



Village of

Clinton

A Little Town with a Big Heart

2012 CITIZEN'S GUIDE Village of Clinton, Michigan Financial Health

Dollars and Sense:
How the Village of Clinton spends your money

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American Legion members marching in Clinton Fall Festival Parade

Welcome



We are pleased to present the Village of Clinton's Citizen's Guide to Local Finances, and the Performance Dashboard for the fiscal year ended March 31, 2011. The intent of this report is to summarize and report the Village's financial condition in a concise and user friendly manner.

The information in this report is derived primarily from the Village's Annual Financial Statements. The financial information was prepared in accordance with generally accepted financial principles (GAAP) and was independently audited by Robertson Eaton & Owen, Certified Public Accountants.

Unlike the Annual Financial Statements, these reports are unaudited and are not prepared in accordance with GAAP. All Village funds are shown in the Village's Financial Statements which are available at the Village office.

Thank you for your interest in the Village of Clinton. We welcome any questions, comments, or suggestions regarding the information included in this report.

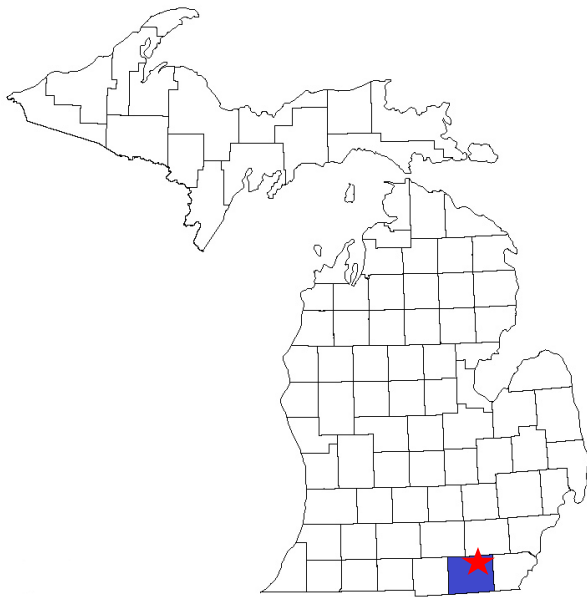
Sincerely,

Kevin Cornish
Village Manager

Karen Faust
Treasurer

About Our Village

The Village of Clinton is a thriving community located in Lenawee County, MI. It was incorporated in the same year that Michigan became a state, and includes lots of unique historical landmarks. In addition the Village is an ideal place for businesses, residents, and tourists.



Notable Attractions and Events

- ◆ Clinton Fall Festival
- ◆ US 12 Heritage Trail
- ◆ Southern Michigan Railroad
- ◆ Clinton Inn
- ◆ Clinton Historic Downtown

At a Glance

Education

Clinton Community Schools

Colleges

Adrian College (16 miles)

University of Michigan-Ann Arbor (19 miles)

Eastern Michigan University (22 miles)

Siena Heights University (15 miles)

Jackson Community College (24 miles)

Washtenaw Community College (21 miles)

Transportation

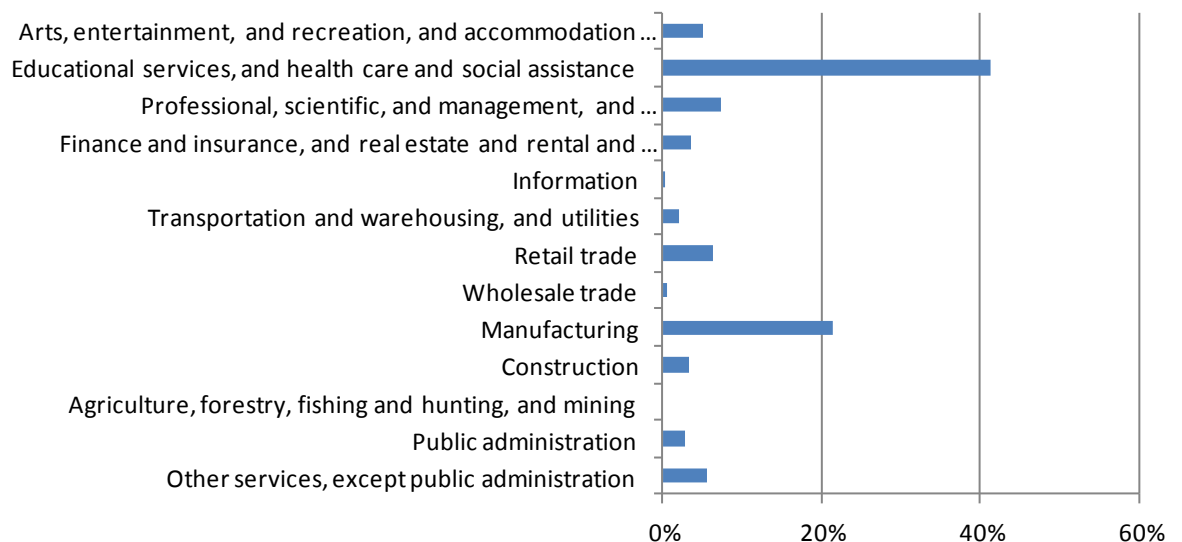
Amtrak Station (20 miles)

Detroit Metropolitan Airport (32 miles)

Library

Clinton Township Public Library

Most Common Industries



Source: 2010 American Community Survey

Key Terms

Below are a few key terms which may be helpful when reading this report.

Budget deficit/surplus. If there is less money received than paid out in a given fiscal year, there is a budget **deficit** or shortfall. If there is more money received than paid during the fiscal year, a budget **surplus** exists.

Debt. Just like a homeowner takes out a mortgage, governments can borrow money to pay for certain types of projects. The Village has both short-term debt (paid back within the fiscal year) and long-term debt. Debt can be either **general obligation** debt, meaning that the Village pays back the debt with regular tax collections and other revenues, or **special revenue** debt, which is paid off over time with revenue from specified sources beyond the usual taxes and service fees.

Fiscal year (FY). The 12-month period of time during which budgets are allocated or finances are planned. The Village of Clinton uses an April 1–March 31 fiscal year.

Fund balance. Once all the bills for the year have been paid out of a certain fund, whatever is left over is called the fund balance. When a fund balance is less than zero, you'll see the number shown with parentheses around it. Deficits cause fund balances to decrease, while surpluses cause them to increase.

Reserved/Restricted funds. Some funds are considered to be “reserved” or “restricted” for a specific purpose, and cannot be spent for anything else.

Primary government. The Village of Clinton is the primary government.

Component unit. The Downtown Development Authority is a component unit of the Village. The DDA is legally separate from the Village and helps develop the down-



Historic Clinton Inn

town area of the Village and attract new businesses and residents. The DDA is included since the Village is financially accountable for the DDA.

Governmental funds. Governmental funds include the General Fund, the chief operating fund, and include most of the basic services of the Village.

Net assets. Net assets of a governmental entity equal its assets minus its liabilities.

How Governments Use Your Money

WHERE CITIZEN DOLLARS GO AND SERVICES THAT GOVERNMENTS PROVIDE

The Village of Clinton uses revenue from utilities, property taxes, and charges for services to provide public services such as police and fire, highway and street maintenance, administrative services, building inspections, refuse collection, planning and zoning, and utility services like water, sewer, and electric. This report will look at financial measures of the primary government, and of the component unit.

2011 FINANCIAL HIGHLIGHTS



Village of Clinton Police Department

Below are selected financial highlights from fiscal year ended 2011.

- ◆ The total assets of the Village, which include buildings, infrastructure, and cash, exceeded its liabilities at the end of the 2010-2011 fiscal year by \$14,794,736. Of this amount, \$1,658,010 is unrestricted, which means this amount can be used by the government to meet its ongoing obligations to citizens and creditors.
- ◆ The government's total net assets increased by \$304,246 during the 2010-2011 fiscal year.
- ◆ At the close of the 2010-2011 fiscal year, the Village's governmental funds (the funds used to account for most of the gov-

ernment's activities except utilities) reported combined ending fund balances of \$4,408,154, a decrease of \$78,005 over the prior year. \$3,550,542 of the combined ending fund balances is from the Tate Park and Robison Trust funds. Approximately 19% of combined ending fund balances, or \$823,602, is available for spending at the government's discretion.

- ◆ At the end of the 2010-2011 fiscal year, the unreserved fund balance for the Village General Fund was \$596,213. The General Fund accounts for most of the governmental fund transactions except those related to street maintenance. This amount represents approximately 58% of total general fund expenditures.



Wastewater Treatment Plant

How Taxpayer Money Is Spent

REVENUES: WHERE THE MONEY COMES FROM

Revenue sources:

The two largest sources of revenues are Charges for services (68%) and Property taxes (12%).

Charges for services: Fees charged for utility services, and other government services.

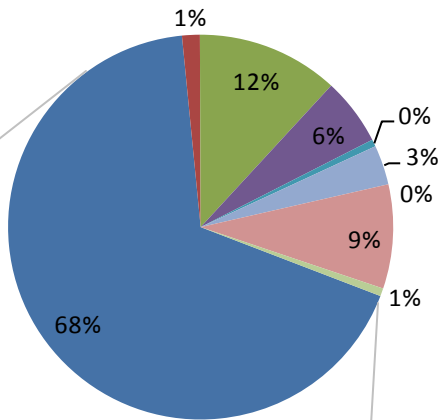
Capital grants: Grants that are restricted for the purchase or construction of capital assets.

Intergovernmental: Revenue received from other governmental units.

Contributions: Includes contributions and donations from non-government entities.

Primary Government Revenues

\$5,530,592



Capital grants, 1%

Property taxes, 12%

Intergovernmental, 6%

Licenses, fees, and fines, 0%

Contributions, 0%

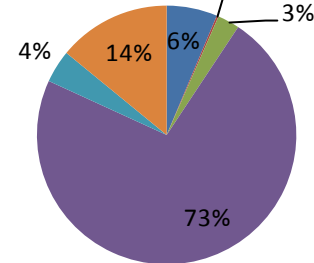
Investment earnings, 3%

Miscellaneous revenues, 9%

Transfers from component unit, 1%

Charges for services

\$3,739,480



Public safety, 6%

Culture and recreation, 0%

Sanitation, 3%

Electric, 73%

Water, 4%

Sewer, 14%

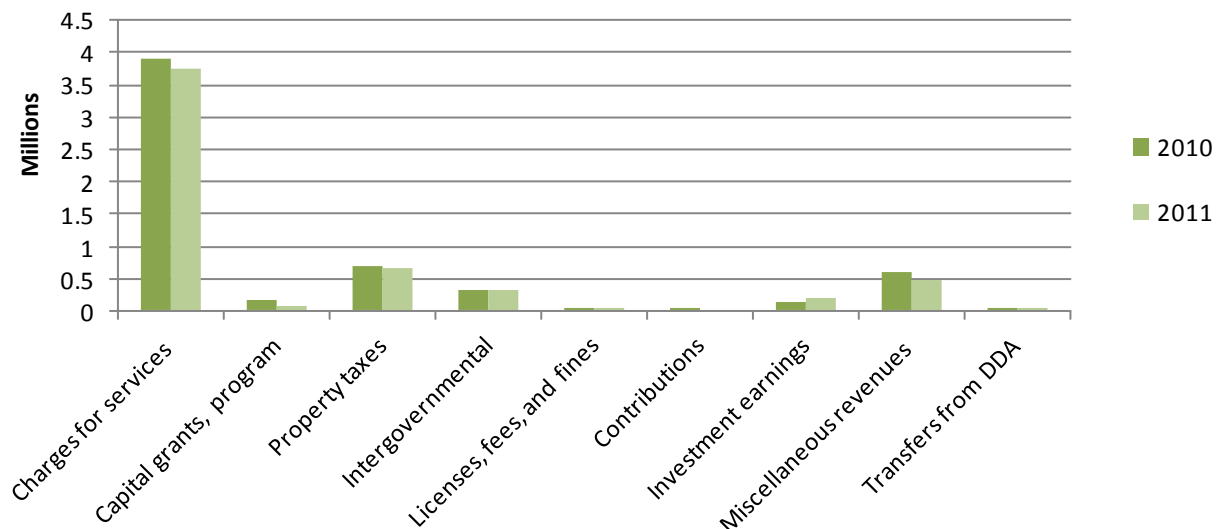
Property taxes: Taxes levied by the government based on the value of property.

Licenses, fees, and fines: Fees charged for licenses, fees, fines, and penalties.

Investment earnings: Earnings from the Village's investments.

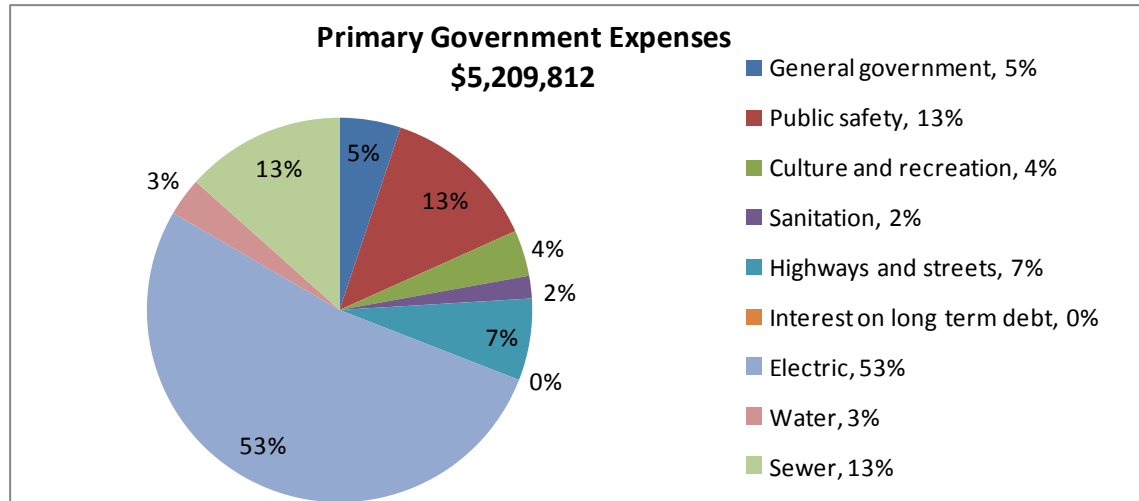
Transfers from component unit: Transfers of funds from the Downtown Development Authority.

Revenues sources--compared to prior year



How Taxpayer Money Is Spent

EXPENSES: WHERE THE MONEY GOES



The four largest expenses are for electricity distribution (53%), sewer treatment (13%), public safety (13%), and highways and streets (7%).

General government expenses go toward government operations such as legislative, treasurer, clerk, assessing, elections, and finance functions.

Culture and recreation expenses include park maintenance.

Public safety expenses include police, fire, and building inspections.

Sanitation expenses include waste collection and recycling services.

Highways and streets expenses include the building and maintenance of streets, highways, street lights, and sidewalks.

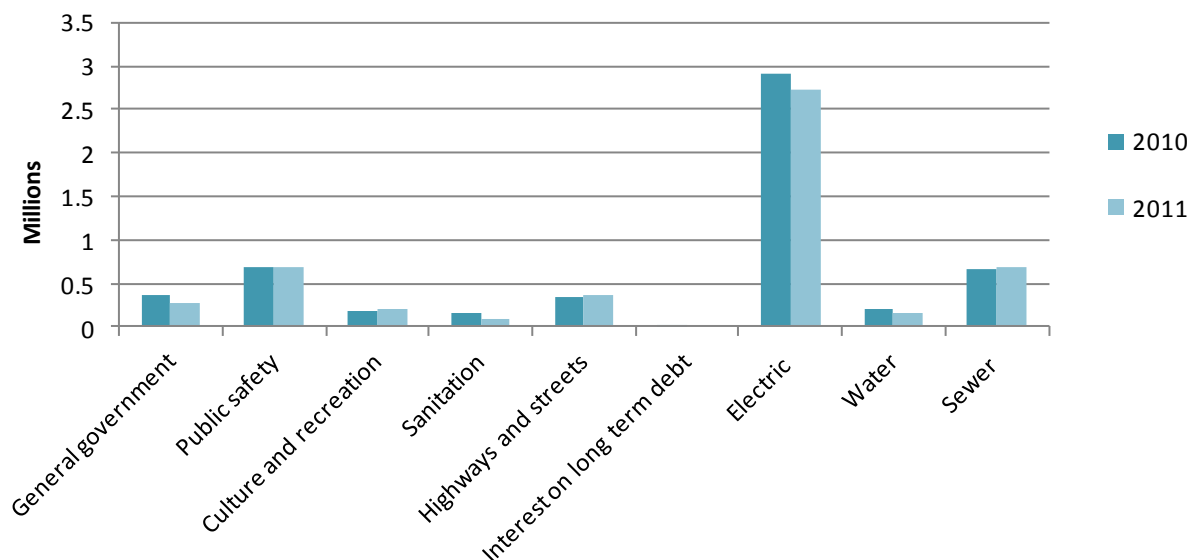
Interest on long term debt is money paid to service the Village's long term debt.

Electric expenses go toward electric distribution operations.

Water expenses go toward operating the water distribution and treatment utility.

Sewer expenses go toward operating the sewer collection and treatment plant.

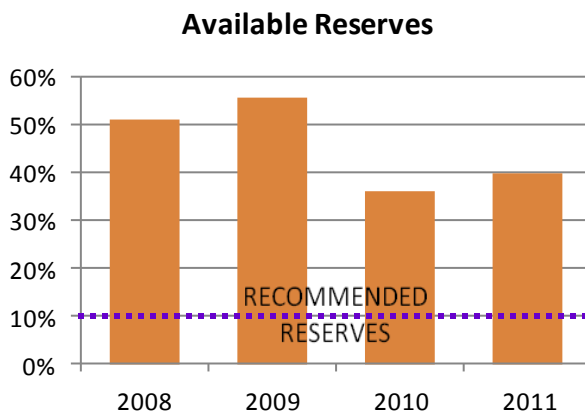
Expenses--compared to prior year



Fiscal Health

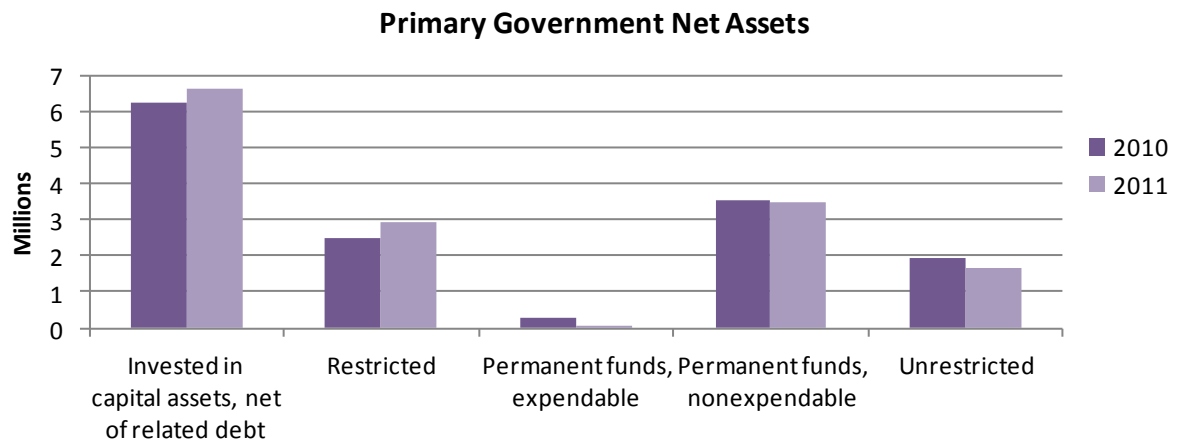
AVAILABLE RESERVES, GOVERNMENTAL FUNDS

The graph below gives information about the Village of Clinton's available governmental fund reserves, which are funds not designated or restricted for any purpose. For 2011, the percentage of available reserves to total annual governmental fund expenditures was 39.7%, which is above the recommended reserves level of 10%.



Clinton Village Office

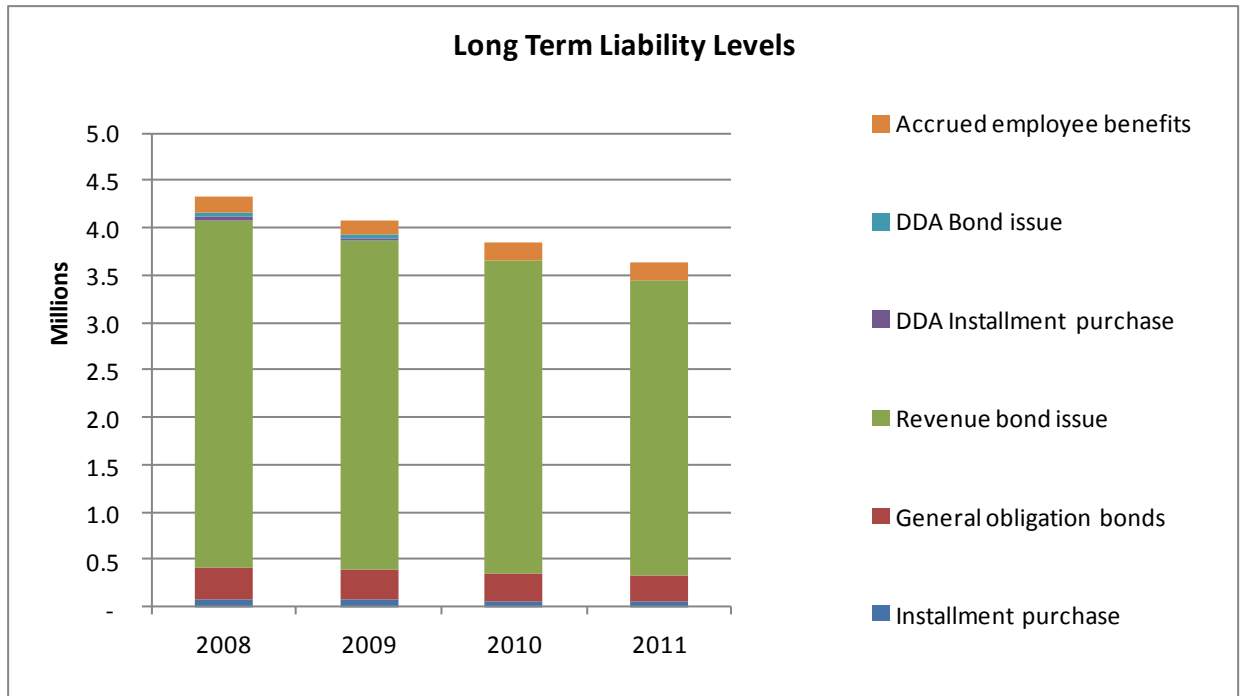
FINANCIAL POSITION, PRIMARY GOVERNMENT



This graph shows the status of the Village's net assets. Net assets are the difference between the Village's assets and liabilities and may serve as a useful indicator of the Village's financial position. **Invested in capital assets, net of related debt** represents the Village's total capital assets less depreciation less related debt. **Restricted** represents funds set aside for specific programs, such as public safety. The Village also has two permanent funds, Robison Trust and Tate Park Trust. **Expendable permanent funds** represent investment income from those funds which are available for fund purposes, and **nonexpendable permanent funds** represent principal which is permanently invested in those funds. **Unrestricted** represents funds which are available for any government purpose.

Fiscal Health

LONG TERM LIABILITY LEVELS

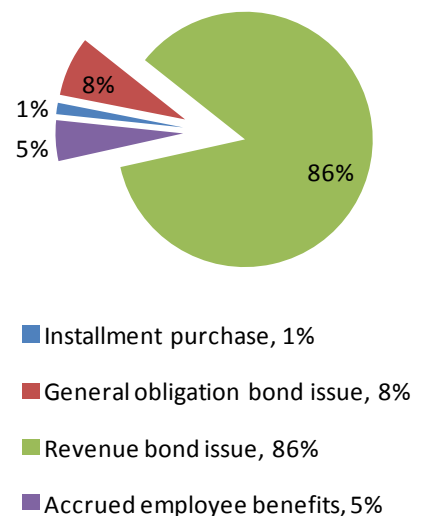


The chart above shows the Village's long term liability levels for the past four fiscal years. During this time, the total level of long term liabilities has been steadily decreasing. The chart below shows the proportion of items which make up the long term liabilities balance for 2011.



Tate Park

2011 Long Term Liabilities

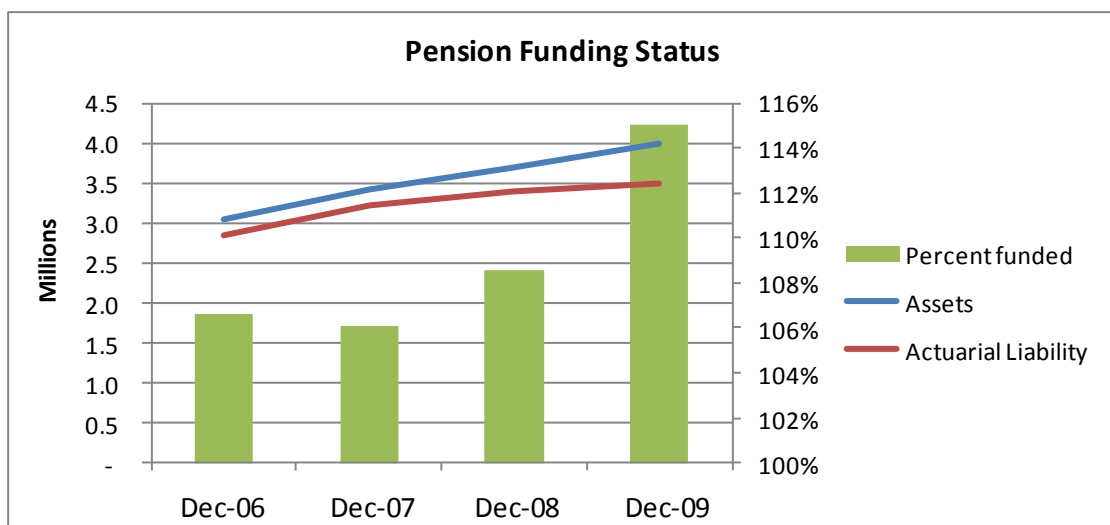


Fiscal Health

PENSION AND OTHER RETIREE BENEFITS

The Village of Clinton's defined benefit pension provides retirement, disability and death benefits to plan members and beneficiaries. Clinton participates in the Municipal Employees Retirement System (MERS), a statewide multiple-employer plan administered by the MERS Retirement Board. Employees make contributions under the plan, and the Village is required to contribute an actuarially determined amount each year. For fiscal year ended March 31, 2011, the Village's annual pension cost was equal to its actual and required contributions.

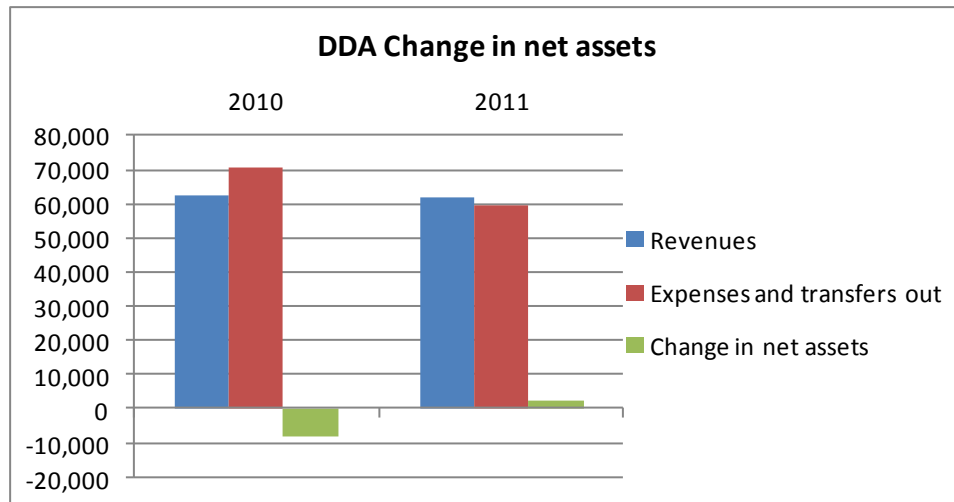
The graph below depicts the funding status of the pension plan. As of December 31, 2009, the most recent actuarial valuation date, the plan was 115% funded, or overfunded.



Arts and crafts, Clinton Fall Festival

Component Unit

The Downtown Development Authority (DDA) is a component unit of the Village of Clinton. The purpose of the DDA is to plan and develop the downtown area of the Village and to attract new businesses and residents. The DDA is legally separate from the Village of Clinton. However, because it is fiscally dependent on the Village, it is part of the Village's financial reporting entity.



Clinton Fall Festival

How This Report Was Developed

DATA SOURCES AND NOTES

This Citizen's Guide was prepared using the annual audited financial statements for the fiscal years ended March 31, 2011 and March 31, 2010.



Left: Tate Park

Right: Clinton High School
Softball 2011 Class C State
Champions



Left: Historical planes passing
over the Clinton Fall Festival