Years**

As of June 30					
2005	2006	2007	2008	2009	2010
\$ 150,598	\$ 163,656	\$ 161,392	\$ 136,346	\$ 199,070	\$ 174,608
<u>1,316,667</u>	<u>1,318,245</u>	<u>1,510,437</u>	<u>1,594,983</u>	<u>1,920,296</u>	<u>1,457,904</u>
<b><u>\$ 1,467,265</u></b>	<b><u>\$ 1,481,901</u></b>	<b><u>\$ 1,671,829</u></b>	<b><u>\$ 1,731,329</u></b>	<b><u>\$ 2,119,366</u></b>	<b><u>\$ 1,632,512</u></b>
\$ 18,722	\$ 20,971	\$ 26,184	\$ 32,001	\$ 74,292	\$ 87,849
1,176,647	1,422,192	1,237,256	1,188,888	966,465	973,930
<u>-</u>	<u>-</u>	<u>-</u>	<u>1,780,521</u>	<u>112,738</u>	<u>49,026</u>
<b><u>\$ 1,195,369</u></b>	<b><u>\$ 1,443,163</u></b>	<b><u>\$ 1,263,440</u></b>	<b><u>\$ 3,001,410</u></b>	<b><u>\$ 1,153,495</u></b>	<b><u>\$ 1,110,805</u></b>

# City of Charlotte, Michigan

	Year Ended June 30			
	2001	2002	2003	2004
<b>Revenue</b>				
Property taxes	\$ 2,063,429	\$ 2,341,020	\$ 2,473,208	\$ 2,500,705
Special assessments	-	-	-	33,043
Licenses and permits	96,282	66,440	70,640	124,241
Intergovernmental	1,555,958	1,589,887	1,642,310	-
State and local sources	-	-	-	1,525,538
Federal grants	-	-	-	200,333
Charges for services	218,713	253,258	231,706	273,456
Fines and forfeitures	42,392	29,039	29,270	33,293
Other	207,958	205,655	812,942	256,123
<b>Total revenue</b>	<b>4,184,732</b>	<b>4,485,299</b>	<b>5,260,076</b>	<b>4,946,732</b>
<b>Expenditures</b>				
Current:				
General government	88,372	108,591	792,475	528,737
Public safety	2,387,105	2,378,798	2,378,867	2,307,638
Public works	1,580,324	2,131,877	1,971,359	1,100,758
Recreation and culture	-	-	-	155,220
Community and economic development	234,157	226,720	376,863	177,282
Capital outlay	-	-	-	1,050,552
Debt service principal	31,312	65,566	95,102	75,000
Debt service interest	4,410	35,592	68,429	65,235
<b>Total expenditures</b>	<b>4,325,680</b>	<b>4,947,144</b>	<b>5,683,095</b>	<b>5,460,422</b>
<b>Excess of Revenue (Under) Over Expenditures</b>	<b>(140,948)</b>	<b>(461,845)</b>	<b>(423,019)</b>	<b>(513,690)</b>
<b>Other Financing Sources (Uses)</b>				
Proceeds from long-term debt	723,975	764,503	-	-
Sale of fixed assets	126,000	-	-	-
Transfers in	499,500	303,607	278,011	316,242
Transfers out	(537,431)	(271,139)	(255,169)	(292,794)
<b>Total other financing sources</b>	<b>812,044</b>	<b>796,971</b>	<b>22,842</b>	<b>23,448</b>
<b>Extraordinary Item</b>	<b>-</b>	<b>297,806</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balance</b>	<b>671,096</b>	<b>632,932</b>	<b>(400,177)</b>	<b>(490,242)</b>
<b>Fund Balance - Beginning of year</b>	<b>2,003,863</b>	<b>2,674,959</b>	<b>3,307,891</b>	<b>3,032,334</b>
<b>Fund Balance - End of year</b>	<b>\$ 2,674,959</b>	<b>\$ 3,307,891</b>	<b>\$ 2,907,714</b>	<b>\$ 2,542,092</b>
Debt service as a percentage of noncapital expenditures	0.83%	2.09%	2.96%	3.28%

Notes: Years 2001-2003 presented in pre-GASB No. 34 implementation format

**Changes in Fund Balances, Governmental Funds  
Last Ten Fiscal Years**

Year Ended June 30					
2005	2006	2007	2008	2009	2010
\$ 2,648,761	\$ 2,742,872	\$ 2,939,421	\$ 3,083,511	\$ 3,402,511	\$ 3,582,643
27,958	22,793	14,256	14,775	19,893	12,709
59,018	55,985	90,065	115,929	71,916	30,657
-	-	-	-	-	-
1,638,075	1,770,652	1,496,886	1,970,670	2,981,392	1,353,815
187,685	-	506,027	164,068	14,503	244,457
207,947	210,051	229,701	273,285	302,187	355,473
29,075	29,207	31,532	33,183	36,438	29,712
229,674	195,088	383,706	310,877	496,327	161,539
5,028,193	5,026,648	5,691,594	5,966,298	7,325,167	5,771,005
605,052	595,040	550,204	603,192	622,713	615,309
2,405,193	2,496,011	2,511,489	3,885,138	2,787,931	2,910,550
1,011,859	1,045,120	1,581,050	1,258,963	1,284,442	1,163,567
168,718	154,971	175,392	249,435	187,754	260,343
113,200	143,715	657,815	337,074	316,075	288,130
484,274	212,746	83,404	688,516	3,338,894	763,240
80,000	80,000	90,000	117,745	115,000	155,000
62,155	58,885	55,406	51,512	155,994	167,445
4,930,451	4,786,488	5,704,760	7,191,575	8,808,803	6,323,584
97,742	240,160	(13,166)	(1,225,277)	(1,483,636)	(552,579)
-	-	-	3,000,000	-	-
-	-	-	-	-	-
302,814	339,686	430,556	323,912	231,880	502,592
(280,014)	(317,416)	(407,185)	(301,165)	(208,122)	(479,557)
22,800	22,270	23,371	3,022,747	23,758	23,035
-	-	-	-	-	-
120,542	262,430	10,205	1,797,470	(1,459,878)	(529,544)
2,542,092	2,662,634	2,925,064	2,935,269	4,732,739	3,272,861
<b>\$ 2,662,634</b>	<b>\$ 2,925,064</b>	<b>\$ 2,935,269</b>	<b>\$ 4,732,739</b>	<b>\$ 3,272,861</b>	<b>\$ 2,743,317</b>
3.30%	3.13%	2.66%	2.67%	5.21%	6.10%

## **Revenue Capacity**

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



# City of Charlotte, Michigan

## Taxable Value and Actual Value of Taxable Property Last Ten Fiscal Years

Tax Year	Fiscal Year Ended June 30	Taxable Value by Property Type			Taxable Value by Property Type			Tax Rate (Mills)	Estimated Actual Value	Taxable Value as a Percentage of Actual
		Real Property			Personal Property	Total Value				
		Residential	Commercial	Industrial						
2000	2001	\$ 82,934,900	\$ 28,476,700	\$ 9,401,700	\$ 16,238,900	\$ 137,052,200	13.6354	\$ 311,911,800	43.94	
2001	2002	88,124,400	34,928,400	10,704,800	19,604,500	153,362,100	13.6423	347,415,400	44.14	
2002	2003	94,504,600	43,511,800	10,644,000	20,600,100	169,260,500	13.6462	388,903,800	43.52	
2003	2004	100,636,600	43,820,200	10,773,100	19,897,500	175,127,400	13.6481	432,925,600	40.45	
2004	2005	108,569,100	45,344,800	10,363,900	19,095,200	183,373,000	13.4170	464,476,200	39.48	
2005	2006	117,280,300	45,897,900	11,137,800	22,141,200	196,457,200	13.4170	527,849,200	37.22	
2006	2007	126,326,100	48,982,926	11,090,100	21,540,000	207,939,126	13.4173	526,375,052	39.50	
2007	2008	133,041,385	51,239,598	13,185,395	22,167,435	219,633,813	13.4346	552,753,596	39.73	
2008	2009	136,523,686	53,187,155	13,723,601	23,112,781	226,547,223	13.4346	562,708,830	40.26	
2009	2010	139,205,817	56,165,540	16,258,861	26,742,215	238,372,433	13.4346	565,147,858	42.18	

Note: Under Michigan law, the revenue base is referred to as "taxable value." This amount represents assessed value (50 percent of true cash value), limited for each property by the lower of 5 percent or inflation.

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

Source: Treasurer, City of Charlotte

# City of Charlotte, Michigan

## Direct and Overlapping Property Tax Rates Last Ten Fiscal Years

Tax Year	Millage Rates - Direct City Taxes			Overlapping Taxes					Total Tax Rate	
	General Operating	Debt	County	State Education Tax	Intermediate School District	Charlotte Public Schools - Homestead	Charlotte Public Schools - Nonhomestead	District Library	Homestead	Non- homestead
2000	13.6354	-	7.4921	6.0000	4.0311	7.0000	25.0000	0.8916	39.0502	57.0502
2001	13.6423	-	7.3935	6.0000	3.9858	7.0000	25.0000	0.8847	38.9063	56.9063
2002	13.6462	-	7.4167	6.0000	3.9704	7.5504	25.5504	0.8808	39.4645	57.4645
2003	13.6481	-	7.3876	6.0000	3.9457	7.5900	25.5900	0.8789	39.4503	57.4503
2004	13.4170	-	7.8012	5.0000	3.7350	7.5900	25.5900	0.8758	38.4190	56.4190
2005	13.4170	-	7.7634	6.0000	3.8896	7.5900	25.5900	0.8758	39.5358	57.5358
2006	13.4173	-	7.7507	6.0000	3.8778	7.5900	25.5900	0.8567	39.4925	57.4925
2007	13.4346	-	7.6279	6.0000	3.8778	7.5900	25.5900	0.8568	39.3871	57.3871
2008	13.4346	0.7500	7.6279	6.0000	3.8778	7.5900	25.5900	0.9000	40.1803	58.1803
2009	13.4346	0.7500	7.5868	6.0000	3.8778	7.5900	25.5900	0.9000	40.1392	58.1392

Note: Michigan law restricts the maximum millage that may be levied by the City without a vote of our residents at 14.2913 mills for general operations.

# City of Charlotte, Michigan

## Principal Property Taxpayers June 30, 2010

Taxpayer	2010 Taxable Value	Percentage of Total	2001 Taxable Value	Percentage of Total	2001 Rank
1 Spartan Motors	\$ 18,254,886	7.66	\$ 2,020,800	1.47	4
2 Owens-Illinois Glass Container	8,109,214	3.40	2,248,400	1.64	3
3 Meijer Inc	7,120,887	2.99	3,237,600	2.36	2
4 Consumers Energy	4,176,283	1.75	7,382,700	5.39	1
5 Walmart	3,651,409	1.53	1,298,400	0.95	8
6 Linn Products	3,112,605	1.31	-	-	-
7 Butternut Apartments	2,585,398	1.25	-	-	-
8 Legacy Parke Partners LLC	2,104,653	0.88	-	-	-
9 Pro-Tec Equipment	2,062,185	0.87	-	-	-
10 Enovapremier of Michigan LLC	1,719,425	0.72	-	-	-
Philips Products, Inc	-	-	1,740,200	1.27	5
Philips Products, Inc	-	-	1,398,600	1.02	6
B.O.C. Group	-	-	1,384,300	1.01	7
Felpausch	-	-	1,245,100	0.91	9
Carters, Inc.	-	-	1,221,400	0.89	10

Source: Treasurer, City of Charlotte

# City of Charlotte, Michigan

## Property Tax Levies and Collections Last Ten Fiscal Years

Tax Year	Fiscal Year Ended June 30	Total Levy	Current Collections	Percent Collected	Delinquent Collections	Total Tax Collections	Percent of Levy Collected
2000	2001	\$ 2,009,531	\$ 1,881,107	93.61	\$ 86,106	\$ 1,967,213	97.89
2001	2002	2,203,973	2,093,338	94.98	56,723	2,150,061	97.55
2002	2003	2,288,957	2,178,869	95.19	96,088	2,274,957	99.39
2003	2004	2,537,236	2,438,280	96.10	87,553	2,525,833	99.55
2004	2005	2,608,282	2,491,117	95.51	110,407	2,601,524	99.74
2005	2006	2,764,603	2,653,564	95.98	88,988	2,742,552	99.20
2006	2007	2,914,966	2,773,843	95.16	137,439	2,911,282	99.87
2007	2008	3,064,999	2,892,417	94.37	137,919	3,030,336	98.87
2008	2009	3,361,125	3,154,712	93.86	176,003	3,330,715	99.10
2009	2010	3,531,534	3,321,744	94.06	171,001	3,492,745	98.90

## **Debt Capacity**

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

# City of Charlotte, Michigan

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	2001	2002	2003	2004
<b>Governmental Activities</b>				
General obligation bonds	\$ 735,000	\$ 1,475,000	\$ 1,405,000	\$ 1,330,000
Loans payable	-	11,037	-	-
Land contract	34,138	14,065	-	-
Economic development agreement	-	-	114,491	242,983
Total	769,138	1,500,102	1,519,491	1,572,983
<b>Business-type Activities</b>				
General obligation bonds	1,765,000	1,630,000	1,485,000	1,330,000
Loans payable	74,440	10,000	-	-
Revenue bonds	7,862,461	7,682,354	7,492,247	7,292,140
Total	9,701,901	9,322,354	8,977,247	8,622,140
Total debt of the government	<b><u>\$ 10,471,039</u></b>	<b><u>\$ 10,822,456</u></b>	<b><u>\$ 10,496,738</u></b>	<b><u>\$ 10,195,123</u></b>
Total residential personal income	\$ 2,803,549	\$ 2,860,581	\$ 2,927,320	\$ 3,064,536
Ratio of total debt to personal income	26.77%	26.43%	27.89%	30.06%
Total population*	8,389	8,389	8,389	8,389
Total debt per capita	\$ 1,248	\$ 1,290	\$ 1,251	\$ 1,215

\*2001-2010 population based on 2000 census figures

N/A = Information not available

**Ratios of Outstanding Debt  
Last Ten Fiscal Years**

2005	2006	2007	2008	2009	2010
\$ 1,250,000	\$ 1,170,000	\$ 1,080,000	\$ 3,990,000	\$ 3,875,000	\$ 3,720,000
-	-	-	-	-	-
-	-	-	-	-	-
<u>229,102</u>	<u>183,204</u>	<u>165,330</u>	<u>147,456</u>	<u>129,582</u>	<u>111,708</u>
1,479,102	1,353,204	1,245,330	4,137,456	4,004,582	3,831,708
1,165,000	990,000	805,000	610,000	410,000	205,000
-	-	-	-	-	-
<u>7,077,033</u>	<u>6,799,449</u>	<u>6,548,164</u>	<u>6,281,879</u>	<u>6,000,594</u>	<u>5,704,309</u>
<u>8,242,033</u>	<u>7,789,449</u>	<u>7,353,164</u>	<u>6,891,879</u>	<u>6,410,594</u>	<u>5,909,309</u>
<b><u>\$ 9,721,135</u></b>	<b><u>\$ 9,142,653</u></b>	<b><u>\$ 8,598,494</u></b>	<b><u>\$ 11,029,335</u></b>	<b><u>\$ 10,415,176</u></b>	<b><u>\$ 9,741,017</u></b>
\$ 3,083,449	\$ 3,136,018	N/A	N/A	N/A	N/A
31.72%	34.30%	N/A	N/A	N/A	N/A
8,389	8,389	8,389	8,389	8,389	8,389
\$ 1,159	\$ 1,090	\$ 1,025	\$ 1,315	\$ 1,242	\$ 1,161

## City of Charlotte, Michigan

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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
2001	\$ 735,000	\$ -	\$ -	\$ 34,138	\$ 769,138
2002	1,475,000	-	-	25,102	1,500,102
2003	1,405,000	-	-	114,491	1,519,491
2004	1,330,000	-	-	242,983	1,572,983
2005	1,250,000	-	-	229,102	1,479,102
2006	1,170,000	-	-	183,204	1,353,204
2007	1,080,000	-	-	165,330	1,245,330
2008	3,990,000	-	-	147,456	4,137,456
2009	3,875,000	-	-	129,582	4,004,582
2010	3,720,000	-	-	111,708	3,831,708

(1) Estimate not available; amount from 2000 census used.



**Ratios of General Bonded Debt Outstanding  
Last Ten Fiscal Years**

Taxable Value	Debt as a Percentage of Taxable Value	Population	Debt per Capita
\$ 137,052,200	0.56	8,389 (1)	\$ 92
153,362,100	0.98	8,389 (1)	179
169,260,500	0.90	8,389 (1)	181
175,127,400	0.90	8,389 (1)	188
183,373,000	0.81	8,389 (1)	176
196,457,200	0.69	8,389 (1)	161
207,547,900	0.60	8,389 (1)	148
219,633,813	1.88	8,389 (1)	493
226,547,223	1.77	8,389 (1)	477
238,372,433	1.61	8,389 (1)	457

# City of Charlotte, Michigan

## Direct and Overlapping Governmental Activities Debt June 30, 2010

Governmental Unit	Debt Outstanding	Estimated Percent Applicable	Estimated Share of Overlapping Debt
Eaton County	\$ 37,354,324	6.81	\$ 2,543,829
Eaton Intermediate School District	1,410,000	8.70	122,670
Charlotte Public Schools	<u>57,900,000</u>	42.36	<u>24,526,440</u>
Total overlapping debt	96,664,324		27,192,939
Direct City debt	<u>3,831,708</u>	100.00	<u>3,831,708</u>
Total direct and overlapping debt	<u><b>\$ 100,496,032</b></u>		<u><b>\$ 31,024,647</b></u>

Note: This table reports overlapping debt on a net basis.

# City of Charlotte, Michigan

## Pledged Revenue Coverage Last Ten Fiscal Years

Fiscal Year	Water and Sewer Revenue Bonds							Coverage (Percent)
	Gross Revenue	Applicable Expenses	Net Revenue	Debt Service				
				Principal	Interest	Total		
2001	\$ 3,216,643	\$ 1,447,704	\$ 1,768,939	\$ 310,000	\$ 523,723	\$ 833,723	212.17	
2002	3,125,906	1,599,276	1,526,630	297,284	187,788	485,072	314.72	
2003	2,860,608	1,641,493	1,219,115	335,107	502,283	837,390	145.59	
2004	2,906,173	1,739,638	1,166,535	355,107	482,854	837,961	139.21	
2005	2,869,560	1,734,836	1,134,724	380,107	462,249	842,356	134.71	
2006	2,965,448	1,764,385	1,201,063	452,584	346,422	799,006	150.32	
2007	3,167,495	1,905,570	1,261,925	436,285	379,567	815,852	154.68	
2008	3,061,303	2,039,009	1,022,294	461,285	357,528	818,813	124.85	
2009	2,706,114	2,134,963	571,151	481,285	334,881	816,166	69.98	
2010	2,899,874	2,011,008	888,866	501,285	311,114	812,399	109.41	

# City of Charlotte, Michigan

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	2001	2002	2003	2004
<b>Calculation of Debt Limit</b>				
State equalized valuation	\$ 155,955,900	\$ 173,707,200	\$ 173,707,700	\$ 194,451,900
10% of taxable value	15,595,590	17,370,720	17,370,770	19,445,190
<b>Calculation of Debt Subject to Limit</b>				
Total debt	10,471,039	10,822,456	10,496,738	10,195,123
Less debt not subject to limit - Revenue bonds	<u>9,701,901</u>	<u>9,322,354</u>	<u>8,977,247</u>	<u>8,622,140</u>
Net debt subject to limit	769,138	1,500,102	1,519,491	1,572,983
<b>Legal Debt Margin</b>	14,826,452	15,870,618	15,851,279	17,872,207
<b>Net Debt Subject to Limit as Percent of Debt Limit</b>	5.19%	9.45%	9.59%	8.80%

**Legal Debt Margin  
Last Ten Fiscal Years**

	2005	2006	2007	2008	2009	2010
\$	216,526,900	\$ 232,238,100	\$ 263,924,600	\$ 276,376,798	\$ 281,354,415	\$ 282,573,929
	21,652,690	23,223,810	26,392,460	27,637,680	28,135,442	28,257,393
	9,721,135	9,142,653	8,598,494	11,029,335	10,415,176	9,741,017
	<u>8,242,033</u>	<u>7,789,449</u>	<u>7,353,164</u>	<u>6,891,879</u>	<u>6,410,594</u>	<u>5,909,309</u>
	1,479,102	1,353,204	1,245,330	4,137,456	4,004,582	3,831,708
	20,173,588	21,870,606	25,147,130	23,500,224	24,130,860	24,425,685
	7.33%	6.19%	4.95%	17.61%	16.60%	15.69%

## **Demographics and Economic Information**

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

# City of Charlotte, Michigan

## Demographics and Economic Statistics Last Ten Fiscal Years

Fiscal Year	Population	Personal Income (in thousands)*	Per Capita Personal Income	Unemployment Rate**
2001	8,389 (1)	\$ 2,895,967	\$ 345	3.80
2002	8,389 (1)	2,943,606	351	4.80
2003	8,389 (1)	3,072,388	366	5.60
2004	8,389 (1)	3,111,308	371	5.60
2005	8,389 (1)	3,116,067	371	5.90
2006	8,389 (1)	3,267,371	389	5.30
2007	8,389 (1)	3,402,049	406	5.50
2008	8,389 (1)	3,514,896	419	6.60
2009	8,389 (1)	N/A	-	10.90
2010	8,389 (1)	N/A	-	9.90

(1) Estimates not available; amount from 2000 Census

N/A = Information not available

\* Number represents all of Eaton County

\*\* Represents all of Eaton County as of June 2010

Source: U.S. Department of Commerce - Bureau of Economic Analysis website  
and U.S. Department of Labor - Bureau of Labor Statistics

# City of Charlotte, Michigan

## Principal Employers

Employer	2006		2007	
	Number of Employees	Percentage of Total	Number of Employees	Percentage of Total
1 Spartan Motors	740	21.80	1,062	27.64
2 Hayes Green Beach Memorial Hospital	477	14.05	490	12.75
3 Charlotte Public Schools	510	15.02	502	13.07
4 County of Eaton	400	11.78	400	10.41
5 Wal-Mart Stores, Inc.	291	8.57	286	7.44
6 Meijer, Inc.	280	8.25	275	7.16
7 Eaton Intermediate School District	210	6.19	210	5.47
8 Peckham Vocational Industries	190	5.60	200	5.21
9 Owens-Brockway Glass Container, Inc.	188	5.54	177	4.61
10 Linn Products, Inc.	109	3.21	-	-

Information for years prior to fiscal year 2005-2006 is not available.

Source: Treasurer, City of Charlotte



# City of Charlotte, Michigan

## Principal Employers June 30, 2010

2008		2009		2010	
Number of Employees	Percentage of Total	Number of Employees	Percentage of Total	Number of Employees	Percentage of Total
1,400	34.20	709	22.09	709	22.94
458	11.19	455	14.17	453	14.66
470	11.48	440	13.71	437	14.14
380	9.28	385	11.99	383	12.39
280	6.84	280	8.72	183	5.92
275	6.72	263	8.19	260	8.41
223	5.45	210	6.54	185	5.99
192	4.69	200	6.23	300	9.71
190	4.64	147	4.58	-	-
-	-	121	3.77	180	5.83

## **Operating Information**

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

# City of Charlotte, Michigan

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Function/Program	2001	2002	2003	2004
General government:				
City manager	2	2	2	2
Clerk	2	2	2	2
Assessor	1	1	1	1
Finance and treasury	3	3	3	3
Public safety:				
Police	20	20	21	21
Fire - Full-time	7	7	7	7
Fire - Volunteer	25	24	25	24
Building inspection	-	1	1	1
Public works:				
DPW	14	13	13	13
Water and sewer	6	8	8	8
Community and economic development	1	1	1	1
Total	<u>81</u>	<u>82</u>	<u>84</u>	<u>83</u>

**Full-time Equivalent Government Employees  
Last Ten Fiscal Years**

2005	2006	2007	2008	2009	2010
2	2	2	2	2	1
2	2	2	2	2	2
1	1	1	1	1	1
3	3	3	3	3	3
21	21	20	20	20	19
7	7	7	7	7	7
26	27	29	27	28	28
1	1	1	1	1	1
13	13	12	13	12	12
8	8	8	8	7	7
1	1	1	1	1	1
<b><u>85</u></b>	<b><u>86</u></b>	<b><u>86</u></b>	<b><u>85</u></b>	<b><u>84</u></b>	<b><u>82</u></b>

# City of Charlotte, Michigan

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Function/Program	2001	2002	2003	2004
Election data:				
Registered voters	5,840	5,959	5,857	5,579
Voters (at the polls or absentee)	3,281	1,345	2,528	1,206
Percent voting	56.18%	22.57%	43.16%	21.62%
Police:				
Physical arrests	800	692	745	775
Traffic violations	1,936	2,020	1,414	1,253
Crimes reported	3,058	1,114	2,390	3,204
Fire:				
Fire runs	403	397	373	483
Emergency medical runs	117	129	132	176
Inspections	110	212	215	153
Public works - Miles of street resurfaced	1.81	0.43	1.13	-
Parks and recreation - Recreation program attendance	N/A	N/A	N/A	N/A
Water:				
Number of customers billed	3,353	3,804	3,593	3,614
Total daily consumption	1,033,500	1,064,000	967,806	967,806
Average consumption per user	397	280	270	268
Sewer - Average daily sewage treatment	971,400	975,000	964,450	964,450

N/A = Information not available

**Operating Indicators  
Last Ten Fiscal Years**

2005	2006	2007	2008	2009	2010
5,908	6,033	6,108	6,144	5,908	6,262
3,937	1,393	837	857	3,937	1,703
66.64%	23.09%	13.70%	13.95%	66.64%	27.20%
758	668	642	638	620	671
1,133	928	1,227	1,179	1,391	1,260
2,730	2,626	2,642	2,460	2,753	2,770
541	550	507	472	386	357
204	219	192	212	258	238
162	96	105	135	110	164
-	0.73	-	0.50	0.99	2.21
N/A	60	56	56	53	N/A
3,614	3,703	3,716	3,763	3,747	3,791
967,806	976,435	1,069,000	1,090,000	965,900	923,000
268	264	288	290	258	243
978,422	963,250	944,000	941,000	941,000	902,000

# City of Charlotte, Michigan

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Function/Program	2001	2002	2003	2004
<b>Police:</b>				
Stations	1	1	1	1
Patrol units	5	7	7	7
<b>Fire:</b>				
Stations	1	1	1	1
Fire response vehicles	7	7	7	7
Emergency response vehicles	-	-	1	1
<b>Public works:</b>				
<b>Streets (miles):</b>				
Major streets	11.33	11.33	11.45	11.45
Local streets	24.38	24.38	26.05	26.05
<b>Sidewalks</b>				
Streetlights	453	475	478	481
Traffic signals	6	6	6	7
<b>Parks and recreation:</b>				
Acreage	199	199	199	199
Developed parks/playgrounds	7	7	7	7
Libraries - Branches	1	1	1	1
<b>Water:</b>				
Mains (miles)	50.9	51.2	51.8	52.3
Fire hydrants	397	400	413	429
Storage capacity	233,090	460,800	460,800	1,150,000
<b>Sewer:</b>				
Miles of sanitary sewers	39.9	40.2	41.0	41.5
Miles of storm sewers	30.2	30.4	30.8	31.2
Treatment capacity	1,200,000	1,800,000	1,800,000	1,800,000

# City of Charlotte, Michigan

## Capital Asset Statistics Last Ten Fiscal Years

2005	2006	2007	2008	2009	2010
1	1	1	1	1	1
8	10	10	10	10	9
1	1	1	1	2	2
8	8	8	8	8	8
1	1	1	1	1	1
11.45	11.41	11.41	11.91	11.91	11.91
26.26	26.26	26.26	25.91	25.91	25.91
				43.74	0.29
488	490	509	510	513	513
7	7	7	7	7	7
199	199	199	199	199	199
7	8	8	8	8	8
1	1	1	1	1	1
52.6	52.9	53.0	53.0	53.0	53.0
431	433	433	433	433	433
1,150,000	1,150,000	1,150,000	1,150,000	1,150,000	1,150,000
42.0	42.0	42.0	42.0	42.0	42.0
31.5	31.5	31.5	31.5	31.5	31.5
1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000