

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name	County
Fiscal Year End	Opinion Date	Date Audit Report Submitted to State	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

YES NO Check each applicable box below. (See instructions for further detail.)

1. All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. The local unit has adopted a budget for all required funds.
5. A public hearing on the budget was held in accordance with State statute.
6. The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. The local unit only holds deposits/investments that comply with statutory requirements.
9. The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. The local unit is free of repeated comments from previous years.
12. The audit opinion is UNQUALIFIED.
13. The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. The board or council approves all invoices prior to payment as required by charter or statute.
15. To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)
Financial Statements	<input type="checkbox"/>	
The letter of Comments and Recommendations	<input type="checkbox"/>	
Other (Describe)	<input type="checkbox"/>	
Certified Public Accountant (Firm Name)		Telephone Number
Street Address	City	State Zip
Authorizing CPA Signature <i>Hennrich A. Berthiaume</i>	Printed Name	License Number

VILLAGE OF ST. CHARLES
Saginaw County, Michigan

FINANCIAL STATEMENTS
March 31, 2007

VILLAGE OF ST. CHARLES

TABLE OF CONTENTS

	PAGE
Independent Auditors' Report	1
Management's Discussion And Analysis	3
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets.....	8
Statement of Activities	9
Fund Financial Statements:	
<i>Governmental Funds:</i>	
Balance Sheet.....	10
Reconciliation of Fund Balances of Governmental Funds to Net Assets of Governmental Activities	11
Statement of Revenues, Expenditures and Changes in Fund Balances	12
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	13
<i>Proprietary Funds:</i>	
Statement of Net Assets.....	14
Statement of Revenues, Expenses, and Changes in Net Assets.....	15
Statement of Cash Flows.....	16
<i>Fiduciary Fund:</i>	
Statement of Net Assets.....	17
Notes to Financial Statements.....	18
Required Supplemental Information:	
Schedule of Pension Plan Funding Progress.....	35
Budgetary Comparison Schedule – General Fund	36
Budgetary Comparison Schedule – Special Revenue Fund – Major Street Fund	37
Budgetary Comparison Schedule – Special Revenue Fund – Local Street Fund.....	38
Budgetary Comparison Schedule – Special Revenue Fund – Grant Revolving Loan Fund	39
Other Supplemental Information:	
<i>General Fund:</i>	
Detailed Schedule of Revenues	41
Detailed Schedule of Expenditures	42
<i>Component Units:</i>	
Balance Sheet	46
Statement of Revenues, Expenditures and Changes in Fund Balances	47
<i>Fiduciary Fund:</i>	
Statement of Changes in Assets and Liabilities.....	48
<i>Schedules of Indebtedness</i>	49

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INDEPENDENT AUDITORS' REPORT

To the Village Council
Village of St. Charles, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Village of St. Charles as of and for the year ended March 31, 2007, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village of St. Charles' management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the 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 Village of St. Charles, as of March 31, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis, schedule of pension plan funding progress and budgetary comparison schedules, as identified in the table of contents, are not a required part of the basic financial statements but are supplemental information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of St. Charles' basic financial statements. The accompanying other supplemental information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The other supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Berthiaume & Co.

May 15, 2007

MANAGEMENT'S DISCUSSION AND ANALYSIS

VILLAGE OF ST. CHARLES

MANAGEMENT'S DISCUSSION AND ANALYSIS

March 31, 2007

Overview of the Financial Statements:

The Village of St. Charles' discussion and analysis is a narrative overview of the Village's financial activities for the fiscal year ended March 31, 2007. The information presented here should be read in conjunction with the financial statements and the notes to the financial statements that follow.

Government-wide Financial Statements:

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

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

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

Governmental Activities – Most of the Village's basic services are included here, such as the public safety, public works, and recreation departments, and general administration. Property taxes, State-shared revenue, charges for services, grants, and transfers provide much of the funding.

Business-type Activities – The Village charges fees to customers to help it cover the costs of certain services it provides. The Village's sewer and water systems are included here.

Component Units – The Village includes the Downtown Development Authority and the Local Development Finance Authority in its report.

Fund Financial Statements:

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

The Village has three kinds of funds:

Governmental Funds – Most of the Village's basic services are included in governmental funds, which focus on how cash and other financial assets that can be converted to cash flow in and out, and the balance left at year end that is available for spending. The governmental fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Village's programs.

Proprietary Funds – Services to which the Village charges customers a fee are generally reported in proprietary funds. Proprietary fund statements, like government-wide statements, provide both short- and long-term financial information.

Fiduciary Funds – The Village is responsible for ensuring that the assets in these funds are used for their intended purposes. We exclude these activities from the government-wide financial statements because the Village cannot use these assets to finance its operations.

VILLAGE OF ST. CHARLES

MANAGEMENT'S DISCUSSION AND ANALYSIS

March 31, 2007

Government-Wide Financial Analysis:

The following table shows, in a condensed format, the statement of net assets at March 31, 2007 and 2006:

	<i>Governmental</i>		<i>Business-type</i>		<i>Total</i>	
	<i>Activities</i>		<i>Activities</i>			
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Assets:						
Current assets	\$ 589,812	\$ 791,909	\$ 803,991	\$ 729,497	\$ 1,393,803	\$ 1,521,406
Capital assets	<u>1,203,643</u>	<u>1,050,644</u>	<u>1,771,294</u>	<u>1,887,964</u>	<u>2,974,937</u>	<u>2,938,608</u>
Total assets	<u>1,793,455</u>	<u>1,842,553</u>	<u>2,575,285</u>	<u>2,617,461</u>	<u>4,368,740</u>	<u>4,460,014</u>
Liabilities:						
Other liabilities	13,026	18,647	35,977	36,308	49,003	54,955
Long-term liabilities	<u>31,393</u>	<u>59,078</u>	<u>385,000</u>	<u>420,000</u>	<u>416,393</u>	<u>479,078</u>
Total liabilities	<u>44,419</u>	<u>77,725</u>	<u>420,977</u>	<u>456,308</u>	<u>465,396</u>	<u>534,033</u>
Net assets:						
Invested in capital assets, net of related debt	1,203,643	1,050,644	1,386,294	1,467,964	2,589,937	2,518,608
Restricted	51,890	98,116	-	-	51,890	98,116
Unrestricted	<u>493,503</u>	<u>616,068</u>	<u>768,014</u>	<u>693,189</u>	<u>1,261,517</u>	<u>1,309,257</u>
Total net assets	<u>\$ 1,749,036</u>	<u>\$ 1,764,828</u>	<u>\$ 2,154,308</u>	<u>\$ 2,161,153</u>	<u>\$ 3,903,344</u>	<u>\$ 3,925,981</u>

VILLAGE OF ST. CHARLES

MANAGEMENT'S DISCUSSION AND ANALYSIS

March 31, 2007

Government-Wide Financial Analysis, continued:

The following table shows, in a condensed format, the changes in net assets for 2006 and 2005:

	<i>Governmental</i>		<i>Business-type</i>		<i>Total</i>	
	<i>Activities</i>		<i>Activities</i>			
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Revenues:						
Program revenues						
Charges for services	\$ 166,197	\$ 163,097	\$ 492,185	\$ 508,474	\$ 658,382	\$ 671,571
Operating grants	200,284	186,242	-	-	200,284	186,242
Capital grants	-	-	-	-	-	-
General revenues						
Property taxes	436,360	425,791	-	-	436,360	425,791
Franchise taxes	9,251	8,358	-	-	9,251	8,358
State revenue sharing	223,067	226,840	-	-	223,067	226,840
Investment earnings	18,904	16,226	26,714	15,352	45,618	31,578
Miscellaneous	4,937	21,029	-	-	4,937	21,029
Total revenues	<u>1,059,000</u>	<u>1,047,583</u>	<u>518,899</u>	<u>523,826</u>	<u>1,577,899</u>	<u>1,571,409</u>
Expenses:						
General government	212,308	212,825	-	-	212,308	212,825
Public safety	343,602	305,586	-	-	343,602	305,586
Public works	397,817	424,937	-	-	397,817	424,937
Health and welfare	4,260	3,334	-	-	4,260	3,334
Community and economic development	7,337	3,127	-	-	7,337	3,127
Recreation and culture	109,468	67,509	-	-	109,468	67,509
Interest on long-term debt	-	-	-	-	-	-
Sewer	-	-	195,864	181,999	195,864	181,999
Water	-	-	329,880	299,249	329,880	299,249
Total expenses	<u>1,074,792</u>	<u>1,017,318</u>	<u>525,744</u>	<u>481,248</u>	<u>1,600,536</u>	<u>1,498,566</u>
Change in net assets	(15,792)	30,265	(6,845)	42,578	(22,637)	72,843
Net assets, beginning of year	<u>1,764,828</u>	<u>1,734,563</u>	<u>2,161,153</u>	<u>2,118,575</u>	<u>3,925,981</u>	<u>3,853,138</u>
Net assets, end of year	<u>\$ 1,749,036</u>	<u>\$ 1,764,828</u>	<u>\$ 2,154,308</u>	<u>\$ 2,161,153</u>	<u>\$ 3,903,344</u>	<u>\$ 3,925,981</u>

VILLAGE OF ST. CHARLES

MANAGEMENT'S DISCUSSION AND ANALYSIS

March 31, 2007

The Village's Funds:

The fund financial statements begin on page 10 and provide detailed information on the most significant governmental funds – not the Village as a whole. The Village Council creates funds to help manage money for special purposes, as well as to show accountability for certain activities, such as special property tax millages. The Village's major governmental funds for 2007 include the General Fund, Major Street Fund, Local Street Fund and Grant Revolving Loan Fund.

Other major funds are the Sewer Fund and Water Fund, which are categorized as Enterprise or business-type funds. These funds operate on revenues they received from the customers (users) of the sewer and water systems.

General Fund Budgetary Highlights:

Over the course of the year, the Village amended the budget to take into account various expenditures or revenue changes. These amendments were relatively minor.

Capital Assets and Debt Administration:

During the 2006-2007 fiscal year, the Village invested approximately \$244,000 in governmental capital assets, which included street paving, the purchase of a police vehicle and other equipment. The Village's investment in business-type capital assets was minor.

During the 2006-2007 fiscal year, the Village incurred no additions to its long-term debt. The Village and its component units reduced long-term liabilities by approximately \$93,000 during the year.

Economic Factors:

The Village continues to maintain positive fund balances in each of its funds. However, concerns arise when considering the revenues and expenses that the Village is facing in upcoming years. The major sources of revenue for the Village are property taxes, State-shared revenues, and charges for services. These sources have certain limitations outside of the Village's control – taxable value of property in the Village has remained flat, resulting in small increases in property taxes; the State of Michigan has experienced budget deficits and has reduced revenue-sharing payments to local governments to help in reducing their deficit; and the economy has restricted the Village in what it can charge its customers. In comparison, certain expenses continue to rise at a rate higher than inflation, such as health insurance, utility costs, and gasoline expenses.

We are continuing to plan for the long term, and will continue to balance the budgets through controls over spending, while striving to provide the Village's residents with the same level of service to which they have become accustomed.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Village's finances and to show the Village's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Village Manager, 110 West Spruce, St. Charles, Michigan, 48655.

BASIC FINANCIAL STATEMENTS

VILLAGE OF ST. CHARLES

STATEMENT OF NET ASSETS

March 31, 2007

	<i>Primary Government</i>			<i>Component Units</i>
	<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Total</i>	
Assets:				
Cash and cash equivalents	\$ 341,904	\$ 616,670	\$ 958,574	\$ 157,139
Receivables	111,144	86,501	197,645	10,096
Advance receivable/payable	116,368	-	116,368	(116,368)
Inventory	-	25,672	25,672	-
Prepaid expenses	20,396	2,640	23,036	-
Capital assets:				
Nondepreciable capital assets	67,370	41,487	108,857	-
Depreciable capital assets, net	1,136,273	1,729,807	2,866,080	160,455
Investment in joint venture	-	72,508	72,508	-
Total assets	<u>1,793,455</u>	<u>2,575,285</u>	<u>4,368,740</u>	<u>211,322</u>
Liabilities:				
Accounts payable and accrued expenses	13,026	35,977	49,003	3,186
Long-term liabilities:				
Due within one year	-	35,000	35,000	31,385
Due in more than one year	<u>31,393</u>	<u>350,000</u>	<u>381,393</u>	<u>190,367</u>
Total liabilities	<u>44,419</u>	<u>420,977</u>	<u>465,396</u>	<u>224,938</u>
Net assets (deficit):				
Invested in capital assets, net of related debt	1,203,643	1,386,294	2,589,937	(61,297)
Restricted for:				
Streets	51,890	-	51,890	-
Unrestricted	<u>493,503</u>	<u>768,014</u>	<u>1,261,517</u>	<u>47,681</u>
Total net assets (deficit)	<u>\$ 1,749,036</u>	<u>\$ 2,154,308</u>	<u>\$ 3,903,344</u>	<u>\$ (13,616)</u>

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

VILLAGE OF ST. CHARLES

STATEMENT OF ACTIVITIES

Year Ended March 31, 2007

Functions/Programs	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
PRIMARY GOVERNMENT:					
<i>Governmental activities:</i>					
General government	\$ 212,308	\$ 55,249	\$ 16,200	\$ -	\$ (140,859)
Public safety	343,602	10,650	12,187	-	(320,765)
Public works	397,817	92,842	171,897	-	(133,078)
Health and welfare	4,260	-	-	-	(4,260)
Community and economic development	7,337	251	-	-	(7,086)
Recreation and culture	109,468	7,205	-	-	(102,263)
Total governmental activities	<u>1,074,792</u>	<u>166,197</u>	<u>200,284</u>	<u>-</u>	<u>(708,311)</u>
<i>Business-type activities:</i>					
Sewer	\$ 195,864	\$ 162,195	\$ -	\$ -	\$ (33,669)
Water	329,880	329,990	-	-	110
Total business-type activities	<u>525,744</u>	<u>492,185</u>	<u>-</u>	<u>-</u>	<u>(33,559)</u>
Total primary government	<u>\$ 1,600,536</u>	<u>\$ 658,382</u>	<u>\$ 200,284</u>	<u>\$ -</u>	<u>\$ (741,870)</u>
COMPONENT UNITS:					
Downtown development authority	\$ 51,759	\$ 22,734	\$ -	\$ -	\$ (29,025)
Local development finance authority	7,950	9,409	-	-	1,459
Total component units	<u>\$ 59,709</u>	<u>\$ 32,143</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (27,566)</u>

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

	<i>Primary Government</i>			<i>Component Units</i>
	<i>Governmental Activities</i>	<i>Business- type Activities</i>	<i>Total</i>	
<i>Changes in net assets:</i>				
Net (Expense) Revenue	\$ (708,311)	\$ (33,559)	\$ (741,870)	\$ (27,566)
General revenues:				
Taxes:				
Property taxes, levied for general purpose	436,360	-	436,360	-
Property taxes, captured by DDA and LDFA	-	-	-	99,201
Franchise taxes	9,251	-	9,251	-
Grants and contributions not restricted to specific programs	223,067	-	223,067	-
Unrestricted investment earnings	18,904	26,714	45,618	6,688
Miscellaneous	4,937	-	4,937	-
Total general revenues	<u>692,519</u>	<u>26,714</u>	<u>719,233</u>	<u>105,889</u>
Change in net assets	(15,792)	(6,845)	(22,637)	78,323
Net assets (deficit), beginning of year	<u>1,764,828</u>	<u>2,161,153</u>	<u>3,925,981</u>	<u>(91,939)</u>
Net assets (deficit), end of year	<u>\$ 1,749,036</u>	<u>\$ 2,154,308</u>	<u>\$ 3,903,344</u>	<u>\$ (13,616)</u>

VILLAGE OF ST. CHARLES

GOVERNMENTAL FUNDS

BALANCE SHEET

March 31, 2007

	<i>Major Governmental Funds</i>				<i>Nonmajor Governmental Fund</i>	<i>Total Governmental Funds</i>
	<i>General Fund</i>	<i>Major Street Fund</i>	<i>Local Street Fund</i>	<i>Grant Revolving Loan Fund</i>	<i>Community Home Improvement Program Fund</i>	
Assets:						
Cash and cash equivalents	\$ 134,585	\$ 15,928	\$ 4,727	\$ 122,290	\$ -	\$ 277,530
Taxes receivable	29,990	-	-	-	-	29,990
Accounts receivable	16,361	-	-	-	-	16,361
Notes receivable	3,971	-	-	-	-	3,971
Due from other governmental units	31,421	21,202	8,199	-	-	60,822
Prepaid expenditures	17,756	1,320	1,320	-	-	20,396
Advance receivable from component unit	-	-	-	116,368	-	116,368
Total assets	\$ 234,084	\$ 38,450	\$ 14,246	\$ 238,658	\$ -	\$ 525,438
Liabilities and Fund Balances:						
Liabilities:						
Accounts payable	\$ 6,083	\$ -	\$ -	\$ -	\$ -	\$ 6,083
Accrued expenses	5,805	482	324	-	-	6,611
Deferred revenue	3,971	-	-	-	-	3,971
Total liabilities	15,859	482	324	-	-	16,665
Fund balances:						
Reserved for:						
Prepaid expenditures	17,756	1,320	1,320	-	-	20,396
Long-term advance	-	-	-	116,368	-	116,368
Unreserved:						
General fund	200,469	-	-	-	-	200,469
Special revenue funds	-	36,648	12,602	122,290	-	171,540
Total fund balances	218,225	37,968	13,922	238,658	-	508,773
Total liabilities and fund balances	\$ 234,084	\$ 38,450	\$ 14,246	\$ 238,658	\$ -	\$ 525,438

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

VILLAGE OF ST. CHARLES

RECONCILIATION OF FUND BALANCES OF GOVERNMENTAL FUNDS TO NET ASSETS OF GOVERNMENTAL ACTIVITIES

March 31, 2007

Total fund balances for governmental funds		\$ 508,773
Total net assets reported for governmental activities in the statement of net assets is different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Governmental capital assets	1,656,497	
Less accumulated depreciation	<u>(611,719)</u>	1,044,778
Deferred revenues reported in the governmental funds are recognized as revenues for the governmental activities.		
Special assessments		3,971
Long-term liabilities are not due and payable in the current year and therefore are not reported in the governmental funds:		
Compensated absences payable		(31,393)
The assets and liabilities of internal service funds are included in governmental activities in the statement of net assets.		
		<u>222,907</u>
Net assets of governmental activities		<u>\$ 1,749,036</u>

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

VILLAGE OF ST. CHARLES

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Year Ended March 31, 2007

	<u>Major Governmental Funds</u>				<i>Nonmajor Governmental Fund</i>	<i>Total Governmental Funds</i>
	<i>General Fund</i>	<i>Major Street Fund</i>	<i>Local Street Fund</i>	<i>Grant Revolving Loan Fund</i>	<i>Community Home Improvement Program Fund</i>	
Revenues:						
Property taxes	\$ 436,360	\$ -	\$ -	\$ -	\$ -	\$ 436,360
Licenses and permits	19,901	-	-	-	-	19,901
State grants	233,087	118,490	45,828	-	-	397,405
Contributions from other units	7,400	-	-	-	-	7,400
Charges for services	90,234	-	-	-	-	90,234
Fines and forfeits	9,746	-	-	-	-	9,746
Interest and rents	56,150	1,692	504	2,861	157	61,364
Other revenue	21,137	-	-	-	62	21,199
Total revenues	<u>874,015</u>	<u>120,182</u>	<u>46,332</u>	<u>2,861</u>	<u>219</u>	<u>1,043,609</u>
Expenditures:						
Current						
General government	195,681	-	-	-	-	195,681
Public safety	329,493	-	-	-	-	329,493
Public works	177,324	94,229	104,540	-	-	376,093
Health and welfare	4,260	-	-	-	-	4,260
Community and economic development	6,137	-	-	1,200	-	7,337
Recreation and culture	101,290	-	-	-	-	101,290
Other	14,858	-	-	-	-	14,858
Capital outlay	59,494	29,078	134,485	-	-	223,057
Total expenditures	<u>888,537</u>	<u>123,307</u>	<u>239,025</u>	<u>1,200</u>	<u>-</u>	<u>1,252,069</u>
Excess (deficiency) of revenues over expenditures	<u>(14,522)</u>	<u>(3,125)</u>	<u>(192,693)</u>	<u>1,661</u>	<u>219</u>	<u>(208,460)</u>
Other financing sources (uses):						
Transfers from other funds	82,860	-	179,408	-	-	262,268
Transfers to other funds	(149,592)	(29,816)	-	-	(82,860)	(262,268)
Total other financing sources (uses)	<u>(66,732)</u>	<u>(29,816)</u>	<u>179,408</u>	<u>-</u>	<u>(82,860)</u>	<u>-</u>
Net change in fund balances	(81,254)	(32,941)	(13,285)	1,661	(82,641)	(208,460)
Fund balances, beginning of year	<u>299,479</u>	<u>70,909</u>	<u>27,207</u>	<u>236,997</u>	<u>82,641</u>	<u>717,233</u>
Fund balances, end of year	<u>\$ 218,225</u>	<u>\$ 37,968</u>	<u>\$ 13,922</u>	<u>\$ 238,658</u>	<u>\$ -</u>	<u>\$ 508,773</u>

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

VILLAGE OF ST. CHARLES

RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year Ended March 31, 2007

Net change in fund balances - total governmental funds \$ (208,460)

Total change in net assets reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives and reported as depreciation expense.

Capital outlay	219,869	
Less depreciation expense	<u>(50,654)</u>	169,215

Collection of certain items recorded as deferred revenue are considered current financial resources in the governmental funds. In the statement of activities, these items have been recorded as revenue.

Special assessments		(61)
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Change in compensated absences payable		27,685
--	--	--------

The net revenue (expense) of the internal service fund is reported with governmental activities.		<u>(4,171)</u>
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Change in net assets of governmental activities		<u><u>\$ (15,792)</u></u>
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The accompanying notes are an integral part of these financial statements.

VILLAGE OF ST. CHARLES

PROPRIETARY FUNDS

STATEMENT OF NET ASSETS

March 31, 2007

	<i>Business-type Activities</i>			<i>Governmental Activities</i>
	<i>Sewer Fund</i>	<i>Water Fund</i>	<i>Total Enterprise Funds</i>	<i>Internal Service Fund Equipment Fund</i>
Assets:				
Current assets:				
Cash and cash equivalents	\$ 291,158	\$ 325,512	\$ 616,670	\$ 64,374
Accounts receivable	28,473	51,427	79,900	-
Special assessments receivable	3,585	3,016	6,601	-
Inventory	4,019	21,653	25,672	-
Prepaid expenses	1,320	1,320	2,640	-
Total current assets	<u>328,555</u>	<u>402,928</u>	<u>731,483</u>	<u>64,374</u>
Noncurrent assets:				
Capital assets:				
Nondepreciable capital assets	32,438	9,049	41,487	-
Depreciable capital assets, net	684,725	1,045,082	1,729,807	158,865
Investment in joint venture	-	72,508	72,508	-
Total noncurrent assets	<u>717,163</u>	<u>1,126,639</u>	<u>1,843,802</u>	<u>158,865</u>
Total assets	<u>1,045,718</u>	<u>1,529,567</u>	<u>2,575,285</u>	<u>223,239</u>
Liabilities:				
Current liabilities:				
Accounts payable	-	7,821	7,821	-
Accrued expenses	1,071	725	1,796	332
Deposits payable	-	19,138	19,138	-
Accrued interest payable	-	7,222	7,222	-
Current portion of long-term debt	-	35,000	35,000	-
Total current liabilities	<u>1,071</u>	<u>69,906</u>	<u>70,977</u>	<u>332</u>
Noncurrent liabilities:				
Long-term debt	-	350,000	350,000	-
Total noncurrent liabilities	<u>-</u>	<u>350,000</u>	<u>350,000</u>	<u>-</u>
Total liabilities	<u>1,071</u>	<u>419,906</u>	<u>420,977</u>	<u>332</u>
Net assets:				
Invested in capital assets, net of related debt	717,163	669,131	1,386,294	158,865
Unrestricted	<u>327,484</u>	<u>440,530</u>	<u>768,014</u>	<u>64,042</u>
Total net assets	<u>\$ 1,044,647</u>	<u>\$ 1,109,661</u>	<u>\$ 2,154,308</u>	<u>\$ 222,907</u>

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

VILLAGE OF ST. CHARLES

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

Year Ended March 31, 2007

	<i>Business-type Activities</i>			<i>Governmental</i>
				<i>Activities</i>
	<i>Sewer</i>	<i>Water</i>	<i>Total</i>	<i>Internal</i>
<i>Fund</i>	<i>Fund</i>	<i>Enterprise</i>	<i>Service Fund</i>	
	<i>Fund</i>	<i>Fund</i>	<i>Funds</i>	<i>Equipment</i>
				<i>Fund</i>
Operating revenues:				
Charges for services	\$ 158,223	\$ 306,764	\$ 464,987	\$ -
Penalties	3,358	6,091	9,449	-
Hydrant rental	-	15,900	15,900	-
Equipment rental	-	-	-	122,802
Other	614	1,235	1,849	-
Total operating revenues	162,195	329,990	492,185	122,802
Operating expenses:				
Personnel	52,033	69,485	121,518	26,420
Fringe benefits	27,870	29,127	56,997	6,817
Supplies	2,362	1,610	3,972	13,935
Contracted services	4,682	11,434	16,116	350
Purchase of water	-	101,605	101,605	-
Telephone	766	2,184	2,950	-
Dues, licenses and permits	35	471	506	-
Education and training	-	400	400	-
Insurance	3,750	3,800	7,550	6,038
Utilities	10,002	1,382	11,384	-
Repairs and maintenance	12,566	11,826	24,392	9,842
Equipment rental	14,480	13,982	28,462	25,650
Other services and supplies	837	110	947	1,144
Depreciation	66,481	60,172	126,653	39,967
Total operating expenses	195,864	307,588	503,452	130,163
Operating income (loss)	(33,669)	22,402	(11,267)	(7,361)
Non-operating revenues (expenses):				
Interest income	13,746	12,968	26,714	3,190
Interest expense	-	(22,292)	(22,292)	-
Total non-operating revenues (expenses)	13,746	(9,324)	4,422	3,190
Net income (loss)	(19,923)	13,078	(6,845)	(4,171)
Net assets, beginning of year	1,064,570	1,096,583	2,161,153	227,078
Net assets, end of year	\$ 1,044,647	\$ 1,109,661	\$ 2,154,308	\$ 222,907

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

VILLAGE OF ST. CHARLES

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS

Year Ended March 31, 2007

	<u>Business-type Activities</u>			<u>Governmental</u>
	<u>Sewer</u>	<u>Water</u>	<u>Total</u>	<u>Internal</u>
				<u>Service Fund</u>
<u>Fund</u>	<u>Fund</u>	<u>Funds</u>	<u>Equipment</u>	
			<u>Fund</u>	
Cash flows from operating activities:				
Cash received from customers	\$ 159,971	\$ 309,845	\$ 469,816	\$ -
Cash received from interfund services	-	15,900	15,900	122,802
Cash payments to employees	(52,033)	(69,485)	(121,518)	(26,420)
Cash payments to suppliers for goods and services	(77,724)	(179,026)	(256,750)	(64,016)
Net cash provided by operating activities	<u>30,214</u>	<u>77,234</u>	<u>107,448</u>	<u>32,366</u>
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(9,983)	-	(9,983)	(23,751)
Principal payments on capital debt	-	(35,000)	(35,000)	-
Interest paid on capital debt	-	(22,292)	(22,292)	-
Net cash used by capital and related financing activities	<u>(9,983)</u>	<u>(57,292)</u>	<u>(67,275)</u>	<u>(23,751)</u>
Cash flows from investing activities:				
Interest received	<u>13,746</u>	<u>12,968</u>	<u>26,714</u>	<u>3,190</u>
Net cash provided by investing activities	<u>13,746</u>	<u>12,968</u>	<u>26,714</u>	<u>3,190</u>
Net increase in cash and cash equivalents	33,977	32,910	66,887	11,805
Cash and cash equivalents, beginning of year	<u>257,181</u>	<u>292,602</u>	<u>549,783</u>	<u>52,569</u>
Cash and cash equivalents, end of year	<u>\$ 291,158</u>	<u>\$ 325,512</u>	<u>\$ 616,670</u>	<u>\$ 64,374</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ (33,669)	\$ 22,402	\$ (11,267)	\$ (7,361)
Adjustments:				
Depreciation	66,481	60,172	126,653	39,967
Change in assets and liabilities:				
Accounts receivable	(2,868)	(4,748)	(7,616)	-
Special assessments receivable	644	503	1,147	-
Prepaid expenses	(569)	(569)	(1,138)	-
Accounts payable	-	(1,015)	(1,015)	-
Accrued expenses	195	(53)	142	(240)
Deposits payable	-	1,195	1,195	-
Accrued interest payable	-	(653)	(653)	-
Net cash provided by operating activities	<u>\$ 30,214</u>	<u>\$ 77,234</u>	<u>\$ 107,448</u>	<u>\$ 32,366</u>

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

VILLAGE OF ST. CHARLES

FIDUCIARY FUND
STATEMENT OF NET ASSETS
March 31, 2007

	<i>Agency Fund</i>
Assets:	
Cash and cash equivalents	\$ 1,000
Total assets	<u>1,000</u>
Liabilities:	
Accrued expenses	<u>1,000</u>
Total liabilities	<u>1,000</u>
Net Assets:	
Unrestricted	<u>-</u>
Total net assets	<u><u>\$ -</u></u>

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

NOTES TO FINANCIAL STATEMENTS

VILLAGE OF ST. CHARLES

NOTES TO FINANCIAL STATEMENTS

March 31, 2007

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of St. Charles was incorporated on October 26, 1869. The Village operates on a Council-Manager form of government and provides the following services to approximately 2,300 citizens as authorized by its charter: Public Safety (Police), highways and streets, sanitation, sewer and water, recreation and culture, public improvements, planning and zoning, and general administration.

The accounting policies of the Village of St. Charles conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the significant accounting policies:

Reporting Entity:

As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the Village and its component units. In evaluating the Village as a reporting entity, management has addressed all potential component units (traditionally separate reporting entities) for which the Village may be financially accountable and, as such, should be included within the Village's financial statements. The Village (the primary government) is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial burden on the Village. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The component units discussed below are included in the Village's reporting entity because of their operational or financial relationship with the Village.

Discretely Presented Component Units - The component units' column in the government-wide financial statements includes the financial data of the Village's two component units. These units are reported in a separate column to emphasize that they are legally separate from the Village. The component units are described as follows:

Downtown Development Authority - The members of the governing board of the Downtown Development Authority (DDA) are appointed by the Village Council. The issuance of bonded debt and levying of taxes by the DDA must be approved by the Village Council. The Village also has the ability to significantly influence operations of the DDA.

Local Development Finance Authority - The members of the governing board of the Local Development Finance Authority (LDFA) are appointed by the Village Council. The issuance of bonded debt and levying of taxes by the LDFA must be approved by the Village Council. The Village also has the ability to significantly influence operations of the LDFA.

Joint Operations - The Village is a member of an inter-governmental agreement to operate a joint water authority with Swan Creek Township and James Township. The Village appoints two members to the joint water authority's governing board. The operating and capital budgets are funded by equal contributions from each government. Each government's share of assets, liabilities, and fund equity is thirty-three and a third percent. Financial statements can be obtained by contacting P.O. Box 176, St. Charles, Michigan 48655-0176.

VILLAGE OF ST. CHARLES

NOTES TO FINANCIAL STATEMENTS

March 31, 2007

Measurement Focus, Basis of Accounting, and Financial Statement Presentation:

The accounts of the Village 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 its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental 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.

Government-wide Financial Statements:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the proprietary fund and fiduciary fund financial statements. Revenues are 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 revenues 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.

The statement of net assets and the statement of activities report information on all of the nonfiduciary activities of the primary government and its component units. These statements distinguish between activities that are governmental and those that are business-type activities. Internal service fund activity is eliminated to avoid “doubling up” revenues and expenses.

The statement of net assets presents governmental activities on a consolidated basis, using the economic resources measurement focus and accrual basis of accounting. This method recognizes all long-term assets and receivables as well as long-term debt and obligations. The Village’s net assets are reported in three parts (1) invested in capital assets, net of related debt, (2) restricted net assets, and (3) unrestricted net assets. The Village first utilizes restricted resources to finance qualifying activities.

The statement of activities reports both the gross and net cost of each of the Village’s functions. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The statement of activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The net costs (by function) are normally covered by general revenue (property taxes, state sources and federal sources, interest income, etc.). The Village does not allocate indirect costs. In creating the government-wide financial statements the Village has eliminated interfund transactions.

The government-wide focus is on the sustainability of the Village as an entity and the change in the Village’s net assets resulting from current year activities.

VILLAGE OF ST. CHARLES

NOTES TO FINANCIAL STATEMENTS

March 31, 2007

Fund Financial Statements:

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.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

Property taxes, franchise fees, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. All other revenue items are considered to be measurable and available only when cash is received by the government.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the Village's policy to use restricted resources first, then unrestricted resources as they are needed.

Fiduciary funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Fiduciary funds are accounted for on a spending or economic resources measurement focus and the accrual basis of accounting as are the proprietary funds.

The Village reports the following major governmental funds:

The **General Fund** is the primary operating fund of the Village. It is used to account for all financial resources, except for those required to be accounted for in another fund.

The **Major Street Fund** is used to account for the maintenance and construction of the Village's major street system.

The **Local Street Fund** is used to account for the maintenance and construction of the Village's local street system.

The **Grant Revolving Loan Fund** is used to account for the boatworks grant.

VILLAGE OF ST. CHARLES

NOTES TO FINANCIAL STATEMENTS

March 31, 2007

The Village reports the following major enterprise funds:

The *Sewer Fund* is used to account for the revenues and expenses for the operation of a sewer system.

The *Water Fund* is used to account for the revenues and expenses for the operation of a water system.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do no conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Village has elected not to follow subsequent private-sector guidance.

Assets, Liabilities and Equity:

Deposits and Investments – Cash and cash equivalents include cash on hand, demand deposits, certificates of deposit and short term investments with a maturity of three months or less when acquired. Investments, if any, are stated at fair value. For purposes of the statement of cash flows, the Village considers all highly liquid investments (including restricted assets) with a maturity when purchased of three months or less and all local government investment pools to be cash equivalents.

Interfund Receivables and Payables – Generally, outstanding amounts owed between funds are classified as “due from/to other funds”. These amounts are caused by transferring revenues and expenses between funds to get them into the proper reporting fund. These balances are paid back as cash flow permits.

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

Capital Assets – Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair market value at the date of donation. The Village defines capital assets as assets with an initial individual cost in excess of \$500. Costs of normal repair and maintenance that do not add to the value or materially extend asset lives are not capitalized. Public domain (infrastructure) assets (e.g., roads, bridges, sidewalks and other assets that are immovable and of value only to the government) are capitalized if acquired after April 1, 2004. Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	20-50 years
Sewer and water systems	30-50 years
Equipment	5-10 years
Furniture	5-10 years
Infrastructure	50 years
Site improvements	20 years
Vehicles	5-7 years

VILLAGE OF ST. CHARLES

NOTES TO FINANCIAL STATEMENTS

March 31, 2007

Compensated Absences – Employees are paid for 100% of their vacation time at retirement but there is a limit on vacation carryover based on years of service. A liability is recorded when incurred in the government-wide financial statements and the proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only when they have matured or come due for payment – generally when an individual’s employment has terminated as of year end.

Long-term Obligations – In the government-wide financial statements and the proprietary 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 statement of net assets.

Fund Equity – In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Eliminations and Reclassifications:

In the process of aggregating data for the statement of net assets and the statement of activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the “grossing up” effect on assets and liabilities within the governmental activities column.

Property Taxes:

Village property taxes are attached as an enforceable lien on property as of July 1. Taxes are levied July 1 and are due without penalty on or before September 14.

The 2006 taxable valuation of the Village totaled \$37,295,387 on which ad valorem taxes levied consisted of 12.8029 mills for the Village’s operating purposes.

The delinquent real property taxes of the Village are purchased by Saginaw County. The delinquent real property taxes are received soon enough after year end to be recorded as revenue in the current year.

VILLAGE OF ST. CHARLES

NOTES TO FINANCIAL STATEMENTS

March 31, 2007

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information:

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

1. The Village Manager submits to the Village Council a proposed operating budget by fund for each year. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted to obtain taxpayer comments.
3. Prior to April 1, the budget is legally enacted by adoption of the Village Council.
4. Any revision that alters the total expenditures of any fund must be approved by the Village Council.
5. Formal budgetary integration is employed as a management control device during the year for all funds.
6. Governmental fund budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. A comparison of actual results of operations to the General Fund and major Special Revenue Funds budgets as originally adopted and amended by the Village Council is included in the required supplemental information.
7. All annual appropriations lapse at fiscal year end.

Excess of Expenditures over Appropriations in Budgeted Funds:

During the year, the Village incurred expenditures that were in excess of the amounts budgeted, as follows:

	<u>Final</u>	<u>Actual</u>	<u>Excess</u>
Expenditures:			
Current			
Public safety	\$ 327,105	\$ 329,493	\$ 2,388
Recreation and culture	99,875	101,290	1,415
Capital outlay	56,825	59,494	2,669

State Construction Code Act:

The Village 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 Village 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 generated since January 1, 2000 is as follows:

Cumulative surplus at April 1, 2006	\$ -
Current year building permit revenue	10,650
Related expenses:	
Direct costs	<u>(15,086)</u>
Cumulative surplus at March 31, 2007	<u><u>\$ -</u></u>

VILLAGE OF ST. CHARLES

NOTES TO FINANCIAL STATEMENTS

March 31, 2007

NOTE 3: DEPOSITS AND INVESTMENTS

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency of 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 investment policy adopted by the Village Council is in accordance with Public Act 196 of 1997. The Village's deposits and investments have been made in accordance with statutory authority.

The Village's deposits and investments are subject to risk, which is 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 Village's deposits may not be returned to it. The Village does not have a deposit policy for custodial credit risk. At year end, the Village had \$1,151,550 of bank deposits (certificates of deposit, checking, and savings accounts), of which \$648,059 was covered by federal depository insurance and the remainder was uninsured and uncollateralized. The Village 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 Village evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with acceptable estimated risk level are used as depositories.

The Village had no investments at March 31, 2007.

VILLAGE OF ST. CHARLES

NOTES TO FINANCIAL STATEMENTS

March 31, 2007

NOTE 4: CAPITAL ASSETS

Capital asset activity for the year ended March 31, 2007 was as follows:

	<i>April 1, 2006</i>	<i>Additions</i>	<i>Retirements</i>	<i>March 31, 2007</i>
Governmental activities:				
Nondepreciable capital assets:				
Land	\$ 62,000	\$ 5,370	\$ -	\$ 67,370
Depreciable capital assets:				
Buildings and improvements	1,100,118	-	-	1,100,118
Equipment	444,165	43,510	(12,075)	475,600
Infrastructure	64,938	163,563	-	228,501
Site improvements	34,124	-	-	34,124
Vehicles	302,487	31,177	-	333,664
Total depreciable capital assets	1,945,832	238,250	(12,075)	2,172,007
Accumulated depreciation	(957,188)	(90,621)	12,075	(1,035,734)
Depreciable capital assets, net	988,644	147,629	-	1,136,273
Governmental activities, capital assets, net	<u>\$ 1,050,644</u>	<u>\$ 152,999</u>	<u>\$ -</u>	<u>\$ 1,203,643</u>
	<i>April 1, 2006</i>	<i>Additions</i>	<i>Retirements</i>	<i>March 31, 2007</i>
Business-type activities:				
Nondepreciable capital assets:				
Land	\$ 41,487	\$ -	\$ -	\$ 41,487
Depreciable capital assets				
Equipment	131,809	9,983	-	141,792
Sewer system	2,560,856	-	-	2,560,856
Water system	1,937,152	-	-	1,937,152
Water tower	326,635	-	-	326,635
Total depreciable capital assets	4,956,452	9,983	-	4,966,435
Accumulated depreciation	(3,109,975)	(126,653)	-	(3,236,628)
Depreciable capital assets, net	1,846,477	(116,670)	-	1,729,807
Business-type activities, capital assets, net	<u>\$ 1,887,964</u>	<u>\$ (116,670)</u>	<u>\$ -</u>	<u>\$ 1,771,294</u>

VILLAGE OF ST. CHARLES

NOTES TO FINANCIAL STATEMENTS

March 31, 2007

	<u>April 1,</u> <u>2006</u>	<u>Additions</u>	<u>Retirements</u>	<u>March 31,</u> <u>2007</u>
Component units:				
Depreciable capital assets:				
Buildings and improvements	\$ 184,356	\$ -	\$ -	\$ 184,356
Site improvements	<u>27,908</u>	<u>-</u>	<u>-</u>	<u>27,908</u>
Total depreciable capital assets	212,264	-	-	212,264
Accumulated depreciation	<u>(46,057)</u>	<u>(5,752)</u>	<u>-</u>	<u>(51,809)</u>
Component units, capital assets, net	<u>\$ 166,207</u>	<u>\$ (5,752)</u>	<u>\$ -</u>	<u>\$ 160,455</u>

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	\$ 18,297
Public safety	13,309
Public works	51,168
Recreation and culture	<u>7,847</u>
Total governmental activities	<u>\$ 90,621</u>
Business-type activities:	
Sewer	\$ 66,481
Water	<u>60,172</u>
Total business-type activities	<u>\$ 126,653</u>
Component units:	
Downtown Development Authority	<u>\$ 5,752</u>
Total component units	<u>\$ 5,752</u>

NOTE 5: DEFERRED REVENUE

Governmental funds report deferred revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds 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:

Primary Government:	<u>Unavailable</u>
Loans	<u>\$ 3,971</u>

VILLAGE OF ST. CHARLES

NOTES TO FINANCIAL STATEMENTS

March 31, 2007

NOTE 6: LONG-TERM LIABILITIES

The Village may issue bonds, notes, and other contractual commitments to provide for the acquisition and construction of major capital facilities and the acquisition of certain equipment. General obligation bonds are direct obligations and pledge the full faith and credit of the Village. County contractual agreements and installment purchase agreements are also general obligations of the government. Revenue bonds involve a pledge of specific income derived from the acquired or constructed assets to pay debt service. Other long-term liabilities include compensated absences.

Long-term liabilities at March 31, 2007 consisted of the following:

<u>Types of Indebtedness</u>	<u>Maturity</u>	<u>Interest Rates</u>	<u>Annual Principal Installments</u>	<u>Original Issue Amount</u>	<u>Outstanding at Year-End</u>
Business-type Activities:					
General Obligation Bonds:					
1998 Issue - Water System	6/1/06-6/1/17	5.6-5.7%	\$35,000	\$665,000	\$ 385,000
Component Units:					
General Obligation Bonds:					
1999 Issue - Limited Tax Bonds	8/1/06-8/1/14	4.8-5.5%	\$20,000-25,000	\$325,000	\$ 195,000
Contracts Payable:					
1994 Contract	3/31/06-3/31/10	4.0%	\$3,311-111,849	\$138,000	\$ 26,752

The following is a summary of long-term liabilities transactions for the year ended March 31, 2007:

	<u>April 1, 2006</u>	<u>Additions</u>	<u>Retirements</u>	<u>March 31, 2007</u>	<u>Due Within One Year</u>
Governmental activities:					
Compensated Absences	\$ 59,078	\$ -	\$ (27,685)	\$ 31,393	\$ -
Total governmental activities					
- long-term liabilities	<u>\$ 59,078</u>	<u>\$ -</u>	<u>\$ (27,685)</u>	<u>\$ 31,393</u>	<u>\$ -</u>
Business-type activities:					
General Obligation Bonds:					
1998 Issue	\$ 420,000	\$ -	\$ (35,000)	\$ 385,000	\$ 35,000
Total business-type activities					
- long-term liabilities	<u>\$ 420,000</u>	<u>\$ -</u>	<u>\$ (35,000)</u>	<u>\$ 385,000</u>	<u>\$ 35,000</u>
Component units:					
Bonds and Contracts:					
1999 Issue	\$ 215,000	\$ -	\$ (20,000)	\$ 195,000	\$ 20,000
1994 Contract	37,485	-	(10,733)	26,752	11,385
Total component units					
- long-term liabilities	<u>\$ 252,485</u>	<u>\$ -</u>	<u>\$ (30,733)</u>	<u>\$ 221,752</u>	<u>\$ 31,385</u>

VILLAGE OF ST. CHARLES

NOTES TO FINANCIAL STATEMENTS

March 31, 2007

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

<i>Year Ended</i> <i>March 31,</i>	<i>Business-type Activities</i>			<i>Component Units</i>		
	<i>Principal</i>	<i>Interest</i>	<i>Total</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2008	\$ 35,000	\$ 20,685	\$ 55,685	\$ 31,385	\$ 10,660	\$ 42,045
2009	35,000	18,725	53,725	36,849	9,053	45,902
2010	35,000	16,765	51,765	28,518	7,398	35,916
2011	35,000	14,805	49,805	25,000	6,069	31,069
2012	35,000	12,845	47,845	25,000	4,749	29,749
2013-2017	175,000	34,736	209,736	75,000	6,158	81,158
2018	35,000	998	35,998	-	-	-
	<u>\$ 385,000</u>	<u>\$ 119,559</u>	<u>\$ 504,559</u>	<u>\$ 221,752</u>	<u>\$ 44,087</u>	<u>\$ 265,839</u>

NOTE 7: DISAGGREGATED RECEIVABLE AND PAYABLE BALANCES

Receivables and payables as of year end for the Village's governmental and business-type activities in the aggregate are as follows:

	<i>Governmental</i> <i>Activities</i>	<i>Business-type</i> <i>Activities</i>	<i>Component</i> <i>Units</i>
Receivables:			
Property taxes	\$ 29,990	\$ -	\$ 10,096
Accounts	16,361	79,900	-
Special assessments	-	6,601	-
Notes	3,971	-	-
Intergovernmental	60,822	-	-
Total receivables	<u>\$ 111,144</u>	<u>\$ 86,501</u>	<u>\$ 10,096</u>
Accounts payable and accrued expenses:			
Accounts	\$ 6,083	\$ 7,821	\$ -
Payroll and related liabilities	6,943	1,796	50
Deposits	-	19,138	1,418
Accrued interest	-	7,222	1,718
Total accounts payable and accrued expenses	<u>\$ 13,026</u>	<u>\$ 35,977</u>	<u>\$ 3,186</u>

VILLAGE OF ST. CHARLES

NOTES TO FINANCIAL STATEMENTS

March 31, 2007

NOTE 8: INTERFUND BALANCES AND TRANSFERS

There were no interfund receivable and payable balances at March 31, 2007.

Interfund transfers reported in the fund statements were as follows:

<u>Funds Transferred From</u>	<u>Funds Transferred To</u>	<u>Amount</u>
General Fund	Local Street Fund	\$ 149,592
Major Street Fund	Local Street Fund	29,816
Nonmajor Governmental Fund	General Fund	<u>82,860</u>
	Total	<u>\$ 262,268</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the various funds to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 9: ADVANCE TO/FROM COMPONENT UNIT

<u>Advance From</u>	<u>Advance To</u>	<u>Amount</u>
Grant Revolving Loan Fund	Component Unit - LDFA	<u>\$ 116,368</u>

NOTE 10: RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Village has been a member of the Michigan Municipal League sponsored self insurance/public entity risk pools for several years. The Village pays annual premiums to the respective pools for general liability, auto, and workers compensation insurance coverage. The agreements for the formation of the Michigan Municipal General and Auto Liability Fund and the Michigan Municipal Workers Compensation Fund provide that the pools will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of limitations imposed by the pool. The Michigan Municipal General and Auto Liability Fund provides coverage of claims up to \$2 million per occurrence with reinsurance provided to cover amounts in excess of this limit. The Michigan Municipal Workers Compensation Fund provides coverage of claims up to \$500,000 per occurrence with reinsurance provided to cover amounts in excess of this limit.

The Michigan Municipal General and Auto Liability Fund and the Michigan Municipal Workers Compensation Fund have published their own financial reports which can be obtained by contacting the management of each pool.

VILLAGE OF ST. CHARLES

NOTES TO FINANCIAL STATEMENTS

March 31, 2007

NOTE 11: EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS

Defined Benefit Pension Plan (Michigan Municipal Employees' Retirement System):

Plan Description – The Village participates in the Michigan Municipal Employees' Retirement System (MERS), an agent multiple-employer defined benefit pension plan that covers all full-time employees. The system provides retirement, disability and death benefits to plan members and their beneficiaries.

MERS issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to MERS at 447 N. Canal Rd., Lansing, Michigan 48917.

Funding Policy – The obligation to contribute to and maintain the system for these employees was established by negotiations with the Village Council and personnel policy and requires the Village to contribute at actuarially determined rates; the rates for fiscal year ended March 31, 2007 range from 16.06 to 39.96 percent of eligible payroll based on December 31, 2004 valuation.

Annual Pension Costs – For the fiscal year ended March 31, 2007, the Village's annual pension cost of \$104,447 for the plan was equal to the required and actual contribution. The annual required contribution was determined as part of an actuarial valuation at December 31, 2004, using the entry actual age cost method. Significant actuarial assumption used include: (i) an 8% investment rate of return; (ii) projected salary increases of 4.5% per year; and (iii) 2.5% per year cost of living adjustments. All are determined using techniques that smooth the effects of short-term volatility over a four year period. The unfunded actuarial liability is being amortized at a level percent of payroll on a closed basis. The remaining amortization period is 30 years.

Three year trend information as of March 31, follows:

	<u>2007</u>	<u>2006</u>	<u>2005</u>
Annual pension cost	\$ 104,447	\$ 86,693	\$ 73,962
Percentage of APC contributed	100%	100%	100%
Net pension obligation	-	-	-

Deferred Compensation Plan:

The Village offers its employees a deferred compensation plan created in accordance with IRC Section 457. The plan, available to all employees, permits them to defer a portion of their current salary until future years.

Post Employment Benefits:

The Village provides health insurance benefits to its retirees. This benefit provides for the cost of the retirees insurance only, and any additional coverage for family members is provided on a reimbursement basis. Currently, there is one retiree receiving this benefit at an annual cost of \$5,115.

The Village is using a pay-as-you-go method to finance this benefit.

NOTES TO FINANCIAL STATEMENTS

March 31, 2007

Upcoming Reporting Change - The Governmental Accounting Standards Board has recently released Statement Number 45, *Accounting and Reporting by Employers for Postemployment Benefits Other Than Pensions*. The new pronouncement provides guidance for local units of government in recognizing the cost of retiree health care, as well as any “other” postemployment benefits (other than pensions). The new rules will cause the government-wide financial statements to recognize the cost of providing retiree health care coverage over the working life of the employee, rather than at the time the health care premiums are paid. The new pronouncement is effective for the year beginning April 1, 2009.

NOTE 12: FUND EQUITY

Specific reservations on fund equity include:

Reserved for prepaid expenditures – This reserve was created to indicate that the portion of fund balance represented by prepaid expenditures is not available for appropriation.

Reserved for long-term advance – This reserve was created to indicate that portion of fund balance representing the advance receivable due from the component unit.

NOTE 13: COMPONENT UNITS REPORTING

Statement of Net Assets:

	<i>Downtown Development Authority</i>	<i>Local Development Finance Authority</i>	<i>Total Component Units</i>
Assets:			
Cash and cash equivalents	\$ 43,260	\$ 113,879	\$ 157,139
Receivables	4,684	5,412	10,096
Advance receivable/payable	-	(116,368)	(116,368)
Capital assets:			
Depreciable capital assets, net	<u>160,455</u>	<u>-</u>	<u>160,455</u>
Total assets	<u>208,399</u>	<u>2,923</u>	<u>211,322</u>
Liabilities:			
Accounts payable and accrued expenses	3,186	-	3,186
Long-term liabilities:			
Due within one year	31,385	-	31,385
Due in more than one year	<u>190,367</u>	<u>-</u>	<u>190,367</u>
Total liabilities	<u>224,938</u>	<u>-</u>	<u>224,938</u>
Net assets (deficit):			
Invested in capital assets, net of related debt	(61,297)	-	(61,297)
Unrestricted	<u>44,758</u>	<u>2,923</u>	<u>47,681</u>
Total net assets (deficit)	<u>\$ (16,539)</u>	<u>\$ 2,923</u>	<u>\$ (13,616)</u>

NOTES TO FINANCIAL STATEMENTS

March 31, 2007

Statement of Activities:

	<i>Downtown Development Authority</i>	<i>Local Development Finance Authority</i>	<i>Component Units</i>
Revenues:			
Program revenues			
Charges for services	\$ 22,734	\$ 9,409	\$ 32,143
General revenues			
Property taxes	67,672	31,529	99,201
Investment earnings	1,033	5,655	6,688
Total revenues	<u>91,439</u>	<u>46,593</u>	<u>138,032</u>
Expenses:			
Community and economic development	<u>51,759</u>	<u>7,950</u>	<u>59,709</u>
Total expenses	<u>51,759</u>	<u>7,950</u>	<u>59,709</u>
Change in net assets	39,680	38,643	78,323
Net assets (deficit), beginning of year	<u>(56,219)</u>	<u>(35,720)</u>	<u>(91,939)</u>
Net assets (deficit), end of year	<u>\$ (16,539)</u>	<u>\$ 2,923</u>	<u>\$ (13,616)</u>

REQUIRED SUPPLEMENTAL INFORMATION

VILLAGE OF ST. CHARLES

SCHEDULE OF PENSION PLAN FUNDING PROGRESS

Year Ended March 31, 2007

<i>Actuarial Valuation Date</i>	<i>12/31/05</i>	<i>12/31/04</i>	<i>12/31/03</i>
Actuarial Value of Assets	\$ 1,614,013	\$ 1,510,575	\$ 1,414,251
Actuarial Accrued Liability (AAL)	2,353,569	2,188,430	2,045,237
Unfunded AAL (UAAL)	739,556	677,855	630,986
Funded Ratio	69%	69%	69%
Covered Payroll	408,971	376,672	398,060
UAAL as a percentage of covered payroll	181%	180%	159%

VILLAGE OF ST. CHARLES

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

Year Ended March 31, 2007

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Actual</i>
	<i>Original</i>	<i>Final</i>		<i>Over (Under)</i>
				<i>Final Budget</i>
Revenues:				
Property taxes	\$ 440,651	\$ 440,651	\$ 436,360	\$ (4,291)
Licenses and permits	14,400	14,400	19,901	5,501
State grants	277,473	231,773	233,087	1,314
Contributions from other units	-	-	7,400	7,400
Charges for services	93,128	93,128	90,234	(2,894)
Fines and forfeits	5,500	5,500	9,746	4,246
Interest and rents	62,200	62,200	56,150	(6,050)
Other revenue	30,800	30,800	21,137	(9,663)
Total revenues	<u>924,152</u>	<u>878,452</u>	<u>874,015</u>	<u>(4,437)</u>
Expenditures:				
Current				
General government	178,383	207,329	195,681	(11,648)
Public safety	310,386	327,105	329,493	2,388
Public works	190,467	183,667	177,324	(6,343)
Health and welfare	3,400	4,260	4,260	-
Community and economic development	12,534	12,534	6,137	(6,397)
Recreation and culture	78,580	99,875	101,290	1,415
Other	14,858	14,858	14,858	-
Capital outlay	<u>144,305</u>	<u>56,825</u>	<u>59,494</u>	<u>2,669</u>
Total expenditures	<u>932,913</u>	<u>906,453</u>	<u>888,537</u>	<u>(17,916)</u>
Excess (deficiency) of revenues over expenditures	<u>(8,761)</u>	<u>(28,001)</u>	<u>(14,522)</u>	<u>13,479</u>
Other financing sources (uses):				
Transfers from other funds	86,800	86,800	82,860	(3,940)
Transfers to other funds	<u>(149,592)</u>	<u>(149,592)</u>	<u>(149,592)</u>	<u>-</u>
Total other financing sources (uses)	<u>(62,792)</u>	<u>(62,792)</u>	<u>(66,732)</u>	<u>(3,940)</u>
Net change in fund balance	(71,553)	(90,793)	(81,254)	9,539
Fund balance, beginning of year	<u>299,479</u>	<u>299,479</u>	<u>299,479</u>	<u>-</u>
Fund balance, end of year	<u>\$ 227,926</u>	<u>\$ 208,686</u>	<u>\$ 218,225</u>	<u>\$ 9,539</u>

VILLAGE OF ST. CHARLES

SPECIAL REVENUE FUND – MAJOR STREET FUND

BUDGETARY COMPARISON SCHEDULE

Year Ended March 31, 2007

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Actual</i>
	<i>Original</i>	<i>Final</i>		<i>Over (Under)</i>
				<i>Final Budget</i>
Revenues:				
State grants	\$ 119,114	\$ 119,114	\$ 118,490	\$ (624)
Interest and rents	<u>1,200</u>	<u>1,700</u>	<u>1,692</u>	<u>(8)</u>
Total revenues	<u>120,314</u>	<u>120,814</u>	<u>120,182</u>	<u>(632)</u>
Expenditures:				
Current				
Public works	92,106	107,695	94,229	(13,466)
Capital outlay	<u>25,800</u>	<u>29,078</u>	<u>29,078</u>	<u>-</u>
Total expenditures	<u>117,906</u>	<u>136,773</u>	<u>123,307</u>	<u>(13,466)</u>
Excess (deficiency) of revenues over expenditures	<u>2,408</u>	<u>(15,959)</u>	<u>(3,125)</u>	<u>12,834</u>
Other financing sources:				
Transfers to other funds	<u>(29,778)</u>	<u>(29,816)</u>	<u>(29,816)</u>	<u>-</u>
Total other financing uses	<u>(29,778)</u>	<u>(29,816)</u>	<u>(29,816)</u>	<u>-</u>
Net change in fund balance	(27,370)	(45,775)	(32,941)	12,834
Fund balance, beginning of year	<u>70,909</u>	<u>70,909</u>	<u>70,909</u>	<u>-</u>
Fund balance, end of year	<u>\$ 43,539</u>	<u>\$ 25,134</u>	<u>\$ 37,968</u>	<u>\$ 12,834</u>

VILLAGE OF ST. CHARLES

SPECIAL REVENUE FUND – LOCAL STREET FUND

BUDGETARY COMPARISON SCHEDULE

Year Ended March 31, 2007

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Actual</i>
	<i>Original</i>	<i>Final</i>		<i>Over (Under)</i>
				<i>Final Budget</i>
Revenues:				
State grants	\$ 46,132	\$ 46,132	\$ 45,828	\$ (304)
Interest and rents	<u>500</u>	<u>500</u>	<u>504</u>	<u>4</u>
Total revenues	<u>46,632</u>	<u>46,632</u>	<u>46,332</u>	<u>(300)</u>
Expenditures:				
Current				
Public works	90,995	113,557	104,540	(9,017)
Capital outlay	<u>150,000</u>	<u>134,485</u>	<u>134,485</u>	<u>-</u>
Total expenditures	<u>240,995</u>	<u>248,042</u>	<u>239,025</u>	<u>(9,017)</u>
Excess (deficiency) of revenues over expenditures	<u>(194,363)</u>	<u>(201,410)</u>	<u>(192,693)</u>	<u>8,717</u>
Other financing sources:				
Transfers from other funds	<u>179,370</u>	<u>179,408</u>	<u>179,408</u>	<u>-</u>
Total other financing sources	<u>179,370</u>	<u>179,408</u>	<u>179,408</u>	<u>-</u>
Net change in fund balance	(14,993)	(22,002)	(13,285)	8,717
Fund balance, beginning of year	<u>27,207</u>	<u>27,207</u>	<u>27,207</u>	<u>-</u>
Fund balance, end of year	<u>\$ 12,214</u>	<u>\$ 5,205</u>	<u>\$ 13,922</u>	<u>\$ 8,717</u>

VILLAGE OF ST. CHARLES

SPECIAL REVENUE FUND – GRANT REVOLVING LOAN FUND

BUDGETARY COMPARISON SCHEDULE

Year Ended March 31, 2007

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Actual</i>
	<i>Original</i>	<i>Final</i>		<i>Over (Under)</i>
				<i>Final Budget</i>
Revenues:				
Interest and rents	\$ 1,000	\$ 1,000	\$ 2,861	\$ 1,861
Other revenue	30,000	30,000	-	(30,000)
Total revenues	31,000	31,000	2,861	(28,139)
Expenditures:				
Current				
Community and economic development	1,200	1,200	1,200	-
Total expenditures	1,200	1,200	1,200	-
Net change in fund balance	29,800	29,800	1,661	(28,139)
Fund balance, beginning of year	236,997	236,997	236,997	-
Fund balance, end of year	<u>\$ 266,797</u>	<u>\$ 266,797</u>	<u>\$ 238,658</u>	<u>\$ (28,139)</u>

OTHER SUPPLEMENTAL INFORMATION

VILLAGE OF ST. CHARLES

GENERAL FUND

DETAILED SCHEDULE OF REVENUES

Year Ended March 31, 2007

Revenues:

Current Taxes:

Property taxes	\$ 427,355
Administration fees	9,005
	<u>436,360</u>

Licenses and permits:

Nonbusiness licenses and permits	10,650
CATV franchise fees	9,251
	<u>19,901</u>

State Grants:

Liquor license fees	1,728
State revenue sharing - sales tax	223,067
Metro Act	7,579
Police	713
	<u>233,087</u>

Contribution from other units:

DDA and LDFA - administrative expense	<u>7,400</u>
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Charges for services:

Refuse collection fees	80,580
Recreation fees	6,315
Copies	239
Appeals/Site plan fees	250
Other	1,650
Charges to other funds	1,200
	<u>90,234</u>

Fines and forfeits:

Ordinance fines	<u>9,746</u>
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Interest and rents:

Interest	10,500
Building rental and computer rental	44,760
Rents	890
	<u>56,150</u>

Other Revenue:

Contributions and donations	16,200
Other	4,937
	<u>21,137</u>

Total revenues	<u>874,015</u>
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Other Financing Sources:

Transfers from other funds	<u>82,860</u>
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Total revenues and other financing sources	<u>\$ 956,875</u>
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VILLAGE OF ST. CHARLES

GENERAL FUND

DETAILED SCHEDULE OF EXPENDITURES

Year Ended March 31, 2007

Expenditures:

General Government:

Council:

Personnel	\$	3,120
Fringe benefits		239
Supplies		20
Dues and memberships		1,557
Conferences and workshops		300
Other		6,161
		<u>11,397</u>

Office:

Personnel		76,485
Fringe benefits		51,886
Supplies		5,740
Contracted services		1,884
Mileage		651
Dues and memberships		583
Conferences and workshops		195
Printing and publications		1,857
Repairs and maintenance		4,810
Other		271
		<u>144,362</u>

Clerk:

Personnel		2,253
Fringe benefits		172
Supplies		417
		<u>2,842</u>

Audit:

Contracted services		<u>1,635</u>
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Treasurer:

Personnel		4,396
Fringe benefits		338
Supplies		2,077
Other		57
		<u>6,868</u>

Building and Grounds:

Personnel		3,309
Fringe benefits		234
Telephone		3,121
Insurance		1,373
Utilities		8,626
Repairs and maintenance		3,034
Other		349
		<u>20,046</u>

VILLAGE OF ST. CHARLES

GENERAL FUND

DETAILED SCHEDULE OF EXPENDITURES, CONTINUED

Year Ended March 31, 2007

Expenditures, continued:

General Government, continued:

Attorney:

Contracted services	<u>5,061</u>
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Community News:

Printing and publications	<u>3,470</u>
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Total general government	<u>195,681</u>
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Public Safety:

Police:

Personnel	148,964
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Fringe benefits	119,516
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Supplies	9,410
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Contracted services	16,976
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Telephone	6,517
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Dues and memberships	350
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Conferences and workshops	640
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Insurance	8,857
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Repairs and maintenance	<u>3,177</u>
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<u>314,407</u>

Building Inspection:

Personnel	12,530
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Fringe benefits	931
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Supplies	24
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Contracted services	130
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Mileage	1,448
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Conferences and workshops	<u>23</u>
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<u>15,086</u>

Total public safety	<u>329,493</u>
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Public Works:

Department of Public Works:

Personnel	14,943
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Fringe benefits	3,145
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Contracted services	3,630
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Insurance	1,444
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Utilities	8,865
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Repairs and maintenance	5,306
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Equipment rental	<u>22,442</u>
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<u>59,775</u>

VILLAGE OF ST. CHARLES

GENERAL FUND

DETAILED SCHEDULE OF EXPENDITURES, CONTINUED

Year Ended March 31, 2007

Expenditures, continued:

Public Works, continued:

Street Lighting:

Utilities 30,802

Refuse Collection:

Contracted services 86,747

Total public works 177,324

Health and Welfare:

Other:

Other 4,260

Community and Economic Development:

Planning:

Personnel 865

Fringe benefits 66

Contracted services 4,879

Conferences and workshops 300

6,110

Zoning:

Personnel 25

Fringe benefits 2

27

Total community and economic development 6,137

Recreation and Culture:

Parks and Recreation Department:

Personnel 40,149

Fringe benefits 3,418

Supplies 7,047

Contracted services 849

Telephone 338

Insurance 2,500

Utilities 4,455

Repairs and maintenance 5,516

Equipment rental 34,783

Other 2,235

101,290

Other:

Insurance and bonds 14,858

VILLAGE OF ST. CHARLES

GENERAL FUND

DETAILED SCHEDULE OF EXPENDITURES, CONTINUED

Year Ended March 31, 2007

Expenditures, continued:

Capital Outlay:

General government	15,455
Public safety	31,177
Public works	2,119
Recreation and culture	10,743
	<u>59,494</u>

Total expenditures 888,537

Other Financing Uses:

Transfers to other funds 149,592

Total expenditures and other financing uses \$ 1,038,129

VILLAGE OF ST. CHARLES

COMPONENT UNITS BALANCE SHEET

March 31, 2007

	<i>Downtown Development Authority</i>	<i>Local Development Finance Authority</i>	<i>Total Component Units</i>
Assets:			
Cash and cash equivalents	\$ 43,260	\$ 113,879	\$ 157,139
Taxes receivable	<u>4,684</u>	<u>5,412</u>	<u>10,096</u>
Total assets	<u>\$ 47,944</u>	<u>\$ 119,291</u>	<u>\$ 167,235</u>
Liabilities and Fund Balances:			
Liabilities:			
Accrued expenses	\$ 1,768	\$ -	\$ 1,768
Deposits payable	1,418	-	1,418
Advance payable to Grant Revolving Loan Fund	<u>-</u>	<u>116,368</u>	<u>116,368</u>
Total liabilities	<u>3,186</u>	<u>116,368</u>	<u>119,554</u>
Fund balances:			
Unreserved	<u>44,758</u>	<u>2,923</u>	<u>47,681</u>
Total fund balances	<u>44,758</u>	<u>2,923</u>	<u>47,681</u>
Total liabilities and fund balances	<u>\$ 47,944</u>	<u>\$ 119,291</u>	<u>\$ 167,235</u>

RECONCILIATION OF FUND BALANCES TO NET ASSETS:

Total fund balances for component units \$ 47,681

Total net assets reported for the component units in the statement of
of net assets is different because:

Capital assets used in the component units are not financial resources
and therefore are not reported in the component units funds.

Governmental capital assets	212,264	
Less accumulated depreciation	<u>(51,809)</u>	160,455

Long-term liabilities are not due and payable in the current year and
therefore are not reported in the component units funds.

Bonds and loans payable		<u>(221,752)</u>
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Net assets of component units \$ (13,616)

VILLAGE OF ST. CHARLES

COMPONENT UNITS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Year Ended March 31, 2007

	<i>Downtown Development Authority</i>	<i>Local Development Finance Authority</i>	<i>Total Component Units</i>
Revenues:			
Property taxes	\$ 67,672	\$ 31,529	\$ 99,201
Interest and rents	23,767	14,625	38,392
Other revenue	-	439	439
Total revenues	<u>91,439</u>	<u>46,593</u>	<u>138,032</u>
Expenditures:			
Current			
Community and economic development	33,547	6,360	39,907
Capital outlay	-	1,590	1,590
Debt service			
Principal	30,733	-	30,733
Interest and fees	<u>12,460</u>	<u>-</u>	<u>12,460</u>
Total expenditures	<u>76,740</u>	<u>7,950</u>	<u>84,690</u>
Net change in fund balances	14,699	38,643	53,342
Fund balances (deficit), beginning of year	<u>30,059</u>	<u>(35,720)</u>	<u>(5,661)</u>
Fund balances, end of year	<u>\$ 44,758</u>	<u>\$ 2,923</u>	<u>\$ 47,681</u>

RECONCILIATION OF NET CHANGE IN FUND BALANCES TO CHANGE IN NET ASSETS:

Net change in fund balances - total component units \$ 53,342

Total change in net assets reported for the component units in the statement of activities is different because:

Component units funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives and reported as depreciation expense.

Capital outlay	-	
Less depreciation expense	<u>(5,752)</u>	(5,752)

Repayments of principal on long-term obligations are expenditures in the funds but the payments reduce long-term liabilities in the statement of net assets.	<u>30,733</u>
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Change in net assets of component units \$ 78,323

VILLAGE OF ST. CHARLES

FIDUCIARY FUND – AGENCY FUND

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

March 31, 2007

<u>Payroll Fund</u>	<u>April 1, 2006</u>	<u>Additions</u>	<u>Deductions</u>	<u>March 31, 2007</u>
Assets:				
Cash and cash equivalents	\$ 31	\$ 566,144	\$ 565,175	\$ 1,000
Liabilities:				
Accrued expenses	\$ 31	\$ 566,144	\$ 565,175	\$ 1,000

VILLAGE OF ST. CHARLES

BUSINESS-TYPE ACTIVITIES

SCHEDULE OF INDEBTEDNESS

March 31, 2007

SAGINAW COUNTY WATER SYSTEM IMPROVEMENT CONTRACT

Issue dated June 18, 1997 in the amount of	\$ 665,000
Less: Principal paid in prior years	(245,000)
Principal paid in current year	<u>(35,000)</u>
Balance payable at March 31, 2007	<u>\$ 385,000</u>

Balance payable as follows:

<i>Fiscal Year Ended</i>	<i>Interest Rate</i>	<i>Principal due June 1</i>	<i>Interest due June 1</i>	<i>Interest due December 1</i>	<i>Total Annual Requirement</i>
2008	5.60%	\$ 35,000	\$ 10,833	\$ 9,852	\$ 55,685
2009	5.60%	35,000	9,853	8,872	53,725
2010	5.60%	35,000	8,873	7,892	51,765
2011	5.60%	35,000	7,893	6,912	49,805
2012	5.60%	35,000	6,913	5,932	47,845
2013	5.60%	35,000	5,933	4,952	45,885
2014	5.60%	35,000	4,953	3,972	43,925
2015	5.65%	35,000	3,973	2,983	41,956
2016	5.65%	35,000	2,984	1,994	39,978
2017	5.70%	35,000	1,995	997	37,992
2018	5.70%	<u>35,000</u>	<u>998</u>	<u>-</u>	<u>35,998</u>
		<u>\$ 385,000</u>	<u>\$ 65,201</u>	<u>\$ 54,358</u>	<u>\$ 504,559</u>

VILLAGE OF ST. CHARLES

COMPONENT UNIT – DOWNTOWN DEVELOPMENT AUTHORITY

SCHEDULE OF INDEBTEDNESS

March 31, 2007

LAND CONTRACT PAYABLE

Issue dated August 27, 1993 in the amount of	\$	138,000
Less: Principal paid in prior years		(100,515)
Principal paid in current year		<u>(10,733)</u>
Balance payable at March 31, 2007	\$	<u>26,752</u>

Balance payable as follows:

<i>Fiscal</i> <i>Year Ended</i>	<i>Interest</i> <i>Rate</i>	<i>Principal due</i>	<i>Interest due</i>	<i>Total</i> <i>Annual</i> <i>Requirement</i>
2008	4.00%	\$ 11,385	\$ 855	\$ 12,240
2009	4.00%	11,849	391	12,240
2010	4.00%	<u>3,518</u>	<u>23</u>	<u>3,541</u>
		<u>\$ 26,752</u>	<u>\$ 1,269</u>	<u>\$ 28,021</u>

1999 GENERAL OBLIGATION LIMITED TAX BONDS

Issue dated September 1, 1999 in the amount of	\$	325,000
Less: Principal paid in prior years		(110,000)
Principal paid in current year		<u>(20,000)</u>
Balance payable at March 31, 2007	\$	<u>195,000</u>

Balance payable as follows:

<i>Fiscal</i> <i>Year Ended</i>	<i>Interest</i> <i>Rate</i>	<i>Principal due</i> <i>August 1</i>	<i>Interest due</i> <i>August 1</i>	<i>Interest due</i> <i>February 1</i>	<i>Total</i> <i>Annual</i> <i>Requirement</i>
2008	5.00%	\$ 20,000	\$ 5,155	\$ 4,650	\$ 29,805
2009	5.05%	25,000	4,650	4,012	33,662
2010	5.10%	25,000	4,013	3,362	32,375
2011	5.20%	25,000	3,363	2,706	31,069
2012	5.25%	25,000	2,706	2,043	29,749
2013	5.30%	25,000	2,044	1,369	28,413
2014	5.40%	25,000	1,369	688	27,057
2015	5.50%	<u>25,000</u>	<u>688</u>	<u>-</u>	<u>25,688</u>
		<u>\$ 195,000</u>	<u>\$ 23,988</u>	<u>\$ 18,830</u>	<u>\$ 237,818</u>