

# **City of Charlotte, Michigan**

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**Comprehensive Annual Financial Report  
Prepared by the Office of Finance and Treasury  
June 30, 2013**

# 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 22, 2013

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 ending June 30, 2013, 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 Pottawatamie 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 ALIVE facility; and the developing Combs industrial park, which consists of 190 acres. Nine 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 revenues 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 revenues, 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:

***Street Improvements*** – The City completed a total reconstruction of North Sheldon Street at a cost of \$162 thousand. The City is committed to maintaining the City's infrastructure; however, limited funding sources led City Council to create a citizens' committee to study funding options for future street projects. The options studied ranged from a dedicated street millage to the adoption of a city income tax. Based on the information submitted from the committee, the City Council will be putting forth a city income tax ballot proposal on the November 2014 election.

***Parking Lot #1*** – The City completed a total reconstruction of parking lot #1 during the year at a cost of \$229 thousand.

***Lincoln Park Pavilion*** – The Rotary Club of Charlotte completed and donated a picnic pavilion and restroom facility in Lincoln Park to the City. The value of the donated facility was \$117 thousand.

***Water Main*** – In conjunction with the Sheldon Street road project, a new water main was installed at a cost of \$141 thousand.

***Staff Reduction*** – The Police Lieutenant position was eliminated mid-year when the current Lieutenant was eligible to retire.

### **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,

revenues, 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 revenues 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**

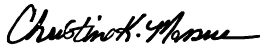
State law requires an annual audit by independent certified public accountants. The auditing firm of Plante & Moran, PLLC was selected to conduct the required audit and their report is included in the Comprehensive Annual Financial Report.

### **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, 2012. 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, 2013

### City Council:

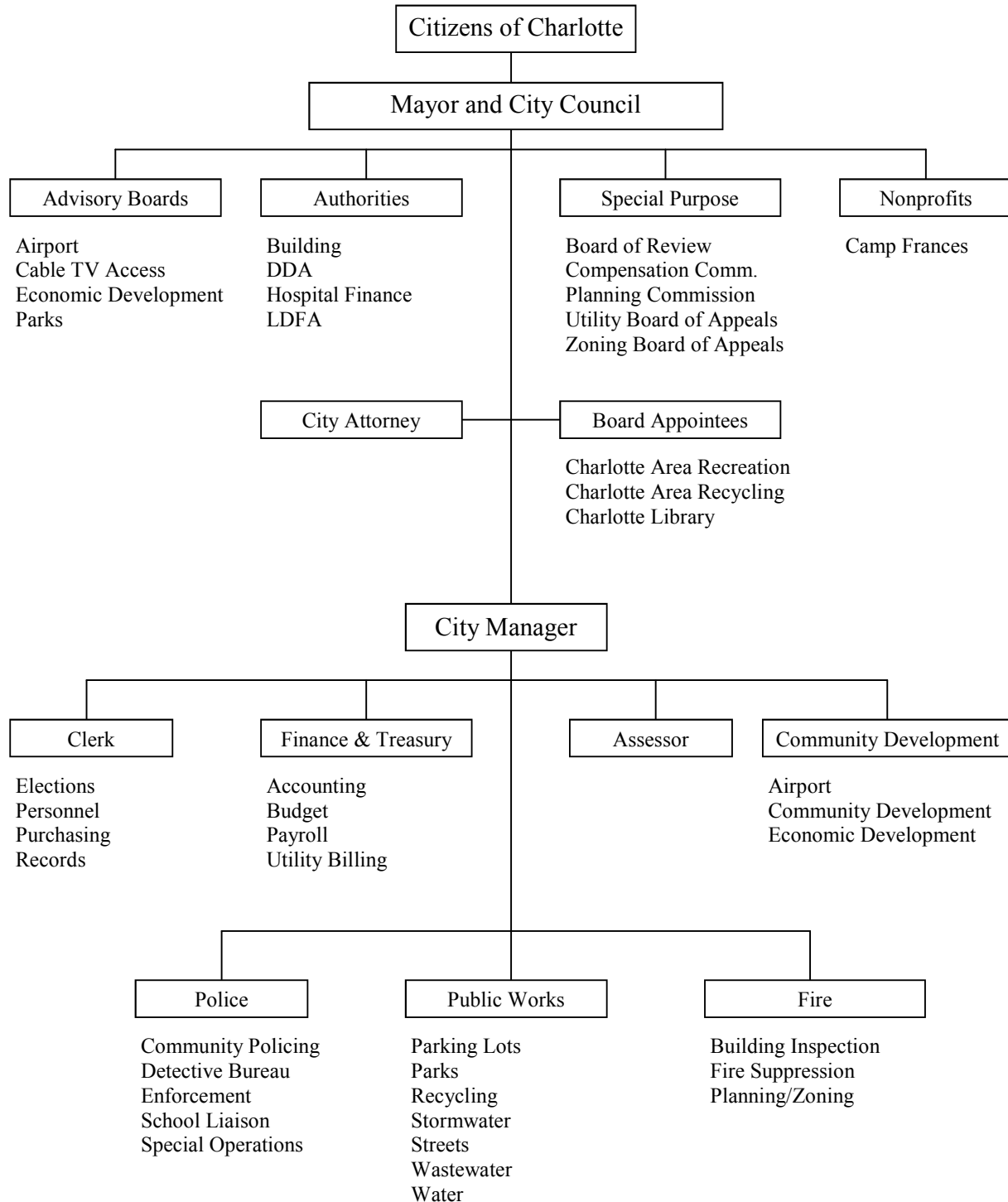
Mayor	Deleski Smith
Mayor Pro-Tem	Mary Jean Baker
Trustee	Corey Sanders
Trustee	Kevin Weissenborn
Trustee	Wayne Kruger
Trustee	Lloyd Conway
Trustee	Branden Dyer

### Appointed Officials:

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

# City of Charlotte, Michigan

## Organizational Chart





Government Finance Officers Association

**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, 2012**

Executive Director/CEO

## **Financial Section**

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## Independent Auditor's Report

To the Board of Directors  
City of Charlotte, Michigan

### **Report on the Financial Statements**

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, 2013 and the related notes to the financial statements, which collectively comprise the City of Charlotte, Michigan's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Charlotte, Michigan as of June 30, 2013 and the respective changes in its financial position, and, where applicable, cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

To the Board of Directors  
City of Charlotte, Michigan

*Required Supplemental Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the budgetary comparison schedule for the General Fund, as identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of Charlotte, Michigan's basic financial statements. The accompanying other supplemental information and introductory section and statistical section are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

The accompanying other supplemental information, as identified in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplemental information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

*Plante & Moran, PLLC*

October 22, 2013

# 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, 2013. 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 \$31.0 million (net position). Of this amount, \$3.0 million (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.

During the year, the City received \$9.2 million in revenue and incurred \$9.6 million in expenses, resulting in a decrease in net position of approximately \$0.4 million. Of the City's \$9.6 million expense total, \$3.2 million related to business-type expenses and the balance of \$6.4 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 \$2.5 million, an increase of \$0.5 million from the prior year. Approximately 43.2 percent of this amount is unassigned and therefore available for spending at the government's discretion. Of the remaining 56.8 percent, 37.4 percent is restricted for special purposes, 12.7 percent is assigned for various purposes, and 6.7 percent is nonspendable.

At the end of the current fiscal year, unassigned fund balance for the General Fund was \$1.1 million or 22.7 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 position 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 position/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 funds.

### 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 position 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 position and how it has changed. The reporting of net position 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 fund 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 are 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 position decreased from \$31.4 million to \$31.0 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 position.

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
	(in thousands)					
<b>Assets</b>						
Current assets	\$ 3,514	\$ 3,691	\$ 2,722	\$ 2,352	\$ 6,236	\$ 6,043
Capital assets	<u>19,444</u>	<u>20,315</u>	<u>14,717</u>	<u>15,045</u>	<u>34,161</u>	<u>35,360</u>
Total assets	22,958	24,006	17,439	17,397	40,397	41,403
<b>Liabilities</b>						
Current liabilities	259	432	89	88	348	520
Long-term liabilities	<u>4,187</u>	<u>4,290</u>	<u>4,881</u>	<u>5,195</u>	<u>9,068</u>	<u>9,485</u>
Total liabilities	<u>4,446</u>	<u>4,722</u>	<u>4,970</u>	<u>5,283</u>	<u>9,416</u>	<u>10,005</u>
<b>Net Position</b>						
Net investment in capital assets	16,203	16,859	9,971	9,969	26,174	26,828
Restricted	1,015	962	748	756	1,763	1,718
Unrestricted	<u>1,294</u>	<u>1,463</u>	<u>1,750</u>	<u>1,389</u>	<u>3,044</u>	<u>2,852</u>
Total net position	<u>\$ 18,512</u>	<u>\$ 19,284</u>	<u>\$ 12,469</u>	<u>\$ 12,114</u>	<u>\$ 30,981</u>	<u>\$ 31,398</u>

A substantial portion of the City's net position (84.5 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 the City and are therefore not available for future spending.

The City's governmental activities net position decreased by 4.0 percent to \$18.5 million during the fiscal year. This decrease is due to expenses exceeding revenues for the year. The City's business-type activities experienced a 2.9 percent increase to \$12.4 million during the fiscal year. This increase is due to revenue exceeding expenses for the year.

# City of Charlotte, Michigan

## Management's Discussion and Analysis (Continued)

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

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
	(in thousands)					
<b>Revenue</b>						
Program revenue:						
Charges for services	\$ 404	\$ 396	\$ 3,500	\$ 3,457	\$ 3,904	\$ 3,853
Operating grants	549	548	31	23	580	571
Capital grants	139	651	-	-	139	651
General revenue:						
Property taxes	3,495	3,381	-	-	3,495	3,381
State-shared revenue	846	802	-	-	846	802
Investment earnings	2	2	-	1	2	3
Transfers and other revenue	279	279	-	(23)	279	256
Total revenue	5,714	6,059	3,531	3,458	9,245	9,517
<b>Program Expenses</b>						
General government	738	714	-	-	738	714
Public safety	2,946	2,676	-	-	2,946	2,676
Public works	2,091	1,991	-	-	2,091	1,991
Community and economic development	160	183	-	-	160	183
Recreation and cultural	406	169	-	-	406	169
Interest on long-term debt	145	154	-	-	145	154
Recycling	-	-	64	63	64	63
Water and sewer	-	-	3,112	3,100	3,112	3,100
Total expenses	6,486	5,887	3,176	3,163	9,662	9,050
<b>Change in Net Position</b>	<b>\$ (772)</b>	<b>\$ 172</b>	<b>\$ 355</b>	<b>\$ 295</b>	<b>\$ (417)</b>	<b>\$ 467</b>

### Governmental Activities

- The cost of all governmental activities this year was \$6.5 million.
- The amount that City taxpayers paid for these activities through City taxes was \$3.5 million.
- Some of the cost (\$1.1 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 (61.2 percent and 14.8 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.

# City of Charlotte, Michigan

## Management's Discussion and Analysis (Continued)

- A combined 77.7 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.

### Business-type Activities

The City's business-type activities of water supply, sewage disposal, and recycling realized an increase in net position of \$0.4 million for the year. The water supply and sewage disposal activity had operating revenue of \$3.5 million, operating expenses of \$2.8 million, and net nonoperating expenses and transfers of \$0.3 million, resulting in net income of \$0.4 million. The recycling activity realized a net loss of \$4 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 \$0.5 million combined fund balance increase to \$2.5 million.

This 23.5 percent increase is partially attributable to the \$0.4 million FAA reimbursement grant received for expenditures associated with obtaining an aviation easement at the City's airport. The remaining increase is attributable to revenues exceeding expenses.

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 an increase in net position of \$0.4 million and had unrestricted net position at the end of the year of \$1.7 million. The Recycling Fund had a decrease in net position of \$4 thousand for total unrestricted net position at year end of \$38 thousand.

### General Fund Budgetary Highlights

There was a \$619 thousand increase between the original budget and the final amended budget expenditures. This increase is attributable to anticipated overages of general government and capital outlay expenditures. However, the General Fund ended the year with total expenditures \$432 thousand less than the amended budget. Most of this variance is attributable to lower than anticipated tax refunds under Michigan Tax Tribunal orders in the current year. In addition, public safety and public works expenditures were less than appropriated due to staff retirements and terminations.

# City of Charlotte, Michigan

## Management's Discussion and Analysis (Continued)

### Capital Assets

At June 30, 2013, the City had invested approximately \$34.2 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	
	2013	2012	2013	2012	2013	2012
Land	\$ 1,980,808	\$ 1,966,808	\$ 104,995	\$ 104,995	\$ 2,085,803	\$ 2,071,803
Construction in progress	72,427	161,092	10,000	-	82,427	161,092
Easement	628,461	628,461	-	-	628,461	628,461
Infrastructure	26,949,036	26,527,796	-	-	26,949,036	26,527,796
Buildings and improvements	5,933,441	5,788,767	27,405,859	27,166,788	33,339,300	32,955,555
Vehicles	2,078,787	2,067,434	-	-	2,078,787	2,067,434
Equipment	3,233,225	3,200,378	-	-	3,233,225	3,200,378
Subtotal assets	40,876,185	40,340,736	27,520,854	27,271,783	68,397,039	67,612,519
Accumulated depreciation	21,431,782	20,025,469	12,804,175	12,226,338	34,235,957	32,251,807
Net capital assets	<u>\$ 19,444,403</u>	<u>\$ 20,315,267</u>	<u>\$ 14,716,679</u>	<u>\$ 15,045,445</u>	<u>\$ 34,161,082</u>	<u>\$ 35,360,712</u>

Governmental activities have construction in progress (CIP) which includes the engineering and design costs for various projects including the Parkland Drive and Lipsey Drive construction projects, airport hangar construction project, and M-50 water main. 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. More detailed information about the City's capital assets is presented in Note 6 to the financial statements.

### Debt

At year end, the City had \$8.5 million in bonds, notes outstanding, and compensated absences. This represents a \$0.5 million decrease from the previous year. More detailed information about the City's long-term liabilities is presented in Note 8 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 2013-2014 fiscal year is balanced with a property tax rate of 14.2913 mills. Property tax revenue is expected to decrease by approximately \$127 thousand. This decrease is primarily the result of significant taxable value decreases from Michigan tax tribunal orders. 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. Beginning in fiscal year 2011-2012, the State of Michigan passed Public Act 63, the Economic Vitality Incentive Program (EVIP). Under EVIP, the City must meet, annually, specific requirements in three distinct categories to receive all allowable statutory revenue-sharing payments. The City satisfied all category requirements in fiscal year 2012-2013 and anticipates meeting all EVIP requirements in fiscal year 2013-2014. 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 eliminated contributions from the General Fund to the Major Street and Local Street Funds for street reconstruction projects. Total expenses in the General Fund for fiscal year 2013-2014 are estimated to be \$5.1 million. The public safety departments represent the single largest component of overall budget expenditures with a total estimated cost of \$3.1 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 Position June 30, 2013

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
Cash and investments (Note 4)	\$ 2,774,381	\$ 1,152,689	\$ 3,927,070	\$ 1,254,526
Receivables - Net (Note 5)	538,435	662,582	1,201,017	1,124
Prepaid expenses and other assets	200,702	159,187	359,889	-
Restricted assets - Cash and investments (Notes 4 and 9)	-	748,181	748,181	-
Capital assets - Net (Note 6):				
Assets not subject to depreciation	2,681,696	114,995	2,796,691	183,777
Assets subject to depreciation	16,762,707	14,601,684	31,364,391	-
Note receivable	-	-	-	167,182
Total assets	<u>22,957,921</u>	<u>17,439,318</u>	<u>40,397,239</u>	<u>1,606,609</u>
<b>Liabilities</b>				
Accounts payable	102,539	57,621	160,160	931
Accrued liabilities and other	156,571	32,052	188,623	-
Noncurrent liabilities:				
Due within one year (Note 8)	334,220	431,764	765,984	9,977
Due in more than one year:				
Net OPEB obligation (Note 13)	583,479	-	583,479	-
Long-term debt (Note 8)	<u>3,269,208</u>	<u>4,448,773</u>	<u>7,717,981</u>	<u>75,653</u>
Total liabilities	<u>4,446,017</u>	<u>4,970,210</u>	<u>9,416,227</u>	<u>86,561</u>
<b>Net Position</b>				
Net investment in capital assets	16,202,851	9,971,225	26,174,076	98,147
Restricted for:				
Streets and highways	938,996	-	938,996	-
Debt service	22,402	629,752	652,154	-
Police training	10,737	-	10,737	-
Industrial park	32,235	-	32,235	-
Drug enforcement	10,457	-	10,457	-
Operation and maintenance fund	-	118,429	118,429	-
Unrestricted	<u>1,294,226</u>	<u>1,749,702</u>	<u>3,043,928</u>	<u>1,421,901</u>
Total net position	<u>\$ 18,511,904</u>	<u>\$ 12,469,108</u>	<u>\$ 30,981,012</u>	<u>\$ 1,520,048</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	\$ 708,104	\$ 162,947	\$ -	\$ -
Public safety	2,946,200	240,796	-	-
Public works	2,090,492	-	548,968	-
Community and economic development	159,960	-	-	38,663
Recreation and culture	406,441	-	-	100,348
Interest on long-term debt	144,955	-	-	-
<b>Total governmental activities</b>	<b>6,456,152</b>	<b>403,743</b>	<b>548,968</b>	<b>139,011</b>
Business-type activities:				
Water supply and sewage disposal	3,112,470	3,458,522	11,902	-
Recycling	63,540	41,016	18,901	-
<b>Total business-type activities</b>	<b>3,176,010</b>	<b>3,499,538</b>	<b>30,803</b>	<b>-</b>
<b>Total primary government</b>	<b>\$ 9,632,162</b>	<b>\$ 3,903,281</b>	<b>\$ 579,771</b>	<b>\$ 139,011</b>
Component units:				
Downtown Development Authority	\$ 49,485	\$ -	\$ -	\$ -
Local Development Financing Authority	27,980	-	-	-
<b>Total component units</b>	<b>\$ 77,465</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

General revenue:

Property taxes  
 Unrestricted state-shared revenue  
 Unrestricted investment income  
 Other miscellaneous income

Total general revenue

**Change in Net Position**

**Net Position - Beginning of year**

**Net Position - End of year**

**Statement of Activities  
Year Ended June 30, 2013**

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (545,157)	\$ -	\$ (545,157)	\$ -
(2,705,404)	-	(2,705,404)	-
(1,541,524)	-	(1,541,524)	-
(121,297)	-	(121,297)	-
(306,093)	-	(306,093)	-
(144,955)	-	(144,955)	-
(5,364,430)	-	(5,364,430)	-
-	357,954	357,954	-
-	(3,623)	(3,623)	-
-	354,331	354,331	-
(5,364,430)	354,331	(5,010,099)	-
-	-	-	(49,485)
-	-	-	(27,980)
-	-	-	(77,465)
3,465,508	-	3,465,508	60,117
845,931	-	845,931	-
2,267	452	2,719	387
278,512	-	278,512	21,823
4,592,218	452	4,592,670	82,327
(772,212)	354,783	(417,429)	4,862
19,284,116	12,114,325	31,398,441	1,515,186
<b>\$ 18,511,904</b>	<b>\$ 12,469,108</b>	<b>\$ 30,981,012</b>	<b>\$ 1,520,048</b>

# City of Charlotte, Michigan

## Governmental Funds Balance Sheet June 30, 2013

	General Fund	Nonmajor Funds	Total
<b>Assets</b>			
Cash and investments (Note 4)	\$ 1,418,073	\$ 860,789	\$ 2,278,862
Receivables - Net (Note 5)	380,617	157,818	538,435
Prepays and other assets	167,078	1,774	168,852
Total assets	<b>\$ 1,965,768</b>	<b>\$ 1,020,381</b>	<b>\$ 2,986,149</b>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ 95,004	\$ 3,295	\$ 98,299
Accrued liabilities and other	72,026	2,259	74,285
Deferred revenue (Note 5)	220,655	68,030	288,685
Total liabilities	387,685	73,584	461,269
<b>Fund Balances</b>			
Nonspendable:			
Inventory	19,594	-	19,594
Prepays	147,484	1,774	149,258
Restricted:			
Major streets	-	337,950	337,950
Police training	-	10,737	10,737
Industrial park	-	32,235	32,235
Local streets	-	531,242	531,242
Drug enforcement	-	10,457	10,457
Facility building bond	-	22,402	22,402
Assigned:			
Retiree health benefits	200,000	-	200,000
Recreation	20,000	-	20,000
Parking lot #1	100,000	-	100,000
Unassigned	1,091,005	-	1,091,005
Total fund balances	1,578,083	946,797	2,524,880
Total liabilities and fund balances	<b>\$ 1,965,768</b>	<b>\$ 1,020,381</b>	<b>\$ 2,986,149</b>

# City of Charlotte, Michigan

## Governmental Funds Reconciliation of the Balance Sheet to the Statement of Net Position June 30, 2013

<b>Fund Balance Reported in Governmental Funds</b>	\$ 2,524,880
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds	18,929,289
Other receivables that are collected after year end, such that they are not available to pay bills outstanding as of year end, are not recognized in the funds	220,655
Special assessment receivables are expected to be collected over several years and are not available to pay for current year expenditures	68,030
Long-term liabilities are not due and payable in the current period and are not reported in the funds	(3,603,428)
Accrued interest is not due and payable in the current period and is not reported in the funds	(21,171)
Governmental funds report bond issuance costs as expenditures; these costs are allocated over the related bond term as interest expense	22,195
Other liabilities are not due and payable in the current period and are not reported in the funds	(60,000)
Liabilities for postemployment obligations do not present a claim on current financial resources and are not reported as fund liabilities	(583,479)
Internal service funds are included as part of governmental activities	<u>1,014,933</u>
<b>Net Position of Governmental Activities</b>	<b><u>\$ 18,511,904</u></b>

# City of Charlotte, Michigan

## Governmental Funds

### Statement of Revenue, Expenditures, and Changes in Fund Balances Year Ended June 30, 2013

	General Fund	Nonmajor Funds	Total
<b>Revenue</b>			
Property taxes	\$ 3,275,139	\$ 191,479	\$ 3,466,618
Licenses and permits	26,586	-	26,586
Federal grants	607,800	-	607,800
State and local sources	830,936	618,550	1,449,486
Charges for services	299,605	-	299,605
Fines and forfeitures	31,713	-	31,713
Investment income	2,037	230	2,267
Other revenue	228,375	57,642	286,017
	5,302,191	867,901	6,170,092
<b>Expenditures - Current</b>			
General government	621,205	-	621,205
Public safety	2,687,133	11,910	2,699,043
Public works	611,976	422,247	1,034,223
Community and economic development	131,523	8,629	140,152
Recreation and culture	296,248	-	296,248
Capital outlay	432,769	87,575	520,344
Debt service:			
Principal	27,189	205,000	232,189
Interest on long-term debt	2,004	144,256	146,260
	4,810,047	879,617	5,689,664
<b>Excess of Revenue Over (Under) Expenditures</b>	492,144	(11,716)	480,428
<b>Other Financing Sources (Uses)</b>			
Transfers in (Note 7)	-	294,549	294,549
Transfers out (Note 7)	(68,684)	(225,865)	(294,549)
	(68,684)	68,684	-
<b>Net Change in Fund Balances</b>	423,460	56,968	480,428
<b>Fund Balances - Beginning of year</b>	1,154,623	889,829	2,044,452
<b>Fund Balances - End of year</b>	<b>\$ 1,578,083</b>	<b>\$ 946,797</b>	<b>\$ 2,524,880</b>

# 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, 2013**

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ 480,428</b>
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	548,541
Depreciation expense	(1,357,303)
Other 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	9,706
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	(4,335)
Grant 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	(607,787)
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 and agreements is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	241,504
Change in accrued interest payable and other	1,305
Change 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	(138,378)
Other liabilities are not due and payable in the current period and are not reported in the funds	90,000
Internal service funds are included as part of governmental activities	(34,783)
<b>Change in Net Position of Governmental Activities</b>	<b><u>\$ (772,212)</u></b>

# City of Charlotte, Michigan

## Proprietary Funds Statement of Net Position June 30, 2013

	Business-type Activities			Governmental Activities
	Major Fund	Nonmajor Fund		
	Water Supply and Sewage Disposal	Recycling	Total	Internal Service Fund - Motor Vehicle Pool
<b>Assets</b>				
Current assets:				
Cash and cash equivalents (Note 4)	\$ 1,115,945	\$ 36,744	\$ 1,152,689	\$ 495,519
Receivables - Net (Note 5)	659,652	2,930	662,582	-
Prepaid expenses and other assets	156,310	2,877	159,187	9,655
Total current assets	1,931,907	42,551	1,974,458	505,174
Noncurrent assets:				
Restricted assets - Cash and investments (Notes 4 and 9)	748,181	-	748,181	-
Capital assets (Note 6):				
Assets not subject to depreciation	114,995	-	114,995	-
Assets subject to depreciation	14,601,684	-	14,601,684	515,114
Total noncurrent assets	15,464,860	-	15,464,860	515,114
Total assets	17,396,767	42,551	17,439,318	1,020,288
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	53,515	4,106	57,621	4,240
Accrued liabilities and other	31,628	424	32,052	1,115
Current portion of long-term debt (Note 8)	431,764	-	431,764	-
Total current liabilities	516,907	4,530	521,437	5,355
Noncurrent liabilities - Long-term debt - Net of current portion (Note 8)	4,448,773	-	4,448,773	-
Total liabilities	4,965,680	4,530	4,970,210	5,355
<b>Net Position</b>				
Net investment in capital assets	9,971,225	-	9,971,225	515,114
Restricted (Note 9):				
Debt service	629,752	-	629,752	-
Operation and maintenance fund	118,429	-	118,429	-
Unrestricted	1,711,681	38,021	1,749,702	499,819
Total net position	<u>\$ 12,431,087</u>	<u>\$ 38,021</u>	<u>\$ 12,469,108</u>	<u>\$ 1,014,933</u>

# City of Charlotte, Michigan

## Proprietary Funds Statement of Revenue, Expenses, and Changes in Net Position Year Ended June 30, 2013

	Business-type Activities			Governmental Activities
	Major Fund	Nonmajor Fund	Total	Internal Service Fund - Motor Vehicle Pool
	Water Supply and Sewage Disposal	Recycling		
<b>Operating Revenue</b>				
Sale of water	\$ 1,502,614	\$ -	\$ 1,502,614	\$ -
Sewage charges	1,944,182	-	1,944,182	-
Recycling fees	-	36,712	36,712	-
Other	11,726	4,304	16,030	-
Charges for services	-	-	-	358,644
Total operating revenue	3,458,522	41,016	3,499,538	358,644
<b>Operating Expenses</b>				
Cost of services	2,252,478	-	2,252,478	265,083
Recycling	-	63,540	63,540	-
Depreciation	606,948	-	606,948	129,060
Total operating expenses	2,859,426	63,540	2,922,966	394,143
<b>Operating Income (Loss)</b>	599,096	(22,524)	576,572	(35,499)
<b>Nonoperating Revenue (Expense)</b>				
Investment income	440	12	452	156
Interest expense	(253,044)	-	(253,044)	-
Gain on sale of assets	-	-	-	560
Grants	11,902	18,901	30,803	-
Total nonoperating (expense) revenue	(240,702)	18,913	(221,789)	716
<b>Change in Net Position</b>	358,394	(3,611)	354,783	(34,783)
<b>Net Position - Beginning of year</b>	12,072,693	41,632	12,114,325	1,049,716
<b>Net Position - End of year</b>	<b>\$ 12,431,087</b>	<b>\$ 38,021</b>	<b>\$ 12,469,108</b>	<b>\$ 1,014,933</b>



# City of Charlotte, Michigan

## Proprietary Funds Statement of Cash Flows Year Ended June 30, 2013

	Business-type Activities			Governmental Activities
	Major Fund	Nonmajor Fund	Total	Internal Service Fund - Motor Vehicle Pool
	Water Supply and Sewage Disposal	Recycling		
<b>Cash Flows from Operating Activities</b>				
Receipts from customers	\$ 3,462,176	\$ 38,086	\$ 3,500,262	\$ 359,105
Payments to suppliers	(1,277,694)	(29,840)	(1,307,534)	(175,709)
Payments to employees	(952,083)	(30,312)	(982,395)	(87,540)
Net cash provided by (used in) operating activities	1,232,399	(22,066)	1,210,333	95,856
<b>Cash Flows from Noncapital Financing Activities - Grants</b>	11,902	18,901	30,803	-
<b>Cash Flows from Capital and Related Financing Activities</b>				
Proceeds from sales of capital assets	-	-	-	560
Purchase of capital assets	(278,182)	-	(278,182)	(66,958)
Principal and interest paid on capital debt	(585,380)	-	(585,380)	-
Net cash used in capital and related financing activities	(863,562)	-	(863,562)	(66,398)
<b>Cash Flows from Investing Activities - Interest received on investments</b>	440	12	452	156
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	381,179	(3,153)	378,026	29,614
<b>Cash and Cash Equivalents - Beginning of year</b>	1,482,947	39,897	1,522,844	465,905
<b>Cash and Cash Equivalents - End of year</b>	<b>\$ 1,864,126</b>	<b>\$ 36,744</b>	<b>\$ 1,900,870</b>	<b>\$ 495,519</b>
<b>Balance Sheet Classification of Cash and Cash Equivalents</b>				
Cash and investments	\$ 1,115,945	\$ 36,744	\$ 1,152,689	\$ 495,519
Restricted cash	748,181	-	748,181	-
Total cash and cash equivalents	<b>\$ 1,864,126</b>	<b>\$ 36,744</b>	<b>\$ 1,900,870</b>	<b>\$ 495,519</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities</b>				
Operating income (loss)	\$ 599,096	\$ (22,524)	\$ 576,572	\$ (35,499)
Adjustments to reconcile operating income (loss) to net cash from operating activities:				
Depreciation and amortization	606,948	-	606,948	129,060
Changes in assets and liabilities:				
Receivables	3,654	(2,930)	724	461
Prepaid and other assets	6,300	320	6,620	1,239
Accounts payable	1,582	3,380	4,962	127
Accrued liabilities and other	14,819	(312)	14,507	468
Net cash provided by (used in) operating activities	<b>\$ 1,232,399</b>	<b>\$ (22,066)</b>	<b>\$ 1,210,333</b>	<b>\$ 95,856</b>

**Noncash Investing, Capital, and Financing Activities** - During the year ended June 30, 2013, 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, 2013

	<u>Agency Funds</u>
<b>Assets</b> - Cash and cash equivalents (Note 4)	<u>\$ 124,083</u>
<b>Liabilities</b> - Due to other governmental units	<u>\$ 124,083</u>

# City of Charlotte, Michigan

## Component Units Statement of Net Position June 30, 2013

	<u>Downtown Development Authority</u>	<u>Local Development Financing Authority</u>	<u>Total</u>
<b>Assets</b>			
Cash and investments (Note 4)	\$ 67,749	\$ 1,186,777	\$ 1,254,526
Receivables - Net	1,124	-	1,124
Capital assets (Note 6)	183,777	-	183,777
Note receivable	-	167,182	167,182
Total assets	<u>252,650</u>	<u>1,353,959</u>	<u>1,606,609</u>
<b>Liabilities</b>			
Accounts payable	931	-	931
Current portion of long-term debt (Note 8)	9,977	-	9,977
Long-term debt (Note 8)	75,653	-	75,653
Total liabilities	<u>86,561</u>	<u>-</u>	<u>86,561</u>
<b>Net Position</b>			
Net investment in capital assets	98,147	-	98,147
Unrestricted	67,942	1,353,959	1,421,901
Total net position	<u>\$ 166,089</u>	<u>\$ 1,353,959</u>	<u>\$ 1,520,048</u>

# City of Charlotte, Michigan

## Component Units Statement of Activities Year Ended June 30, 2013

	Expenses	Net (Expense) Revenue and Changes in Net Position		
		Downtown Development Authority	Local Development Financing Authority	Total
<b>Functions/Programs</b>				
Downtown Development Authority	\$ 49,485	\$ (49,485)	\$ -	\$ (49,485)
Local Development Financing Authority	27,980	-	(27,980)	(27,980)
Total component units	<u>\$ 77,465</u>	(49,485)	(27,980)	(77,465)
Property taxes		60,117	-	60,117
Interest		17	370	387
Other miscellaneous income		18,097	3,726	21,823
Total general revenue		<u>78,231</u>	<u>4,096</u>	<u>82,327</u>
<b>Change in Net Position</b>		28,746	(23,884)	4,862
<b>Net Position - Beginning of year</b>		<u>137,343</u>	<u>1,377,843</u>	<u>1,515,186</u>
<b>Net Position - End of year</b>		<u>\$ 166,089</u>	<u>\$ 1,353,959</u>	<u>\$ 1,520,048</u>

### **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 legally 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 Unit** - 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 position. 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 unit statement of net position.

**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 position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental 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. Agency Funds are custodial in nature (assets equal liabilities), and do not involve the measurement of results of operations.

### **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 30-60 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, District Court fines, and interest associated with the current fiscal period. Conversely, special assessments and grant reimbursements will be collected after the period of availability; receivables have been recorded for these, along with a "deferred revenue" liability.

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

The City reports the following major governmental fund:

**Combining General Fund** - The Combining General Fund includes both the General Fund and the Airport 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 Airport Fund is used to control the expenditures of fuel sales, hangar rentals, and grant funds, which are earmarked for airport purposes.

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 Funds** - The internal service funds account for major machinery and equipment purchases and maintenance, as well as risk management services 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 and other cash receipts due to other jurisdictions that will be subsequently transferred to third parties.

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the 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 position or fund balance are available, the City's policy is to first apply restricted resources. When an expense is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it is the City's policy to spend funds in this order: committed, assigned, and then unassigned.

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 and sewer fund also recognizes the portion of tap fees intended to recover current costs (e.g., labor and materials to hook up new customers) as operating revenue. The portion intended to recover the cost of the infrastructure is recognized as nonoperating revenue. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

#### **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 2012 tax is levied and collectible on July 1, 2012 and is recognized as revenue in the year ended June 30, 2013, 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 2012 taxable valuation of the City of Charlotte, Michigan totaled \$220,820,456 (a portion of which is captured by the DDA), on which taxes levied consisted of 14.2913 mills for operating purposes, .8800 mills for debt service, and .1000 mills for waste collection and resulted in \$3,102,237, \$191,479, and \$21,424 for operating, debt service, and waste collection purposes, respectively. These amounts are recognized in the General Fund and Debt Service Fund financial statements, respectively, as tax revenue. At June 30, 2013, \$60,000 was recorded as a liability on the government-wide financial statements for pending taxable value appeals.

#### **Assets, Liabilities, and Net Position 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 and prepaid items 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'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.

### **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	10 to 50 years
Water and sewer buildings and systems	10 to 100 years
Buildings and building improvements	25 to 50 years
Vehicles	3 to 10 years
Equipment	3 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. Typically, the General Fund has been used to liquidate the liability for compensated absences in prior years.

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

**Long-term Obligations** - In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net position. Bond premiums and discounts, 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.

**Pension and Other Postemployment Benefit Costs** - The City offers both pension and retiree healthcare benefits to retirees. The City internally calculates 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. Typically, the General Fund and other nonmajor governmental funds will be used to liquidate the other postemployment obligation.

**Fund Equity** - In the fund financial statements, governmental funds report the following components of fund balance:

- **Nonspendable:** Amounts that are not in spendable form or are legally or contractually required to be maintained intact
- **Restricted:** Amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use for a specific purpose
- **Committed:** Amounts that have been formally set aside by the City Council for specific purposes. Commitments are made and can be rescinded only via resolution of the board of directors.
- **Assigned:** Intent to spend resources on specific purposes expressed by the governing body, or city manager or finance director, who are authorized by a resolution approved by the governing body to make assignments

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

- Unassigned: Amounts that do not fall into any other category above. This is the residual classification for amounts in the Combining General Fund and represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes in the General Fund. In other governmental funds, only negative unassigned amounts are reported, if any, and represent expenditures incurred for specific purposes exceeding the amounts previously restricted, committed, or assigned to those purposes.

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

### **Note 2 - Upcoming Accounting Pronouncements**

In March 2012, the GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which is required to be implemented for financial statements for periods beginning after December 15, 2012. Statement No. 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows and inflows of resources, certain items that were previously reported as assets and liabilities. This statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources. Statement No. 65 will be implemented for the City for the year ending June 30, 2014.

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions*. Statement No. 68 requires governments providing defined benefit pensions to recognize their unfunded pension benefit obligation as a liability for the first time and to more comprehensively and comparably measure the annual costs of pension benefits. This net pension liability that will be recorded on the government-wide, proprietary, and discretely presented component units statements will be computed differently than the current unfunded actuarial accrued liability, using specific parameters set forth by the GASB. The statement also enhances accountability and transparency through revised note disclosures and required supplemental information (RSI). The City is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for financial statements for the year ending June 30, 2015.

### Note 3 - 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, 2012	\$ (1,464,154)
Current year permit revenue	16,461
Direct and estimated indirect costs	<u>187,854</u>
Current year shortfall	<u>(171,393)</u>
Cumulative shortfall at June 30, 2013	<u>\$ (1,635,547)</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 City 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 functional level.

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 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 no significant expenditures over the appropriated budgeted amounts.

### Note 4 - 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 matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The 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:

**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 \$3,475,396 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 \$1,291,119, of which \$233,342 was covered by federal depository insurance and \$1,057,777 was uninsured and uncollateralized.

**Credit Risk** - As of year end, the City had \$677,509 invested in bank investment pools with a rating of AAAM by Standard & Poor's. The City's investment policy does not limit credit risk beyond that imposed by state law.

# City of Charlotte, Michigan

## Notes to Financial Statements June 30, 2013

### Note 5 - Receivables and Deferred Revenue

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

	General Fund	Nonmajor Funds and Internal Service Fund	Water Supply and Sewage Disposal	Recycling	Total	Component Units
Receivables:						
Special assessments receivable	\$ -	\$ 68,030	\$ -	\$ -	\$ 68,030	\$ 830
Accounts and other	116,193	325	659,652	2,930	779,100	294
Intergovernmental	264,424	89,463	-	-	353,887	-
Net receivables	<u>\$ 380,617</u>	<u>\$ 157,818</u>	<u>\$ 659,652</u>	<u>\$ 2,930</u>	<u>\$ 1,201,017</u>	<u>\$ 1,124</u>

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:

	Unavailable
Special assessments	\$ 68,030
State-shared revenue	134,298
Other	86,357
Total	<u>\$ 288,685</u>

# City of Charlotte, Michigan

## Notes to Financial Statements June 30, 2013

### Note 6 - Capital Assets

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

	Balance July 1, 2012	Reclassifications	Additions	Disposals	Balance June 30, 2013
<b>Governmental Activities</b>					
Capital assets not being depreciated:					
Land	\$ 1,966,808	\$ -	\$ 14,000	\$ -	\$ 1,980,808
Construction in progress	161,092	(126,254)	37,589	-	72,427
Easement	628,461	-	-	-	628,461
Subtotal	2,756,361	(126,254)	51,589	-	2,681,696
Capital assets being depreciated:					
Infrastructure	26,527,796	126,254	294,986	-	26,949,036
Buildings and improvements	5,788,767	-	144,674	-	5,933,441
Vehicles	2,067,434	-	66,958	55,605	2,078,787
Equipment	3,200,378	-	57,292	24,445	3,233,225
Subtotal	37,584,375	126,254	563,910	80,050	38,194,489
Accumulated depreciation:					
Infrastructure	14,421,852	-	1,045,288	-	15,467,140
Buildings and improvements	1,627,868	-	121,680	-	1,749,548
Vehicles	1,490,218	-	129,060	55,605	1,563,673
Equipment	2,485,531	-	190,335	24,445	2,651,421
Subtotal	20,025,469	-	1,486,363	80,050	21,431,782
Net capital assets being depreciated	17,558,906	126,254	(922,453)	-	16,762,707
Net capital assets	\$ 20,315,267	\$ -	\$ (870,864)	\$ -	\$ 19,444,403

	Balance July 1, 2012	Reclassifications	Additions	Disposals	Balance June 30, 2013
<b>Business-type Activities</b>					
Capital assets not being depreciated:					
Land	\$ 104,995	\$ -	\$ -	\$ -	\$ 104,995
Construction in progress	-	-	10,000	-	10,000
Subtotal	104,995	-	10,000	-	114,995
Capital assets being depreciated -					
Buildings and systems	27,166,788	-	268,182	29,111	27,405,859
Accumulated depreciation - Buildings and systems					
	12,226,338	-	606,948	29,111	12,804,175
Net capital assets being depreciated	14,940,450	-	(338,766)	-	14,601,684
Net capital assets	\$ 15,045,445	\$ -	\$ (328,766)	\$ -	\$ 14,716,679



# City of Charlotte, Michigan

## Notes to Financial Statements June 30, 2013

### Note 6 - Capital Assets (Continued)

	Balance July 1, 2012	Additions	Disposals	Balance June 30, 2013
<b>Component Units</b>				
Capital assets not being depreciated -				
Land	\$ 183,777	\$ -	\$ -	\$ 183,777

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

Governmental activities:

General government	\$ 52,334
Public safety	204,061
Public works	1,001,234
Recreation and culture	99,674
Internal service fund depreciation is charged to the various functions based on their usage of the asset	<u>129,060</u>
Total governmental activities	<u>\$ 1,486,363</u>

Business-type activities:

Water	\$ 140,246
Sewer	<u>466,702</u>
Total business-type activities	<u>\$ 606,948</u>

**Construction Commitments** - The City has active construction projects at year end. At year end, the City's commitments with contractors are as follows:

	<u>Spent to Date</u>	<u>Remaining Commitment</u>
10-unit T-hangar construction	\$ 424,092	\$ 37,589

### Note 7 - 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	\$ 20,000
	Nonmajor debt service fund	<u>48,684</u>
	Total General Fund	68,684
Nonmajor special revenue funds	Nonmajor debt service funds	75,865
	Nonmajor special revenue fund	<u>150,000</u>
	Total nonmajor special revenue funds	<u>225,865</u>
	Total	<u><u>\$ 294,549</u></u>

The transfers from the General Fund to the nonmajor special revenue funds represent the use of unassigned resources to finance those programs in accordance with budgetary authorizations; the transfers from the nonmajor special revenue funds to other nonmajor special revenue funds and nonmajor debt service fund represent the movement of resources to be used to service local streets, major streets, and nonmajor special revenue fund debt; the transfer from the General Fund to the nonmajor debt service fund represents the movement of resources to be used to service the nonmajor debt service fund debt.

### Note 8 - 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. General obligation loans represent money loaned between funds.

# City of Charlotte, Michigan

## Notes to Financial Statements June 30, 2013

### Note 8 - Long-term Debt (Continued)

Long-term debt activity can be summarized as follows:

	Interest Rate Ranges	Maturing Through	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities</b>							
General obligation bonds:							
Building Authority Bonds - Series 2001 (Limited Tax General Obligation) Bonds	4.8% - 5.1%	2016	\$ 250,000	\$ -	\$ 60,000	\$ 190,000	\$ 60,000
Michigan Transportation Fund Bonds - Series 2001 (Limited Tax General Obligation) Bonds	5.1% - 5.3%	2017	330,000	-	60,000	270,000	60,000
2008 Facility Building and Site Bonds (Unlimited Tax General Obligation)	4.125% - 4.25%	2032	2,785,000	-	85,000	2,700,000	90,000
Economic Development Agreement	-	2017	75,960	-	17,874	58,086	17,874
Total bonds payable			3,440,960	-	222,874	3,218,086	227,874
General obligation loan - Local Development Financing Authority loan to General Fund	2%	2021	90,867	-	9,315	81,552	9,502
Other long-term obligations - Compensated absences	-	-	317,454	152,852	166,516	303,790	96,844
Total governmental activities			<u>\$ 3,849,281</u>	<u>\$ 152,852</u>	<u>\$ 398,705</u>	<u>\$ 3,603,428</u>	<u>\$ 334,220</u>
	Interest Rate Ranges	Maturing Through	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Business-type Activities</b>							
2005 Revenue Refunding Bonds - Water Supply and Sewage Disposal System - Net of deferred amount on refunding of \$346,976	4.0% - 4.25%	2024	\$ 5,076,739	\$ -	\$ 331,285	\$ 4,745,454	\$ 375,000
Compensated absences	-	-	118,560	76,008	59,485	135,083	56,764
Total business-type activities			<u>\$ 5,195,299</u>	<u>\$ 76,008</u>	<u>\$ 390,770</u>	<u>\$ 4,880,537</u>	<u>\$ 431,764</u>
	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Component Unit Activities</b>							
General obligation loan - Local Development Financing Authority loan to Downtown Development Authority	2%	2021	\$ 95,400	\$ -	\$ 9,770	\$ 85,630	\$ 9,977

### Note 8 - Long-term Debt (Continued)

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

Years Ending June 30	Governmental Activities			Business-type Activities			Component Unit Activities		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2014	\$ 237,376	\$ 136,472	\$ 373,848	\$ 375,000	\$ 206,310	\$ 581,310	\$ 9,977	\$ 1,713	\$ 11,690
2015	252,566	126,409	378,975	390,000	191,310	581,310	10,176	1,513	11,689
2016	262,759	115,520	378,279	405,000	175,710	580,710	10,380	1,310	11,690
2017	194,547	104,056	298,603	420,000	159,510	579,510	10,587	1,102	11,689
2018	120,285	97,536	217,821	435,000	142,710	577,710	10,799	890	11,689
2019-2023	657,105	412,543	1,069,648	2,455,000	433,194	2,888,194	33,711	1,357	35,068
2024-2028	795,000	269,144	1,064,144	555,000	23,588	578,588	-	-	-
2029-2033	780,000	85,000	865,000	-	-	-	-	-	-
Less unamortized loss on refunding	-	-	-	(289,546)	-	(289,546)	-	-	-
<b>Total</b>	<b>\$ 3,299,638</b>	<b>\$ 1,346,680</b>	<b>\$ 4,646,318</b>	<b>\$ 4,745,454</b>	<b>\$ 1,332,332</b>	<b>\$ 6,077,786</b>	<b>\$ 85,630</b>	<b>\$ 7,885</b>	<b>\$ 93,515</b>

**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 \$6,077,786. During the current year, revenue of the system was \$3,458,522 compared to the annual debt requirement of \$578,910.

### Note 9 - Restricted Net Position

The balances of the restricted net position accounts are as follows:

	<b>Business-type Activities</b>
Operation and maintenance fund	\$ 118,429
Bond and interest redemption fund	48,442
Bond reserve account	581,310
<b>Total restricted net position</b>	<b>\$ 748,181</b>

**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.

**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.

### Note 10 - 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 11 - 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 ranging between 0 percent and 11 percent of gross wages, depending on the group.

**Annual Pension Cost** - For the year ended June 30, 2013, the City's annual pension cost of \$403,402 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, 2010, 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 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 10-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.

# City of Charlotte, Michigan

## Notes to Financial Statements June 30, 2013

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

	Fiscal Year Ended June 30		
	2011	2012	2013
Annual pension cost (APC)	\$ 406,818	\$ 384,666	\$ 403,402
Percentage of APC contributed	100.0 %	100.0 %	100.0 %
Net pension obligation	\$ -	\$ -	\$ -

	Actuarial Valuation as of December 31		
	2010	2011	2012
Actuarial value of assets	\$ 12,722,907	\$ 13,031,499	\$ 13,101,512
Actuarial accrued liability (AAL)			
(entry age)	\$ 17,697,293	\$ 18,428,684	\$ 18,390,180
Unfunded AAL (UAAL)	\$ 4,974,386	\$ 5,397,185	\$ 5,288,668
Funded ratio	71.9 %	70.7 %	71.2 %
Covered payroll	\$ 2,726,067	\$ 2,566,502	\$ 2,381,969
UAAL as a percentage of covered payroll	182.5 %	210.3 %	222.0 %

### Note 12 - 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 the MERS, the City contributes between 10.00 and 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 \$2,585,400. The current year contribution was calculated based on covered payroll of \$158,877, resulting in an employer contribution of \$18,827 and employee contributions of \$0.

### Note 13 - 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).

# City of Charlotte, Michigan

## Notes to Financial Statements June 30, 2013

### Note 13 - Other Postemployment Benefits (Continued)

**Funding Progress** - The City's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution of the employer (ARC). The City has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB No. 45 for employers in plans with fewer than 100 total plan members. The ARC 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 (or funding excess) over a period not to exceed 30 years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and the changes in the net OPEB obligation:

Annual required contribution	\$ 222,758
Interest on the prior year's net OPEB obligation	8,815
Less adjustment to the annual required contribution	<u>(15,741)</u>
Annual OPEB cost	215,832
Amounts contributed - Payments of current premiums	<u>(73,105)</u>
Increase in net OPEB obligation	142,727
OPEB obligation - Beginning of year	<u>440,752</u>
OPEB obligation - End of year	<u>\$ 583,479</u>

The annual OPEB costs, the percentage contributed to the plan, and the net OPEB obligation for the current and two preceding years were as follows:

Fiscal Year Ended	Actuarial Valuation Date	Annual OPEB Costs	Percentage Contributed	Net OPEB Obligation
6/30/13	6/30/13	\$ 215,832	33.9 %	\$ 583,479
6/30/12	6/30/12	230,137	40.5 %	440,752
6/30/11	6/30/11	297,292	38.2 %	303,743

Amounts shown as of June 30, 2011, June 30, 2012, and June 30, 2013 are based on management's calculation; no actuarial calculation was performed.

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Annual Covered Payroll (c)	Ratio of UAAL to Covered Payroll
6/30/13	\$ -	\$ 4,175,750	\$ 4,175,750	-	\$ 2,381,969	175.3
6/30/12	-	4,238,781	4,238,781	-	2,566,502	165.2
6/30/11	-	6,283,342	6,283,342	-	2,726,067	230.5

### Note 13 - Other Postemployment Benefits (Continued)

In determination of the OPEB liability as of June 30, 2013, the following assumptions were used:

**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.

The following simplifying assumptions were made:

*Retirement Age for Active Employees* - Based on the historical average retirement age for the covered group, active plan members were assumed to retire at age 56, or at the first subsequent year in which the member would qualify for benefits.

*Marital Status* - Marital status of members at the calculation date was assumed to continue throughout retirement.

*Mortality* - Life expectancies were based on mortality tables from the National Center for Health Statistics. The 2002 United States Life Tables for Males and for Females were used.

*Turnover* - Nongroup-specific age-based turnover data from GASB Statement No. 45 was used as the basis for assigning active members a probability of remaining employed until the assumed retirement age and for developing an expected future working lifetime assumption for the purpose of allocating to periods the present value of total benefits to be paid.

*Healthcare Cost Trend Rate* - The expected rate of increase in healthcare insurance premiums was based on projections of the Office of the Actuary at the Centers for Medicare and Medicaid Services. A rate of 3.80 percent initially, reduced to an ultimate rate of 6.50 percent after six years, was used.



### **Note 13 - Other Postemployment Benefits (Continued)**

*Health Insurance Premiums* - 2013 health insurance premiums for retirees were used as the basis for calculation of the present value of total benefits to be paid.

*Inflation Rate* - The expected long-term inflation assumption of 4.5 percent was based on projected changes in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) in *The 2010 Annual Report of the Board of Trustees of the Federal Old-age and Survivors Insurance and Disability Insurance Trust Funds* for an intermediate growth scenario.

*Payroll Growth Rate* - The expected long-term payroll growth rate was assumed to equal 2.0 percent.

Based on the historical and expected returns of the City's short-term investment portfolio, a discount rate of 2.0 percent was used. In addition, a simplified version of the entry age actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2013 was 28 years.

## **Required Supplemental Information**

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# City of Charlotte, Michigan

## Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
<b>Revenue</b>				
Property taxes	\$ 3,235,890	\$ 3,235,890	\$ 3,275,139	\$ 39,249
Licenses and permits	24,610	24,610	26,586	1,976
Federal grants	-	429,300	214,641	(214,659)
State-shared revenue and grants	815,000	815,000	830,936	15,936
Charges for services	320,160	320,160	299,605	(20,555)
Fines and forfeitures	26,200	26,200	31,713	5,513
Investment income	5,000	5,000	2,037	(2,963)
Other	93,600	93,600	105,675	12,075
Total revenue	<u>4,520,460</u>	<u>4,949,760</u>	<u>4,786,332</u>	<u>(163,428)</u>
<b>Expenditures</b>				
Current:				
General government	462,950	847,950	621,205	226,745
Public safety	2,777,360	2,777,360	2,687,133	90,227
Public works	723,600	723,600	611,976	111,624
Community and economic development	138,105	138,105	131,523	6,582
Recreation and culture	101,590	108,663	134,886	(26,223)
Capital outlay	192,050	418,753	395,180	23,573
Debt service	29,015	29,015	29,193	(178)
Total expenditures	<u>4,424,670</u>	<u>5,043,446</u>	<u>4,611,096</u>	<u>432,350</u>
<b>Excess of Expenditures Over (Under)</b>				
<b>Revenue</b>	95,790	(93,686)	175,236	268,922
<b>Other Financing Uses - Transfers out</b>	<u>(113,690)</u>	<u>(113,690)</u>	<u>(113,684)</u>	<u>6</u>
<b>Net Change in Fund Balance</b>	(17,900)	(207,376)	61,552	268,928
<b>Fund Balance - Beginning of year</b>	<u>1,546,902</u>	<u>1,546,902</u>	<u>1,546,902</u>	<u>-</u>
<b>Fund Balance - End of year</b>	<u><u>\$ 1,529,002</u></u>	<u><u>\$ 1,339,526</u></u>	<u><u>\$ 1,608,454</u></u>	<u><u>\$ 268,928</u></u>

# City of Charlotte, Michigan

## Note to Required Supplemental Information Year Ended June 30, 2013

**Budgetary Information** - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and all special revenue funds, except that operating transfers and debt proceeds have been included in the "revenue" and "expenditures" categories, rather than as "other financing sources (uses)." All annual appropriations lapse at fiscal year end.

The budget document presents information by fund, function, department, and line items. The legal level of budgetary control adopted by the governing body is the department level (i.e., the level at which expenditures may not legally exceed appropriations).

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 reconciliation of the budgetary comparison schedules to the fund-based statement of revenue, expenditures, and changes in fund balances is as follows:

	<u>Total Revenue</u>	<u>Total Expenditures</u>	<u>Fund Balance</u>
City of Charlotte, Michigan			
General Fund	\$ 4,786,332	\$ 4,611,096	\$ 1,608,454
Airport Fund	<u>515,859</u>	<u>198,951</u>	<u>(30,371)</u>
Amounts per fund-based statement	<u>\$ 5,302,191</u>	<u>\$ 4,810,047</u>	<u>\$ 1,578,083</u>

## **Other Supplemental Information**

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## **Nonmajor Governmental Funds**

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**Major Streets 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 Streets 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.

**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.

# City of Charlotte, Michigan

	Special Revenue Funds					
	Major Streets		Industrial Park	Police	Drug	Grant
	Fund	Local Streets		Training	Enforcement	
<b>Assets</b>						
Cash and investments	\$ 274,125	\$ 509,508	\$ 32,433	\$ 11,622	\$ 10,699	\$ -
Receivables - Net	64,973	92,845	-	-	-	-
Prepays and other assets	887	887	-	-	-	-
<b>Total assets</b>	<b>\$ 339,985</b>	<b>\$ 603,240</b>	<b>\$ 32,433</b>	<b>\$ 11,622</b>	<b>\$ 10,699</b>	<b>\$ -</b>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities</b>						
Accounts payable	\$ 133	\$ 1,837	\$ 198	\$ 885	\$ 242	\$ -
Accrued liabilities and other	1,015	1,244	-	-	-	-
Deferred revenue	-	68,030	-	-	-	-
<b>Total liabilities</b>	<b>1,148</b>	<b>71,111</b>	<b>198</b>	<b>885</b>	<b>242</b>	<b>-</b>
<b>Fund Balances</b>						
Nonspendable - Prepays	887	887	-	-	-	-
Restricted:						
Major streets	337,950	-	-	-	-	-
Police training	-	-	-	10,737	-	-
Industrial park	-	-	32,235	-	-	-
Local streets	-	531,242	-	-	-	-
Drug enforcement	-	-	-	-	10,457	-
Facility building bond	-	-	-	-	-	-
<b>Total fund balances</b>	<b>338,837</b>	<b>532,129</b>	<b>32,235</b>	<b>10,737</b>	<b>10,457</b>	<b>-</b>
<b>Total liabilities and fund balances</b>	<b>\$ 339,985</b>	<b>\$ 603,240</b>	<b>\$ 32,433</b>	<b>\$ 11,622</b>	<b>\$ 10,699</b>	<b>\$ -</b>

**Other Supplemental Information  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2013**

Debt Service Funds			Total
Building Authority Bond	Michigan Transportation Bond	Facility Building Bond	Nonmajor Governmental Funds
\$ -	\$ -	\$ 22,402	\$ 860,789
-	-	-	157,818
-	-	-	1,774
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,402</u>	<u>\$ 1,020,381</u>
\$ -	\$ -	\$ -	\$ 3,295
-	-	-	2,259
-	-	-	68,030
-	-	-	73,584
-	-	-	1,774
-	-	-	337,950
-	-	-	10,737
-	-	-	32,235
-	-	-	531,242
-	-	-	10,457
-	-	22,402	22,402
-	-	22,402	946,797
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,402</u>	<u>\$ 1,020,381</u>



# City of Charlotte, Michigan

## Special Revenue Funds

	Major Streets	Local Streets	Industrial Park	Police Training	Drug Enforcement	Grant
<b>Revenue</b>						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	427,107	149,870	-	2,910	-	38,663
Investment income	65	152	10	-	3	-
Other revenue:						
Special assessments	-	2,579	-	-	-	-
Other miscellaneous income	20,919	3,286	6,882	-	-	-
<b>Total revenue</b>	<b>448,091</b>	<b>155,887</b>	<b>6,892</b>	<b>2,910</b>	<b>3</b>	<b>38,663</b>
<b>Expenditures - Current</b>						
Public safety	-	-	-	11,910	-	-
Public works	217,580	204,667	-	-	-	-
Community and economic development	-	-	7,579	-	-	-
Capital outlay	48,912	-	-	-	-	38,663
Debt service:						
Principal	-	-	-	-	-	-
Interest on long-term debt	-	-	-	-	-	-
<b>Total expenditures</b>	<b>266,492</b>	<b>204,667</b>	<b>7,579</b>	<b>11,910</b>	<b>-</b>	<b>38,663</b>
<b>Excess of Revenue Over (Under) Expenditures</b>	<b>181,599</b>	<b>(48,780)</b>	<b>(687)</b>	<b>(9,000)</b>	<b>3</b>	<b>-</b>
<b>Other Financing Sources (Uses)</b>						
Transfers in	-	170,000	-	-	-	-
Transfers out	(195,520)	(30,345)	-	-	-	-
<b>Total other financing (uses) sources</b>	<b>(195,520)</b>	<b>139,655</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>(13,921)</b>	<b>90,875</b>	<b>(687)</b>	<b>(9,000)</b>	<b>3</b>	<b>-</b>
<b>Fund Balances - Beginning of year</b>	<b>352,758</b>	<b>441,254</b>	<b>32,922</b>	<b>19,737</b>	<b>10,454</b>	<b>-</b>
<b>Fund Balances - End of year</b>	<b>\$ 338,837</b>	<b>\$ 532,129</b>	<b>\$ 32,235</b>	<b>\$ 10,737</b>	<b>\$ 10,457</b>	<b>\$ -</b>

**Other Supplemental Information**  
**Combining Statement of Revenue, Expenditures, and**  
**Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**Year Ended June 30, 2013**

Debt Service Funds			Total
Building Authority Bond	Michigan Transportation Bond	Facility Building Bond	Nonmajor Governmental Funds
\$ -	\$ -	\$ 191,479	\$ 191,479
-	-	-	618,550
-	-	-	230
-	-	-	2,579
23,976	-	-	55,063
23,976	-	191,479	867,901
-	-	-	11,910
-	-	-	422,247
275	275	500	8,629
-	-	-	87,575
60,000	60,000	85,000	205,000
12,385	15,590	116,281	144,256
72,660	75,865	201,781	879,617
(48,684)	(75,865)	(10,302)	(11,716)
48,684	75,865	-	294,549
-	-	-	(225,865)
48,684	75,865	-	68,684
-	-	(10,302)	56,968
-	-	32,704	889,829
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,402</u>	<u>\$ 946,797</u>

# City of Charlotte, Michigan

## Other Supplemental Information Nonmajor Governmental Fund - Major Streets Budgetary Comparison Schedule Year Ended June 30, 2013

	Original Budget (unaudited)	Amended Budget (unaudited)	Actual	Variance with Amended Budget
<b>Revenue</b>				
State-shared revenue and grants	\$ 737,000	\$ 737,000	\$ 427,107	\$ (309,893)
Investment income	900	900	65	(835)
Other miscellaneous income	5,000	5,000	20,919	15,919
Total revenue	742,900	742,900	448,091	(294,809)
<b>Expenditures</b>				
Current - Public works	256,750	256,750	217,580	39,170
Capital outlay	152,000	152,000	48,912	103,088
Total expenditures	408,750	408,750	266,492	142,258
<b>Excess of Revenue Over Expenditures</b>	334,150	334,150	181,599	(152,551)
<b>Other Financing Uses - Transfers out</b>	(195,520)	(195,520)	(195,520)	-
<b>Net Change in Fund Balance</b>	138,630	138,630	(13,921)	(152,551)
<b>Fund Balance - Beginning of year</b>	352,758	352,758	352,758	-
<b>Fund Balance - End of year</b>	<u>\$ 491,388</u>	<u>\$ 491,388</u>	<u>\$ 338,837</u>	<u>\$ (152,551)</u>

# City of Charlotte, Michigan

## Other Supplemental Information Nonmajor Governmental Fund - Local Streets Budgetary Comparison Schedule Year Ended June 30, 2013

	Original Budget (unaudited)	Amended Budget (unaudited)	Actual	Variance with Amended Budget
<b>Revenue</b>				
State-shared revenue and grants	\$ 132,000	\$ 132,000	\$ 149,870	\$ 17,870
Investment income	300	300	152	(148)
Other revenue:				
Special assessments	12,000	12,000	2,579	(9,421)
Other miscellaneous income	2,700	2,700	3,286	586
Total revenue	147,000	147,000	155,887	8,887
<b>Expenditures - Current - Public works -</b>				
Street maintenance	262,025	262,025	204,667	57,358
<b>Excess of Expenditures Over Revenue</b>	(115,025)	(115,025)	(48,780)	66,245
<b>Other Financing Sources (Uses)</b>				
Transfers in	170,000	170,000	170,000	-
Transfers out	(30,345)	(30,345)	(30,345)	-
Total other financing sources	139,655	139,655	139,655	-
<b>Net Change in Fund Balance</b>	24,630	24,630	90,875	66,245
<b>Fund Balance - Beginning of year</b>	441,254	441,254	441,254	-
<b>Fund Balance - End of year</b>	<b>\$ 465,884</b>	<b>\$ 465,884</b>	<b>\$ 532,129</b>	<b>\$ 66,245</b>

# City of Charlotte, Michigan

## Other Supplemental Information Nonmajor Governmental Fund - Industrial Park Budgetary Comparison Schedule Year Ended June 30, 2013

	Original Budget (unaudited)	Amended Budget (unaudited)	Actual	Variance with Amended Budget
<b>Revenue</b>				
Investment income	\$ 50	\$ 50	\$ 10	\$ (40)
Other revenue	-	6,900	6,882	(18)
Total revenue	50	6,950	6,892	(58)
<b>Expenditures - Current -</b>				
Community and economic development	5,250	7,625	7,579	46
<b>Net Change in Fund Balance</b>	(5,200)	(675)	(687)	(12)
<b>Fund Balance - Beginning of year</b>	32,922	32,922	32,922	-
<b>Fund Balance - End of year</b>	<u>\$ 27,722</u>	<u>\$ 32,247</u>	<u>\$ 32,235</u>	<u>\$ (12)</u>

# City of Charlotte, Michigan

## Other Supplemental Information Nonmajor Governmental Fund - Police Training Budgetary Comparison Schedule Year Ended June 30, 2013

	Original Budget (unaudited)	Amended Budget (unaudited)	Actual	Variance with Amended Budget
<b>Revenue - State sources</b>	\$ 1,800	\$ 1,800	\$ 2,910	\$ 1,110
<b>Expenditures - Current - Public safety - Police</b>	<u>2,200</u>	<u>14,200</u>	<u>11,910</u>	<u>2,290</u>
<b>Net Change in Fund Balance</b>	(400)	(12,400)	(9,000)	3,400
<b>Fund Balance - Beginning of year</b>	<u>19,737</u>	<u>19,737</u>	<u>19,737</u>	<u>-</u>
<b>Fund Balance - End of year</b>	<u><u>\$ 19,337</u></u>	<u><u>\$ 7,337</u></u>	<u><u>\$ 10,737</u></u>	<u><u>\$ 3,400</u></u>

# City of Charlotte, Michigan

## Other Supplemental Information Nonmajor Governmental Fund - Drug Enforcement Budgetary Comparison Schedule Year Ended June 30, 2013

	Original Budget (unaudited)	Amended Budget (unaudited)	Actual	Variance with Amended Budget
<b>Revenue</b>				
Investment income	\$ -	\$ -	\$ 3	\$ 3
Other	1,000	1,000	-	(1,000)
Total revenue	1,000	1,000	3	(997)
<b>Expenditures - Current -</b>				
Public safety - Police	1,000	1,000	-	1,000
<b>Net Change in Fund Balance</b>	-	-	3	3
<b>Fund Balance - Beginning of year</b>	10,454	10,454	10,454	-
<b>Fund Balance - End of year</b>	<u>\$ 10,454</u>	<u>\$ 10,454</u>	<u>\$ 10,457</u>	<u>\$ 3</u>

# City of Charlotte, Michigan

## Other Supplemental Information Nonmajor Governmental Fund - Grant Budgetary Comparison Schedule Year Ended June 30, 2013

	Original Budget (unaudited)	Amended Budget (unaudited)	Actual	Variance with Amended Budget
<b>Revenue - State sources</b>	\$ -	\$ 38,663	\$ 38,663	\$ -
<b>Expenditures - Current - Capital outlay</b>	-	38,663	38,663	-
<b>Net Change in Fund Balance</b>	-	-	-	-
<b>Fund Balance - Beginning of year</b>	-	-	-	-
<b>Fund Balance - End of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



# City of Charlotte, Michigan

## Other Supplemental Information Nonmajor Governmental Fund - Building Authority Bond Budgetary Comparison Schedule Year Ended June 30, 2013

	Original Budget (unaudited)	Amended Budget (unaudited)	Actual	Variance with Amended Budget
<b>Revenue - Other revenue</b>	\$ 23,970	\$ 23,970	\$ 23,976	\$ 6
<b>Expenditures - Current</b>				
Community and economic development	275	275	275	-
Debt service:				
Principal	60,000	60,000	60,000	-
Interest on long-term debt	12,385	12,385	12,385	-
Total expenditures	72,660	72,660	72,660	-
<b>Other Financing Sources -</b>				
Transfers in	48,690	48,690	48,684	(6)
<b>Net Change in Fund Balance</b>	-	-	-	-
<b>Fund Balance - Beginning of year</b>	-	-	-	-
<b>Fund Balance - End of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

# City of Charlotte, Michigan

## Other Supplemental Information Nonmajor Governmental Fund - Michigan Transportation Bond Budgetary Comparison Schedule Year Ended June 30, 2013

	Original Budget (unaudited)	Amended Budget (unaudited)	Actual	Variance with Amended Budget
<b>Expenditures - Current</b>				
Community and economic development	\$ 275	\$ 275	\$ 275	\$ -
Debt service:				
Principal	60,000	60,000	60,000	-
Interest on long-term debt	15,590	15,590	15,590	-
Total expenditures	75,865	75,865	75,865	-
<b>Other Financing Sources - Transfers in</b>	75,865	75,865	75,865	-
<b>Net Change in Fund Balance</b>	-	-	-	-
<b>Fund Balance - Beginning of year</b>	-	-	-	-
<b>Fund Balance - End of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

# City of Charlotte, Michigan

## Other Supplemental Information Nonmajor Governmental Fund - Facility Building Bond Budgetary Comparison Schedule Year Ended June 30, 2013

	Original Budget (unaudited)	Amended Budget (unaudited)	Actual	Variance with Amended Budget
<b>Revenue - Property taxes</b>	\$ 200,000	\$ 200,000	\$ 191,479	\$ (8,521)
<b>Expenditures - Current</b>				
Community and economic development	500	500	500	-
Debt service:				
Principal	85,000	85,000	85,000	-
Interest on long-term debt	116,282	116,282	116,281	1
Total expenditures	<u>201,782</u>	<u>201,782</u>	<u>201,781</u>	<u>1</u>
<b>Net Change in Fund Balance</b>	(1,782)	(1,782)	(10,302)	(8,520)
<b>Fund Balance - Beginning of year</b>	<u>32,704</u>	<u>32,704</u>	<u>32,704</u>	<u>-</u>
<b>Fund Balance - End of year</b>	<u><u>\$ 30,922</u></u>	<u><u>\$ 30,922</u></u>	<u><u>\$ 22,402</u></u>	<u><u>\$ (8,520)</u></u>

# City of Charlotte, Michigan

## Other Supplemental Information Nonmajor Governmental Fund - Airport Budgetary Comparison Schedule Year Ended June 30, 2013

	Original Budget (unaudited)	Amended Budget (unaudited)	Actual	Variance with Amended Budget
<b>Revenue</b>				
Federal grants	\$ -	\$ 393,150	\$ 393,159	\$ 9
Other miscellaneous income	98,650	98,650	122,700	24,050
Total revenue	98,650	491,800	515,859	24,059
<b>Expenditures - Recreation and culture</b>				
Airport	144,400	176,400	161,362	15,038
Capital outlay	-	38,000	37,589	411
<b>Excess of Revenue (Under) Over Expenditures</b>	(45,750)	277,400	316,908	39,508
<b>Other Financing Sources - Transfers in</b>	45,000	45,000	45,000	-
<b>Net Change in Fund Balance</b>	(750)	322,400	361,908	39,508
<b>Fund Balance (Deficit) - Beginning of year</b>	(392,279)	(392,279)	(392,279)	-
<b>Fund Balance (Deficit) - End of year</b>	<u>\$ (393,029)</u>	<u>\$ (69,879)</u>	<u>\$ (30,371)</u>	<u>\$ 39,508</u>

The Airport Fund is included as part of the Combining General Fund as presented in the financial statements. The required supplemental information shows the budgetary comparison for the General Fund, excluding the Airport Fund (see page 46). The budgetary comparison for the Airport Fund is presented above.

# City of Charlotte, Michigan

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## Other Supplemental Information Schedule of Changes in Assets and Liabilities Agency Funds June 30, 2013

	Balance at July 1, 2012	Additions	Reductions	Balance at June 30, 2013
<b>Assets</b> - Cash and cash equivalents	<u>\$ 1,076</u>	<u>\$ 12,646,096</u>	<u>\$ (12,523,089)</u>	<u>\$ 124,083</u>
<b>Liabilities</b> - Due to other governmental units	<u>\$ 1,076</u>	<u>\$ 11,244,579</u>	<u>\$ (11,121,572)</u>	<u>\$ 124,083</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 Position by Component Last Nine Fiscal Years

	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Governmental Activities</b>									
Net investment in capital assets	\$ 17,874,974	\$ 17,277,656	\$ 16,888,466	\$ 17,429,185	\$ 17,712,356	\$ 17,423,981	\$ 16,745,700	\$ 16,859,400	\$ 16,202,851
Restricted	978,085	1,258,245	1,078,074	1,025,574	1,089,080	1,007,907	1,101,202	962,194	1,014,827
Unrestricted	1,756,948	1,570,373	1,785,177	1,562,327	1,647,707	1,773,881	1,264,816	1,462,522	1,294,226
Total net position	<u>\$ 20,610,007</u>	<u>\$ 20,106,274</u>	<u>\$ 19,751,717</u>	<u>\$ 20,017,086</u>	<u>\$ 20,449,143</u>	<u>\$ 20,205,769</u>	<u>\$ 19,111,718</u>	<u>\$ 19,284,116</u>	<u>\$ 18,511,904</u>
<b>Business-type Activities</b>									
Net investment in capital assets	\$ 9,533,904	\$ 9,534,564	\$ 9,926,516	\$ 9,985,503	\$ 9,942,237	\$ 10,130,482	\$ 10,055,513	\$ 9,968,706	\$ 9,971,225
Restricted	865,171	840,427	846,350	905,755	884,227	763,748	768,020	756,792	748,181
Unrestricted	760,980	1,132,623	1,195,405	1,112,076	784,174	639,579	995,332	1,388,827	1,749,702
Total net position	<u>\$ 11,160,055</u>	<u>\$ 11,507,614</u>	<u>\$ 11,968,271</u>	<u>\$ 12,003,334</u>	<u>\$ 11,610,638</u>	<u>\$ 11,533,809</u>	<u>\$ 11,818,865</u>	<u>\$ 12,114,325</u>	<u>\$ 12,469,108</u>
<b>Primary Government in Total</b>									
Net investment in capital assets	\$ 27,408,878	\$ 26,812,220	\$ 26,814,982	\$ 27,414,688	\$ 27,654,593	\$ 27,554,463	\$ 26,801,213	\$ 26,828,106	\$ 26,174,076
Restricted	1,843,256	2,098,672	1,924,424	1,931,329	1,973,307	1,771,655	1,869,222	1,718,986	1,763,008
Unrestricted	2,517,928	2,702,996	2,980,582	2,674,403	2,431,881	2,413,460	2,260,148	2,851,349	3,043,928
Total net position	<u>\$ 31,770,062</u>	<u>\$ 31,613,888</u>	<u>\$ 31,719,988</u>	<u>\$ 32,020,420</u>	<u>\$ 32,059,781</u>	<u>\$ 31,739,578</u>	<u>\$ 30,930,583</u>	<u>\$ 31,398,441</u>	<u>\$ 30,981,012</u>

# City of Charlotte, Michigan

## Changes in Governmental Net Position Last Nine Fiscal Years

	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Expenses</b>									
General government	\$ 609,254	\$ 650,757	\$ 606,810	\$ 636,198	\$ 632,906	\$ 786,751	\$ 816,352	\$ 714,417	\$ 708,104
Public safety	2,542,149	2,612,572	2,647,674	2,836,299	2,933,665	3,041,186	3,046,302	2,676,328	2,946,200
Public works	1,930,962	1,811,206	1,789,658	1,846,761	1,928,332	2,152,815	2,131,513	1,990,798	2,090,492
Community and economic development	275,397	169,232	643,206	344,634	302,046	327,832	276,337	183,137	159,960
Recreation and culture	54,924	185,789	211,174	257,352	332,881	370,842	401,156	168,429	406,441
Interest on long-term debt	62,873	57,357	54,933	51,028	176,165	166,504	159,409	153,620	144,955
Total expenses	5,475,559	5,486,913	5,953,455	5,972,272	6,305,995	6,845,930	6,831,069	5,886,729	6,456,152
<b>Program Revenue</b>									
Charges for services:									
General government	160,466	225,066	218,433	274,564	245,582	101,663	165,902	165,723	162,947
Public safety	161,416	155,155	190,175	202,189	221,891	301,165	324,425	229,725	240,796
Public works	366,987	362,519	358,457	357,521	344,105	-	-	-	-
Total charges for services	688,869	742,740	767,065	834,274	811,578	402,828	490,327	395,448	403,743
Operating grants and contributions	68,890	36,461	487,270	683,776	1,505,415	725,303	488,798	548,263	548,968
Capital grants and contributions	562,252	203,004	14,256	193,580	101,343	337,707	185,204	651,271	139,011
Total program revenue	1,320,011	982,205	1,268,591	1,711,630	2,418,336	1,465,838	1,164,329	1,594,982	1,091,722
<b>Net Expenses</b>	(4,155,548)	(4,504,708)	(4,684,864)	(4,260,642)	(3,887,659)	(5,380,092)	(5,666,740)	(4,291,747)	(5,364,430)
<b>General Revenue</b>									
Property taxes	2,612,177	2,712,501	2,919,096	3,128,658	3,383,020	3,569,934	3,548,240	3,380,724	3,465,508
State-shared revenue	1,095,448	1,096,527	1,043,178	1,040,457	1,000,108	772,594	748,562	802,292	845,931
Investment earnings	41,934	113,513	178,226	159,880	99,745	7,953	6,075	1,905	2,267
Miscellaneous	119,310	56,164	166,436	174,269	373,085	203,202	247,522	256,798	278,512
Total general revenue	3,868,869	3,978,705	4,306,936	4,503,264	4,855,958	4,553,683	4,550,399	4,441,719	4,592,218
<b>Transfers</b>	22,800	22,270	23,371	22,747	23,758	23,035	22,290	22,426	-
<b>Special Items</b>	-	-	-	-	-	560,000	-	-	-
<b>Change in Net Position</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>	<b>\$ (1,094,051)</b>	<b>\$ 172,398</b>	<b>\$ (772,212)</b>

# City of Charlotte, Michigan

	2004	2005	2006	2007
<b>Operating Revenue</b>				
Water sales	\$ 871,133	\$ 898,846	\$ 930,983	\$ 912,385
Sewage charges	1,751,363	1,827,475	1,860,641	1,807,977
Tap fees	261,613	128,602	66,556	355,713
Recycling fees	14,011	14,855	15,645	20,278
Other	40,553	8,559	56,544	33,580
Total operating revenue	2,938,673	2,878,337	2,930,369	3,129,933
<b>Operating Expenses</b>				
Cost of services	1,739,638	1,734,836	1,764,385	1,905,570
Recycling	55,816	49,196	49,590	44,846
Depreciation	567,541	591,980	600,098	603,955
Total operating expenses	2,362,995	2,376,012	2,414,073	2,554,371
<b>Operating Income (Loss)</b>	575,678	502,325	516,296	575,562
<b>Nonoperating Revenue (Expense)</b>				
Investment income	11,856	25,632	77,501	83,352
Interest expense	(482,854)	(462,249)	(346,422)	(379,567)
Other	-	-	-	-
Total nonoperating expense	(470,998)	(436,617)	(268,921)	(296,215)
<b>Income (Loss) - Before contributions and other items</b>	104,680	65,708	247,375	279,347
<b>Capital Contributions</b>	441,300	135,885	122,454	204,681
<b>Transfers to Other Funds</b>	(23,448)	(22,800)	(22,270)	(23,371)
<b>Change in Net Position</b>	<u>\$ 522,532</u>	<u>\$ 178,793</u>	<u>\$ 347,559</u>	<u>\$ 460,657</u>
<b>Total Primary Government Revenue</b>	\$ 8,506,144	\$ 8,225,902	\$ 8,036,003	\$ 8,933,512
<b>Total Primary Government Expense</b>	8,350,055	8,310,988	8,192,177	8,827,412
<b>Total Primary Government Change in Net Position</b>	<u>\$ 156,089</u>	<u>\$ (85,086)</u>	<u>\$ (156,174)</u>	<u>\$ 106,100</u>

## Changes in Business-type Net Position Last Ten Fiscal Years

2008	2009	2010	2011	2012	2013
\$ 917,463	\$ 868,475	\$ 971,735	\$ 1,261,528	\$ 1,320,804	\$ 1,502,614
1,810,109	1,755,366	1,905,010	2,090,881	2,051,739	1,944,182
234,599	11,500	-	-	-	-
35,769	29,151	30,625	47,132	50,384	36,712
60,779	97,907	-	33,995	33,995	16,030
3,058,719	2,762,399	2,907,370	3,433,536	3,456,922	3,499,538
2,039,009	2,134,963	2,011,008	2,166,904	2,218,281	2,252,478
46,994	54,790	57,305	91,951	62,913	63,540
624,226	621,126	630,817	636,044	616,247	606,948
2,710,229	2,810,879	2,699,130	2,894,899	2,897,441	2,922,966
348,490	(48,480)	208,240	538,637	559,481	576,572
66,848	14,423	1,779	938	1,081	452
(357,528)	(334,881)	(311,114)	(290,736)	(265,324)	(253,044)
-	-	47,301	58,507	22,648	30,803
(290,680)	(320,458)	(262,034)	(231,291)	(241,595)	(221,789)
57,810	(368,938)	(53,794)	307,346	317,886	354,783
-	-	-	-	-	-
(22,747)	(23,758)	(23,035)	(22,290)	(22,426)	-
<b>\$ 35,063</b>	<b>\$ (392,696)</b>	<b>\$ (76,829)</b>	<b>\$ 285,056</b>	<b>\$ 295,460</b>	<b>\$ 354,783</b>
\$ 9,296,360	\$ 10,060,451	\$ 9,509,926	\$ 9,170,554	\$ 9,516,049	\$ 9,183,478
8,995,928	9,461,090	9,830,129	9,979,549	9,048,191	9,600,907
<b>\$ 300,432</b>	<b>\$ 599,361</b>	<b>\$ (320,203)</b>	<b>\$ (808,995)</b>	<b>\$ 467,858</b>	<b>\$ (417,429)</b>

# City of Charlotte, Michigan

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	As of June 30			
	2004	2005	2006	2007
General Fund:				
Reserved	\$ 191,642	\$ 150,598	\$ 163,656	\$ 161,392
Nonspendable	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Unreserved	<u>1,351,022</u>	<u>1,316,667</u>	<u>1,318,245</u>	<u>1,510,437</u>
Total General Fund	<u><b>\$ 1,542,664</b></u>	<u><b>\$ 1,467,265</b></u>	<u><b>\$ 1,481,901</b></u>	<u><b>\$ 1,671,829</b></u>
All other governmental funds:				
Reserved	\$ 9,894	\$ 18,722	\$ 20,971	\$ 26,184
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Unreserved - Reported in:				
Special revenue funds	989,534	1,176,647	1,422,192	1,237,256
Capital projects funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u><b>\$ 999,428</b></u>	<u><b>\$ 1,195,369</b></u>	<u><b>\$ 1,443,163</b></u>	<u><b>\$ 1,263,440</b></u>

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

As of June 30					
2008	2009	2010	2011	2012	2013
\$ 136,346	\$ 199,070	\$ 174,608	\$ -	\$ -	\$ -
-	-	-	178,081	170,337	167,078
-	-	-	200,000	320,000	320,000
-	-	-	993,351	664,286	1,091,005
<u>1,594,983</u>	<u>1,920,296</u>	<u>1,457,904</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b><u>\$ 1,731,329</u></b>	<b><u>\$ 2,119,366</u></b>	<b><u>\$ 1,632,512</u></b>	<b><u>\$ 1,371,432</u></b>	<b><u>\$ 1,154,623</u></b>	<b><u>\$ 1,578,083</u></b>
\$ 32,001	\$ 74,292	\$ 87,849	\$ -	\$ -	\$ -
-	-	-	4,151	3,217	1,774
-	-	-	1,096,979	886,612	945,023
1,188,888	966,465	973,930	-	-	-
<u>1,780,521</u>	<u>112,738</u>	<u>49,026</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b><u>\$ 3,001,410</u></b>	<b><u>\$ 1,153,495</u></b>	<b><u>\$ 1,110,805</u></b>	<b><u>\$ 1,101,130</u></b>	<b><u>\$ 889,829</u></b>	<b><u>\$ 946,797</u></b>

# City of Charlotte, Michigan

	Year Ended June 30			
	2004	2005	2006	2007
<b>Revenue</b>				
Property taxes	\$ 2,500,705	\$ 2,648,761	\$ 2,742,872	\$ 2,939,421
Special assessments	33,043	27,958	22,793	14,256
Licenses and permits	124,241	59,018	55,985	90,065
Intergovernmental	-	-	-	-
State and local sources	1,525,538	1,638,075	1,770,652	1,496,886
Federal grants	200,333	187,685	-	506,027
Charges for services	273,456	207,947	210,051	229,701
Fines and forfeitures	33,293	29,075	29,207	31,532
Other	256,123	229,674	195,088	383,706
<b>Total revenue</b>	<b>4,946,732</b>	<b>5,028,193</b>	<b>5,026,648</b>	<b>5,691,594</b>
<b>Expenditures</b>				
Current:				
General government	528,737	605,052	595,040	550,204
Public safety	2,307,638	2,405,193	2,496,011	2,511,489
Public works	1,100,758	1,011,859	1,045,120	1,581,050
Recreation and culture	155,220	168,718	154,971	175,392
Community and economic development	177,282	113,200	143,715	657,815
Capital outlay	1,050,552	484,274	212,746	83,404
Debt service principal	75,000	80,000	80,000	90,000
Debt service interest	65,235	62,155	58,885	55,406
<b>Total expenditures</b>	<b>5,460,422</b>	<b>4,930,451</b>	<b>4,786,488</b>	<b>5,704,760</b>
<b>Excess of Revenue (Under) Over Expenditures</b>	<b>(513,690)</b>	<b>97,742</b>	<b>240,160</b>	<b>(13,166)</b>
<b>Other Financing Sources (Uses)</b>				
Proceeds from long-term debt	-	-	-	-
Sale of fixed assets	-	-	-	-
Transfers in	316,242	302,814	339,686	430,556
Transfers out	(292,794)	(280,014)	(317,416)	(407,185)
<b>Total other financing sources</b>	<b>23,448</b>	<b>22,800</b>	<b>22,270</b>	<b>23,371</b>
<b>Extraordinary Item</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>(490,242)</b>	<b>120,542</b>	<b>262,430</b>	<b>10,205</b>
<b>Fund Balances - Beginning of year</b>	<b>3,032,334</b>	<b>2,542,092</b>	<b>2,662,634</b>	<b>2,925,064</b>
<b>Fund Balances - End of year</b>	<b>\$ 2,542,092</b>	<b>\$ 2,662,634</b>	<b>\$ 2,925,064</b>	<b>\$ 2,935,269</b>
Debt service as a percentage of noncapital expenditures	3.08%	3.15%	3.02%	2.87%

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

Year Ended June 30					
2008	2009	2010	2011	2012	2013
\$ 3,083,511	\$ 3,402,511	\$ 3,582,643	\$ 3,548,240	\$ 3,531,834	\$ 3,466,618
14,775	19,893	12,709	12,874	7,657	2,579
115,929	71,916	30,657	31,651	26,741	26,586
-	-	-	-	-	-
1,970,670	2,981,392	1,353,815	1,468,286	1,410,927	1,449,486
164,068	14,503	244,457	-	2,097	607,800
273,285	302,187	355,473	365,929	283,081	299,605
33,183	36,438	29,712	31,767	32,567	31,713
310,877	496,327	161,539	273,355	278,487	285,705
5,966,298	7,325,167	5,771,005	5,732,102	5,573,391	6,170,092
603,192	622,713	615,309	597,981	525,995	621,205
3,885,138	2,787,931	2,910,550	2,961,498	2,615,436	2,699,043
1,258,963	1,284,442	1,163,567	1,154,272	1,105,860	1,034,223
249,435	187,754	260,343	252,384	317,892	296,248
337,074	316,075	288,130	146,994	141,075	140,152
688,516	3,338,894	763,240	681,587	950,880	520,344
117,745	115,000	155,000	170,000	212,007	232,189
51,512	155,994	167,445	160,431	154,782	146,260
7,191,575	8,808,803	6,323,584	6,125,147	6,023,927	5,689,664
(1,225,277)	(1,483,636)	(552,579)	(393,045)	(450,536)	480,428
3,000,000	-	-	100,000	-	-
-	-	-	-	-	-
323,912	231,880	502,592	618,625	448,580	294,549
(301,165)	(208,122)	(479,557)	(596,335)	(426,154)	(294,549)
3,022,747	23,758	23,035	122,290	22,426	-
-	-	-	-	-	-
1,797,470	(1,459,878)	(529,544)	(270,755)	(428,110)	480,428
2,935,269	4,732,739	3,272,861	2,743,317	2,472,562	2,044,452
<b>\$ 4,732,739</b>	<b>\$ 3,272,861</b>	<b>\$ 2,743,317</b>	<b>\$ 2,472,562</b>	<b>\$ 2,044,452</b>	<b>\$ 2,524,880</b>
3.29%	5.07%	5.75%	5.95%	7.89%	7.36%



## **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 Real Property			Taxable Value by Property Type			Estimated Actual Value	Taxable Value as a Percentage of Actual
		Residential	Commercial	Industrial	Personal Property	Total Value	Tax Rate (Mills)		
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
2010	2011	133,068,308	53,984,883	14,830,119	26,677,190	228,560,500	13.9144	524,884,464	43.54
2011	2012	128,150,064	52,942,360	16,943,880	27,919,048	225,955,352	14.2913	504,135,496	44.82
2012	2013	121,858,020	51,216,664	16,192,747	29,116,426	218,383,857	14.2913	465,956,448	46.87

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			Total Direct Taxes	Overlapping Taxes						Total Tax Rate	
	General Operating	Debt	Special Purpose		County	State	Intermediate	Charlotte	Charlotte	District Library	Non- homestead	
						Education Tax	School District	Public Schools - Homestead	Public Schools - Nonhomestead			
2003	13.6481	-	-	13.6481	7.3876	6.0000	3.9457	7.5900	25.5900	0.8789	39.4503	57.4503
2004	13.4170	-	-	13.4170	7.8012	5.0000	3.7350	7.5900	25.5900	0.8758	38.4190	56.4190
2005	13.4170	-	-	13.4170	7.7634	6.0000	3.8896	7.5900	25.5900	0.8758	39.5358	57.5358
2006	13.4173	-	-	13.4173	7.7507	6.0000	3.8778	7.5900	25.5900	0.8567	39.4925	57.4925
2007	13.4346	-	-	13.4346	7.6279	6.0000	3.8778	7.5900	25.5900	0.8568	39.3871	57.3871
2008	13.4346	0.7500	-	14.1846	7.6279	6.0000	3.8778	7.5900	25.5900	0.9000	40.1803	58.1803
2009	13.4346	0.7500	-	14.1846	7.5868	6.0000	3.8778	7.5900	25.5900	0.9000	40.1392	58.1392
2010	13.9144	0.8000	-	14.7144	7.5868	6.0000	3.8778	7.5900	25.5900	0.9000	40.6690	58.6690
2011	14.2913	0.8500	0.1000	15.2413	7.5868	6.0000	3.8778	7.5900	25.5900	0.9000	41.1959	59.1959
2012	14.2913	0.8800	0.1000	15.2713	7.5899	6.0000	3.8778	8.0900	26.0900	0.9000	41.7290	59.7290

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, 2013

Taxpayer	2012		2003		2003 Rank
	Taxable Value	Percentage of Total	Taxable Value	Percentage of Total	
1 Spartan Motors	\$ 16,694,569	7.39	\$ 2,583,500	1.41	6
2 Owens-Illinois Glass Container	4,883,843	2.16	3,259,800	1.78	4
3 Meijer Inc.	4,589,327	2.03	5,907,000	3.22	1
4 Consumers Energy	4,524,552	2.00	3,450,100	1.88	3
5 Walmart	4,387,507	1.94	4,122,600	2.25	2
6 Linn Products	3,136,179	1.39			
7 Enovapremier of Michigan LLC	2,104,653	0.93			
8 Legacy Parke Partners LLC	1,758,987	0.78	2,104,700	1.15	7
9 In Mold Solutions LLC	1,416,924	0.63			
10 Butternut Apartments	1,222,840	0.54			
Philips Products, Inc	-	-	2,766,000	1.51	5
III Group LLC	-	-	1,367,300	0.75	10
Kmart Corporation	-	-	1,548,900	0.84	9

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
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
2010	2011	3,495,219	3,327,452	95.20	137,995	3,465,447	99.15
2011	2012	3,448,580	3,325,405	96.43	119,496	3,444,901	99.89
2012	2013	3,334,687	3,202,434	96.03	129,197	3,331,631	99.91

## **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

	2004	2005	2006	2007
<b>Governmental Activities</b>				
General obligation bonds	\$ 1,330,000	\$ 1,250,000	\$ 1,170,000	\$ 1,080,000
Loans payable	-	-	-	-
Land contract	-	-	-	-
Economic development agreement	<u>242,983</u>	<u>229,102</u>	<u>183,204</u>	<u>165,330</u>
Total	1,572,983	1,479,102	1,353,204	1,245,330
<b>Business-type Activities</b>				
General obligation bonds	1,330,000	1,165,000	990,000	805,000
Loans payable	-	-	-	-
Revenue bonds	<u>7,292,140</u>	<u>7,077,033</u>	<u>6,799,449</u>	<u>6,548,164</u>
Total	<u>8,622,140</u>	<u>8,242,033</u>	<u>7,789,449</u>	<u>7,353,164</u>
Total debt of the government	<u><b>\$ 10,195,123</b></u>	<u><b>\$ 9,721,135</b></u>	<u><b>\$ 9,142,653</b></u>	<u><b>\$ 8,598,494</b></u>
Total residential personal income	\$ 3,064,536	\$ 3,083,449	\$ 3,136,018	N/A
Ratio of total debt to personal income	30.06%	31.72%	34.30%	N/A
Total population*	8,389	8,389	8,389	8,389
Total debt per capita	\$ 1,215	\$ 1,159	\$ 1,090	\$ 1,025

\* 2004-2009 population based on 2000 census figures  
 2011-2013 population based on 2010 census figures

## Ratios of Outstanding Debt Last Ten Fiscal Years

	2008	2009	2010	2011	2012	2013
\$	3,990,000	\$ 3,875,000	\$ 3,720,000	\$ 3,550,000	\$ 3,365,000	\$ 3,160,000
	-	-	-	-	90,867	81,552
	-	-	-	-	-	-
	<u>147,456</u>	<u>129,582</u>	<u>111,708</u>	<u>93,834</u>	<u>75,960</u>	<u>58,086</u>
	4,137,456	4,004,582	3,831,708	3,643,834	3,531,827	3,299,638
	610,000	410,000	205,000	-	-	-
	-	-	-	-	-	-
	<u>6,281,879</u>	<u>6,000,594</u>	<u>5,704,309</u>	<u>5,398,024</u>	<u>5,076,739</u>	<u>4,745,454</u>
	<u>6,891,879</u>	<u>6,410,594</u>	<u>5,909,309</u>	<u>5,398,024</u>	<u>5,076,739</u>	<u>4,745,454</u>
<b>\$</b>	<b><u>11,029,335</u></b>	<b><u>10,415,176</u></b>	<b><u>9,741,017</u></b>	<b><u>9,041,858</u></b>	<b><u>8,608,566</u></b>	<b><u>8,045,092</u></b>
	N/A	N/A	N/A	N/A	N/A	N/A
	N/A	N/A	N/A	N/A	N/A	N/A
	8,389	8,389	9,074	9,074	9,074	9,074
\$	1,315	\$ 1,242	\$ 1,074	\$ 996	\$ 949	\$ 887



## 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	Net General Bonded Debt	Taxable Value
2004	\$ 1,330,000	\$ -	\$ -	\$ 1,330,000	\$ 175,127,400
2005	1,250,000	-	-	1,250,000	183,373,000
2006	1,170,000	-	-	1,170,000	196,457,200
2007	1,080,000	-	-	1,080,000	207,939,126
2008	3,990,000	-	-	3,990,000	219,633,813
2009	3,875,000	-	-	3,875,000	226,547,223
2010	3,720,000	-	-	3,720,000	238,372,433
2011	3,550,000	-	-	3,550,000	228,560,500
2012	3,365,000	-	-	3,365,000	225,955,352
2013	3,160,000	-	-	3,160,000	218,383,857

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

(2) Estimate not available; amount from 2010 census used

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

Debt as a Percentage of Taxable Value	Population	Debt per Capita
0.76	8,389 (1)	\$ 159
0.68	8,389 (1)	149
0.60	8,389 (1)	139
0.52	8,389 (1)	129
1.82	8,389 (1)	476
1.71	8,389 (1)	462
1.56	9,074	410
1.55	9,074 (2)	391
1.49	9,074 (2)	371
1.45	9,074 (2)	348

# City of Charlotte, Michigan

## Direct and Overlapping Governmental Activities Debt June 30, 2013

Governmental Unit	Debt Outstanding	Estimated Percent Applicable	Estimated Share of Overlapping Debt
Eaton County	\$ 39,643,830	6.79	\$ 2,691,816
Eaton Intermediate School District	985,000	8.67	85,400
Charlotte Public Schools	<u>76,345,495</u>	40.93	<u>31,248,211</u>
Total overlapping debt	116,974,325		34,025,427
Direct City debt	<u>3,365,000</u>	100.00	<u>3,365,000</u>
Total direct and overlapping debt	<u><b>\$ 120,339,325</b></u>		<u><b>\$ 37,390,427</b></u>

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

Note: Overlapping debt is calculated based upon the taxable value of the City that is in the taxing unit as a percentage of the total taxable value of the taxing unit.

# City of Charlotte, Michigan

## Pledged Revenue Coverage Last Ten Fiscal Years

Fiscal Year	Water and Sewer Revenue Bonds						Coverage (Percent)
	Gross Revenues	Applicable Expenses	Net Revenues	Debt Service		Total	
				Principal	Interest		
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
2011	3,421,062	2,166,904	1,254,158	511,285	290,736	802,021	156.37
2012	3,408,800	2,218,281	1,190,519	321,285	231,160	552,445	215.50
2013	3,470,864	2,252,478	1,218,386	331,285	218,910	550,195	221.45

# City of Charlotte, Michigan

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	2004	2005	2006	2007
<b>Calculation of Debt Limit</b>				
State equalized valuation	\$ 194,451,900	\$ 216,526,900	\$ 232,238,100	\$ 263,924,600
10% of taxable value	19,445,190	21,652,690	23,223,810	26,392,460
<b>Calculation of Debt Subject to Limit</b>				
Total debt	10,195,123	9,721,135	9,142,653	8,598,494
Less debt not subject to limit - Revenue bonds	<u>8,622,140</u>	<u>8,242,033</u>	<u>7,789,449</u>	<u>7,353,164</u>
Net debt subject to limit	1,572,983	1,479,102	1,353,204	1,245,330
<b>Legal Debt Margin</b>	17,872,207	20,173,588	21,870,606	25,147,130
<b>Net Debt Subject to Limit as Percent of Debt Limit</b>	8.80%	7.33%	6.19%	4.95%

**Legal Debt Margin  
Last Ten Fiscal Years**

2008	2009	2010	2011	2012	2013
\$ 276,376,798	\$ 281,354,415	\$ 282,573,929	\$ 262,442,232	\$ 252,067,748	\$ 232,978,224
27,637,680	28,135,442	28,257,393	26,244,223	25,206,775	23,297,822
11,029,335	10,415,176	9,741,017	9,041,858	8,608,566	8,045,092
<u>6,891,879</u>	<u>6,410,594</u>	<u>5,909,309</u>	<u>5,398,024</u>	<u>5,076,739</u>	<u>4,745,454</u>
4,137,456	4,004,582	3,831,708	3,643,834	3,531,827	3,299,638
23,500,224	24,130,860	24,425,685	22,600,389	21,674,948	19,998,184
17.61%	16.60%	15.69%	16.12%	16.29%	16.50%

## **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**
2004	8,389	(1)	\$ 3,111,308	\$ 371	5.30
2005	8,389	(1)	3,116,067	371	5.40
2006	8,389	(1)	3,267,424	389	5.20
2007	8,389	(1)	3,429,425	409	5.10
2008	8,389	(1)	3,563,811	425	6.20
2009	8,389	(1)	3,546,095	423	10.10
2010	9,074		N/A	-	9.00
2011	9,074	(2)	N/A	-	N/A
2012	9,074	(2)	N/A	-	N/A
2013	9,074	(2)	N/A	-	N/A

(1) Estimates not available; amount from 2000 Census

(2) Estimates not available; amount from 2010 Census

N/A = Information not available

\* Number represents all of Eaton County

\*\* Represents all of Eaton County

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

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Employer	2006		2007		2008	
	Number of Employees	Percentage of Total	Number of Employees	Percentage of Total	Number of Employees	Percentage of Total
1 Spartan Motors	740	21.80	1,062	27.64	1,400	34.20
2 Hayes Green Beach Memorial Hospital	477	14.05	490	12.75	458	11.19
3 Charlotte Public Schools	510	15.02	502	13.07	470	11.48
4 County of Eaton	400	11.78	400	10.41	380	9.28
5 Meijer, Inc.	280	8.25	275	7.16	275	6.72
6 Walmart Stores, Inc.	291	8.57	286	7.44	280	6.84
7 Peckham Vocational Industries	190	5.60	200	5.21	192	4.69
8 Eaton Intermediate School District	210	6.19	210	5.47	223	5.45
9 Linn Products, Inc.	109	3.21	-	-	-	-
10 Owens-Brockway Glass Container, Inc. Thomas Redmer Group	188 -	5.54 -	177 240	4.61 6.25	190 225	4.64 5.50

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

Source: Treasurer, City of Charlotte

## Principal Employers June 30, 2013

2009		2010		2011		2012		2013	
Number of Employees	Percentage of Total	Number of Employees	Percentage of Total	Number of Employees	Percentage of Total	Number of Employees	Percentage of Total	Number of Employees	Percentage of Total
709	22.09	709	22.23	596	19.85	563	20.67	623	21.67
455	14.17	453	14.20	451	15.02	466	17.11	475	16.52
440	13.71	437	13.70	445	14.82	370	13.58	322	11.20
385	11.99	383	12.01	405	13.49	360	13.22	391	13.60
263	8.19	260	8.15	259	8.62	100	3.67	275	9.57
280	8.72	283	8.87	250	8.33	255	9.36	255	8.87
200	6.23	300	9.40	222	7.39	184	6.75	184	6.40
210	6.54	185	5.80	200	6.66	255	9.36	170	5.91
121	3.77	180	5.64	175	5.83	171	6.28	180	6.26
147	4.58	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-

## **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	2004	2005	2006	2007
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	21	21	21	20
Fire - Full-time	7	7	7	7
Fire - Volunteer	24	26	27	29
Building inspection	1	1	1	1
Public works:				
DPW	13	13	13	12
Water and sewer	8	8	8	8
Community and economic development	1	1	1	1
Total	<b>83</b>	<b>85</b>	<b>86</b>	<b>86</b>

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

2008	2009	2010	2011	2012	2013
2	2	1	1	1	1
2	2	2	2	2	2
1	1	1	1	1	1
3	3	3	3	3	3
20	20	19	18	17	17
7	7	7	7	6	5
27	28	28	30	28	30
1	1	1	1	1	1
13	12	12	12	11	12
8	7	7	7	7	7
1	1	1	1	1	1
<b>85</b>	<b>84</b>	<b>82</b>	<b>83</b>	<b>78</b>	<b>80</b>

# City of Charlotte, Michigan

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Function/Program	2004	2005	2006	2007
<b>Election data:</b>				
Registered voters	5,579	5,908	6,014	6,033
Voters (at the polls or absentee)	1,206	3,937	1,333	3,246
Percent voting	21.62%	66.64%	22.16%	53.80%
<b>Police:</b>				
Physical arrests	745	775	758	668
Traffic violations	1,414	1,253	1,133	928
Crimes reported	2,390	3,204	2,730	2,626
<b>Fire:</b>				
Fire runs	483	541	550	507
Emergency medical runs	176	204	219	192
Inspections	153	162	96	105
<b>Public works - Miles of street resurfaced</b>				
	-	-	0.73	-
<b>Water:</b>				
Number of customers billed	3,614	3,614	3,703	3,716
Total daily consumption	967,806	967,806	976,435	1,069,000
Average consumption per user	268	268	264	288
<b>Sewer - Average daily sewage treatment</b>				
	964,450	978,422	963,250	944,000

**Operating Indicators  
Last Ten Fiscal Years**

2008	2009	2010	2011	2012	2013
6,106	6,277	6,172	6,262	6,348	6,309
1,536	4,089	1,038	2,968	1,389	3,762
25.16%	65.14%	16.82%	47.40%	21.88%	59.63%
642	638	620	671	623	655
1,227	1,179	1,391	1,260	1,190	1,243
2,642	2,460	2,753	2,770	3,083	3,132
472	386	357	300	286	316
212	258	238	276	218	220
135	110	164	150	85	25
0.50	0.99	2.21	1.53	1.20	0.25
3,763	3,747	3,791	3,731	3,682	3,769
1,090,000	965,900	928,300	908,700	909,600	886,000
290	258	245	244	247	235
941,000	941,000	850,000	818,000	802,250	770,000

# City of Charlotte, Michigan

Function/Program	2004	2005	2006	2007
<b>Police:</b>				
Stations	1	1	1	1
Patrol units	7	8	10	10
<b>Fire:</b>				
Stations	1	1	1	1
Fire response vehicles	7	8	8	8
Emergency response vehicles	1	1	1	1
<b>Public works:</b>				
<b>Streets (miles):</b>				
Major streets	11.45	11.45	11.41	11.41
Local streets	26.05	26.26	26.26	26.26
Sidewalks	N/A	N/A	N/A	N/A
Streetlights	481	488	490	509
Traffic signals	7	7	7	7
<b>Parks and recreation:</b>				
Acreage	199	199	199	199
Developed parks/playgrounds	7	7	8	8
Libraries - Branches	1	1	1	1
<b>Water:</b>				
Mains (miles)	52.3	52.6	52.9	53.0
Fire hydrants	467	469	471	471
Storage capacity	1,150,000	1,150,000	1,150,000	1,150,000
<b>Sewer:</b>				
Miles of sanitary sewers	41.5	42.0	42.0	42.0
Miles of storm sewers	31.2	31.5	31.5	31.5
Treatment capacity	1,800,000	1,800,000	1,800,000	1,800,000

N/A = Information not available



**Capital Asset Statistics  
Last Ten Fiscal Years**

2008	2009	2010	2011	2012	2013
1	1	1	1	1	1
10	10	9	9	9	9
1	2	2	2	2	2
8	8	8	8	7	7
1	1	1	1	1	1
11.91	11.91	11.91	11.91	11.91	12.17
25.91	25.91	25.91	25.91	25.91	25.65
N/A	43.74	44.03	44.16	44.16	44.16
510	513	513	514	514	507
7	7	7	7	7	7
199	199	199	199	199	199
8	8	8	8	8	8
1	1	1	1	1	1
53.0	53.0	53.0	53.0	53.0	53.0
471	471	471	471	471	471
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