

VILLAGE OF CLINTON, MICHIGAN
FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2018
WITH
INDEPENDENT AUDITORS' REPORT

VILLAGE OF CLINTON, MICHIGAN

TABLE OF CONTENTS

	<u>PAGE NUMBER</u>
Independent Auditors' Report	1 – 2
Management's Discussion and Analysis	3 – 8
Basic Financial Statements:	
<i>Government-wide Financial Statements</i>	
Statement of Net Position	9
Statement of Activities	10
<i>Fund Financial Statements</i>	
Balance Sheet – Governmental Funds	11
Reconciliation of the Balance Sheet of Governmental Funds	12
Statement of Revenues, Expenditures & Changes in Fund Balance	
Governmental Funds	13
Reconciliation of the Statement of Revenues, Expenditures	
and Changes in Fund Balances of Governmental Funds	
to the Statement of Activities	14
Statement of Net Position – Proprietary Funds	15
Statement of Revenues, Expenditures and Changes in	
Net Position – Proprietary Funds	16
Statement of Cash Flows – Proprietary Funds	17
Statement of Cash Flows – Proprietary Fund Reconciliation of Net Operating	
Income (Loss) to Net Cash Used in Operating Activities	18
Notes to Financial Statements	19 – 38
Required Supplementary Information:	
Schedule of Changes in Employer's Net Pension Liability and Related Ratios	39
Schedule of Employer's Contributions	40
<i>Schedules of Revenues, Expenditures and Changes</i>	
<i>in Fund Balance – Budget and Actual:</i>	
General Fund	41
Major Street Fund	42
Local Street Fund	43
Debt Service Fund	44
Fire Fund	45
Community Center Fund	46
Other Supplementary Information	
Combining and Individual Fund Statements and Schedules:	
<i>Nonmajor Governmental Funds</i>	
Combining Balance Sheet	47
Combining Statement of Revenues, Expenditures and	
Changes in Fund Balances	48



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Village Council
Village of Clinton
Clinton, Michigan

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village of Clinton, Michigan, as of and for the year ended March 31, 2018, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis of our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village of Clinton, as of March 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Village of Clinton, Michigan's March 31, 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 21, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension funding information, and budgetary comparison information on pages 3 - 8, 39 - 40, and 41 - 46 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Clinton's basic financial statements. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not required part of the basic financial statements.

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

Laffy Group, PC

Jackson, MI

August 2, 2018

**VILLAGE OF CLINTON, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2018**

As management of the Village of Clinton, Michigan ("the Village"), we offer readers of the Village's financial statements this narrative overview and analysis of the financial activities of the Village for the fiscal year ended March 31, 2018. We encourage readers to consider the information presented here.

Financial Highlights

- ◆ The assets of the Village exceeded its liabilities at the close of the most recent fiscal year by \$12,265,086 (*net position*). Of this amount, \$2,022,621 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- ◆ The Village's total net position decreased \$70,084.
- ◆ As of the close of the current year, the Village's governmental funds reported combined ending fund balances of \$4,803,495, an increase of \$137,395; compared with a decrease of \$16,585 in the prior year.
- ◆ At the end of the current year, unassigned fund balance for the general fund was \$749,812, or 72% percent of total general fund expenditures.
- ◆ During the year ended March 31, 2017, Michigan South Central Power Agency reported a loss of \$2,333,092. The Village's proportionate share of the loss was \$156,292.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Village's basic financial statements. The Village's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The Government-Wide Financial Statements are designed to provide readers with a broad overview of the Village's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the Village's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating.

The Statement of Activities presents information showing how the Village's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation and sick leave).

Both of the government-wide financial statements distinguish functions of the Village that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Village include general government, public safety, highways and streets, sanitation, and culture and recreation. The business-type activities of the Village include the utility systems.

The government-wide financial statements include not only the Village itself (known as the *primary government*), but also a legally separate Downtown Development Authority (DDA) for which the Village is financially accountable. Financial information for this *component unit* is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 9-10 of this report.

**VILLAGE OF CLINTON, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2018**

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Village maintains ten individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, capital projects fund, and permanent funds, which are considered to be major funds. Data from the other six governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The Village adopts an annual appropriated budget for all funds. Budgetary comparison statements have been provided for all governmental funds (except the permanent funds) to demonstrate compliance with budget. These schedules can be found on 41-46 of this report.

The basic governmental fund financial statements can be found on pages 11-14 of this report.

Proprietary funds. The Village maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Village uses enterprise funds to account for its electric, water, and sewer funds. The *Internal service fund* is an accounting device used to accumulate and allocate costs internally among the Village's various functions. The Village uses an internal service fund to account for equipment and charge out expense (Equipment Fund). Because this service predominantly benefits governmental rather than a business-type function it has been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Electric, Water, and Sewer Funds, which are considered to be major funds of the Village. The internal service fund (Equipment Fund) is in the proprietary fund financial statements.

The basic proprietary fund financial statements can be found on pages 15-18 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 19-38 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented as supplementary information to the financing statements. Combining statements and individual fund schedules can be found on pages 47-48 of this report.

**VILLAGE OF CLINTON, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2018**

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Village, assets exceeded liabilities by \$12,265,086 at the close of the most recent fiscal year.

By far the largest portion of the Village of Clinton, Michigan's net position (40 percent) reflects its investment in capital assets (e.g., land, buildings, equipment, infrastructure), less any related debt used to acquire those assets that is still outstanding. The Village uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Village's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

VILLAGE OF CLINTON, MICHIGAN'S NET POSITION

	Governmental Activities	Business-type Activities	2018	2017
Assets:				
Current and other assets	\$ 5,030,606	\$ 2,266,645	\$ 7,297,251	\$ 7,282,939
Capital Assets	<u>2,168,655</u>	<u>5,027,656</u>	<u>7,196,311</u>	<u>7,540,858</u>
Total assets	<u>7,199,261</u>	<u>7,294,301</u>	<u>14,493,562</u>	<u>14,823,797</u>
Deferred outflows of resources	<u>232,969</u>		<u>232,969</u>	<u>407,432</u>
Total assets & deferred outflows	<u><u>\$ 7,432,230</u></u>	<u><u>\$ 7,294,301</u></u>	<u><u>\$ 14,726,531</u></u>	<u><u>\$ 15,231,229</u></u>
Liabilities:				
Long term liabilities outstanding	\$ 201,865	\$ 1,865,496	\$ 2,067,361	\$ 2,604,684
Other liabilities	<u>56,655</u>	<u>217,965</u>	<u>274,620</u>	<u>291,375</u>
Total Liabilities	<u>258,520</u>	<u>2,083,461</u>	<u>2,341,981</u>	<u>2,896,059</u>
Deferred inflows of resources	<u>119,464</u>		<u>119,464</u>	
Net Position:				
Invested in capital assets, net of related debt	2,168,655	2,786,663	4,955,318	5,110,354
Restricted	4,033,431	1,253,716	5,287,147	5,361,217
Unrestricted	<u>852,160</u>	<u>1,170,461</u>	<u>2,022,621</u>	<u>1,863,599</u>
Total Net Position	<u>7,054,246</u>	<u>5,210,840</u>	<u>12,265,086</u>	<u>12,335,170</u>
Total liabilities, deferred inflows and net position	<u><u>\$ 7,432,230</u></u>	<u><u>\$ 7,294,301</u></u>	<u><u>\$ 14,726,531</u></u>	<u><u>\$ 15,231,229</u></u>

**VILLAGE OF CLINTON, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2018**

VILLAGE OF CLINTON, MICHIGAN'S CHANGE OF NET POSITION

	Governmental Activities	Business-type Activities	2018	2017
Revenues:				
Program revenues:				
Charge for services	\$ 357,381	\$ 3,788,784	\$ 4,146,165	\$ 4,142,797
Operating grants				8,750
General revenues:				
Property taxes	699,250		699,250	677,854
Intergovernmental	455,646		455,646	385,283
License fees and fines	78,238		78,238	62,357
Investment earnings	50,761	(145,505)	(94,744)	(1,402,754)
Miscellaneous revenue	99,514	10,375	109,889	103,458
Total revenues	<u>\$ 1,740,790</u>	<u>3,653,654</u>	<u>5,394,444</u>	<u>3,977,745</u>
Expenses:				
General government	317,700		317,700	424,101
Public safety	717,101		717,101	709,204
Culture and recreation	183,110		183,110	296,831
Sanitation	114,382		114,382	112,742
Highways and streets	352,374		352,374	454,173
Interest on long-term debt	13,608		13,608	9,093
Electric				2,885,914
Water		281,604	281,604	329,713
Sewer		689,653	689,653	659,306
Total expenses	<u>1,698,275</u>	<u>971,257</u>	<u>2,669,532</u>	<u>5,881,077</u>
Increase (decrease) in net position before transfers	42,515	2,682,397	2,724,912	(1,903,332)
Transfer (to) from component unit	38,840		38,840	35,200
Transfers	35,000	(35,000)		
Change in net position	116,355	2,647,397	2,763,752	(1,868,132)
Net position - beginning of year	<u>6,937,891</u>	<u>5,397,279</u>	<u>12,335,170</u>	<u>14,203,302</u>
Net position - end of year	<u>\$ 7,054,246</u>	<u>\$ 8,044,676</u>	<u>\$ 15,098,922</u>	<u>\$ 12,335,170</u>

An additional portion of the Village's net position (43 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* \$2,022,621 may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Village is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

**VILLAGE OF CLINTON, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2018**

Financial Analysis of the Government's Funds

As noted earlier, the Village uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the Village's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Village's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of this fiscal year.

As of the end of the current fiscal year, the Village's governmental funds reported combined ending fund balances of \$4,803,495, an increase of \$137,395 in comparison with the prior year. Restricted fund balance of \$4,019,623 is not available for new spending since it already is committed. Permanent (Trusts) fund money \$3,471,651 represents most of the restricted fund balance.

The general fund is the chief operating fund of the Village. At the end of the current fiscal year, unassigned fund balance of the general fund was \$749,812.

The fund balance of the Village of Clinton, Michigan's general fund increased by \$55,173 during the current fiscal year.

Proprietary fund - The Village's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the utility funds at the end of the year amounted to \$1,170,461. The total decrease in net position for the funds was \$186,439.

Budgetary Highlights

- Major Streets spent \$73,779 to mill and overlay Macon Road from Tecumseh Road through Sunset Drive. The Village continued to perform chip seal as preventative maintenance on other streets.
- Local Streets spent \$58,036 to overlay Brown Street from Burton to N. River Street. The Village continued to perform chip seal as preventative maintenance on other streets.
- The Fire Department purchased a new rescue unit in 2015 for \$178,450. They used reserves and borrowed \$82,000 to pay for the unit. This fiscal year, the department was only required to make a payment on \$9,101, however, the Clinton Fire Board decided to pay \$29,781 to pay off the rescue unit about two years early.
- The Village increased the water and sewer rates to generate more revenue to help fund the operation, maintenance, debt service, and capital cost of the two utilities. The Village needs to allocate more money for the replacement of the aging water and sewer systems.

Capital Asset and Debt Administration

Capital assets. The Village's investment in capital assets for its governmental and business-type activities as of March 31, 2018, amounts to \$7,196,311 (net of accumulated depreciation). This investment in capital assets includes land, buildings and utility systems, machinery and equipment, roads, and other infrastructure. The net decrease in the Village's investment in capital assets for the current fiscal year was \$344,547.

Major capital assets purchased during the current fiscal year were:

Machinery, equipment, and furnishings	\$ 162,374
Utility systems	28,830
Land improvements	2,601
Infrastructure	161,733
Buildings and improvements	18,860

**VILLAGE OF CLINTON, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2018**

VILLAGE OF CLINTON, MICHIGAN'S CAPITAL ASSETS

	Governmental Activities	Business-type Activities	2018	2017
Capital Assets:				
Land	\$ 285,152	\$ 30,645	\$ 315,797	\$ 315,797
Land Improvements	274,443		274,443	295,684
Buildings	348,269		348,269	377,460
Equipment and furnishings	387,895		387,895	417,708
Infrastructure	872,896		872,896	881,833
Utility Systems		4,997,011	4,997,011	5,252,376
Total	<u>\$ 2,168,655</u>	<u>\$ 5,027,656</u>	<u>\$ 7,196,311</u>	<u>\$ 7,540,858</u>

Additional information on the Village's capital assets can be found in Note 3 C on pages 26-27.

Long-term debt. At the end of the current fiscal year, the Village had total bonded and note debt outstanding of \$1,825,000.

VILLAGE OF CLINTON, MICHIGAN'S OUTSTANDING DEBT GENERAL OBLIGATION BONDS

	Governmental Activities	Business-type Activities	2018	2017
General Obligation Bonds	\$ 70,000		\$ 70,000	\$ 105,000
Revenue Bonds		1,755,000	1,755,000	1,960,000
Total	<u>\$ 70,000</u>	<u>\$ 1,755,000</u>	<u>\$ 1,825,000</u>	<u>\$ 2,065,000</u>

Additional information on the Village's long-term debt can be found in Note 3. E on pages 29-31 of this report.

Economic Factors and Next Year's Budgets and Rates

Even though the taxable value of real property increased by one percent, the Village is still concerned about the slow economic recovery in the State of Michigan and the possible negative ramifications on the 2018-19 budget from the State's elimination of personal property taxes. Over time, the elimination of personal property taxes may reduce revenue by up to \$42,000.

Requests for Information

This financial report is designed to provide a general overview of the Village of Clinton, Michigan's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Village of Clinton, 119 East Michigan Avenue, P.O. Box Drawer E, Clinton, Michigan 49236.

VILLAGE OF CLINTON, MICHIGAN
STATEMENT OF NET POSITION
MARCH 31, 2018
WITH COMPARATIVE TOTALS FOR MARCH 31, 2017

	Governmental Activities	Business-Type Activities	Total		Component Unit Downtown Development Authority
			2018	2017	
ASSETS:					
Cash	\$ 932,094	\$ 337,501	\$ 1,269,595	\$ 1,157,382	\$ 97,865
Investments	3,156,946	1,003,679	4,160,625	4,077,872	
Accounts receivable (net)	77,140	236,254	313,394	319,807	
Prepaid expenses	34,060	29,222	63,282	61,890	
Internal balances	304,930	(304,930)			
Internal balances - advances	485,993	(485,993)			
Internal balances - component unit	(1,588)		(1,588)	(1,588)	1,588
Advance to component units	41,031		41,031	47,658	(41,031)
Prepaid supplies		142,416	142,416	156,557	
Restricted assets:					
Cash		54,780	54,780	53,353	
Investments in joint venture		1,253,716	1,253,716	1,410,008	
Capital assets:					
Assets not subject to depreciation	285,152	30,645	315,797	315,797	
Assets subject to depreciation	1,883,503	4,997,011	6,880,514	7,225,061	306,412
Total assets	7,199,261	7,294,301	14,493,562	14,823,797	364,834
Deferred outflows of resources					
Deferred pension amounts	232,969		232,969	407,432	
Total assets and deferred outflows of resources	\$ 7,432,230	\$ 7,294,301	\$ 14,726,531	\$ 15,231,229	\$ 364,834
LIABILITIES:					
Accounts payable and accrued liabilities	\$ 18,520	\$ 163,185	\$ 181,705	\$ 202,434	\$
Deferred revenue					
Liabilities payable from restricted assets		54,780	54,780	53,353	
Accrued sick and vacation pay - current	38,135		38,135	35,588	
Noncurrent liabilities:					
Due within one year	35,000		35,000	240,000	
Net pension liability	78,793		78,793	380,487	
Due in more than one year	88,072	1,865,496	1,953,568	1,984,197	
Total liabilities	258,520	2,083,461	2,341,981	2,896,059	
Deferred inflows of resources					
Deferred pension amounts	119,464		119,464		
NET POSITION:					
Invested in capital assets, net of related debt	2,168,655	2,786,663	4,955,318	5,110,354	306,412
Restricted for:					
Investment in joint venture		1,253,716	1,253,716	1,410,008	
Highways and streets	342,446		342,446	292,247	
Public safety	145,734		145,734	109,742	
Culture and recreation	72,742		72,742	69,598	
Debt service	858		858	850	
Permanent funds	3,471,651		3,471,651	3,478,772	
Unrestricted	852,160	1,170,461	2,022,621	1,863,599	58,422
Total net position	7,054,246	5,210,840	12,265,086	12,335,170	364,834
Total liabilities, deferred inflows of resources and net position	\$ 7,432,230	\$ 7,294,301	\$ 14,726,531	\$ 15,231,229	\$ 364,834

See accompanying notes to the financial statements

VILLAGE OF CLINTON, MICHIGAN
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2018
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED MARCH 31, 2017

Functions/programs				Net (Expense) Revenue and Changes in Net Position				Component Unit
	Expenses	Program Revenues		Primary Government		Total		Downtown Development Authority
		Charges for Services	Operating Grants	Governmental Activities	Business-Type Activities	2018	2017	
Governmental activities:								
General government	\$ 317,700	\$ 0	\$	\$ (317,700)	\$	\$ (317,700)	\$ (415,351)	\$
Public safety	717,101	217,655		(499,446)		(499,446)	(488,629)	
Culture and recreation	183,110	20,800		(162,310)		(162,310)	(276,656)	
Sanitation	114,382	118,926		4,544		4,544	5,689	
Highways and streets	352,374	0		(352,374)		(352,374)	(454,173)	
Interest on long term debt	13,608			(13,608)		(13,608)	(9,093)	
Total governmental activities	1,698,275	357,381		(1,340,894)		(1,340,894)	(1,638,213)	
Business-type activities:								
Electric Fund	2,833,836	2,850,621			16,785	16,785	57,550	
Water Fund	281,604	257,548			(24,056)	(24,056)	(106,304)	
Sewer Fund	689,653	680,615			(9,038)	(9,038)	(42,563)	
Total business-type activities	3,805,093	3,788,784			(16,309)	(16,309)	(91,317)	
Total government	\$ 5,503,368	\$ 4,146,165	\$	\$ (1,340,894)	\$ (16,309)	\$ (1,357,203)	\$ (1,729,530)	\$
Component Unit:								
Downtown development authority	32,764							(32,764)
Total component unit	\$ 32,764	\$	\$	\$	\$	\$	\$	\$ (32,764)
General revenues:								
Property taxes				\$ 699,250	\$	\$ 699,250	\$ 677,854	\$ 56,576
Intergovernmental				455,646		455,646	385,283	
Licenses, fees, and fines				78,238		78,238	62,357	
Investment earnings				50,761	(145,505)	(94,744)	(1,402,754)	
Miscellaneous revenues				99,514	10,375	109,889	103,458	
Intragovernmental transfers				35,000	(35,000)			
Transfer from component unit				38,840		38,840	35,200	(38,840)
Total general revenues and transfers				1,457,249	(170,130)	1,287,119	(138,602)	17,736
Change in net position				116,355	(186,439)	(70,084)	(1,868,132)	(15,028)
Total net position - beginning				6,937,891	5,397,279	12,335,170	14,203,302	379,862
Total net position - ending				\$ 7,054,246	\$ 5,210,840	\$ 12,265,086	\$ 12,335,170	\$ 364,834

See accompanying notes to the financial statements

**VILLAGE OF CLINTON, MICHIGAN
BALANCE SHEET
GOVERNMENTAL FUNDS
MARCH 31, 2018
WITH COMPARATIVE TOTALS FOR MARCH 31, 2017**

			<u>Permanent Funds</u>		<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>	
	<u>General</u>	<u>Major Street</u>	<u>Robison Trust</u>	<u>Capital Improvement Tate Park</u>		<u>2018</u>	<u>2017</u>
ASSETS:							
Cash	\$ 476,216	\$ 148,462	\$	\$	\$ 130,101	\$ 754,779	\$ 693,335
Investments	297,236		1,173,741	1,589,949	96,020	3,156,946	3,078,211
Receivables:							
Accounts (net)	19,878				1,537	21,415	20,824
Due from other funds		301,768			17,253	319,021	318,499
Due from other governmental units	16,330	28,604			10,791	55,725	34,533
Due from component unit							
Advance to other funds			485,993	180,937		666,930	745,955
Advance from component unit			41,031			41,031	47,658
Accrued interest							23
Prepaid expense	20,252	118			13,690	34,060	33,473
Total assets	<u>\$ 829,912</u>	<u>\$ 478,952</u>	<u>\$ 1,700,765</u>	<u>\$ 1,770,886</u>	<u>\$ 269,392</u>	<u>\$ 5,049,907</u>	<u>\$ 4,972,511</u>
LIABILITIES:							
Accounts payable	2,248	1,000			2,622	5,870	\$ 9,212
Accrued expenditures	8,233	373			1,440	10,046	10,313
Deferred revenue							
Due to other funds	13,899				192	14,091	13,569
Due to component unit	1,588					1,588	1,588
Advance from other funds		180,937				180,937	240,451
Accrued sick and vacation pay	33,880					33,880	31,278
Total liabilities	<u>\$ 59,848</u>	<u>\$ 182,310</u>	<u>\$</u>	<u>\$</u>	<u>\$ 4,254</u>	<u>\$ 246,412</u>	<u>\$ 306,411</u>
FUND BALANCES:							
Nonspendable	\$ 20,252	\$ 118	\$	\$	\$ 13,690	\$ 34,060	\$ 33,473
Restricted		296,524	1,700,765	1,770,886	251,448	4,019,623	3,937,482
Unassigned	749,812					749,812	695,145
Total fund balance	<u>770,064</u>	<u>296,642</u>	<u>1,700,765</u>	<u>1,770,886</u>	<u>265,138</u>	<u>4,803,495</u>	<u>4,666,100</u>
Total liabilities & fund balance	<u>\$ 829,912</u>	<u>\$ 478,952</u>	<u>\$ 1,700,765</u>	<u>\$ 1,770,886</u>	<u>\$ 269,392</u>	<u>\$ 5,049,907</u>	<u>\$ 4,972,511</u>

See accompanying notes to the financial statements

VILLAGE OF CLINTON, MICHIGAN
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
MARCH 31, 2018
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED MARCH 31, 2017

	<u>2018</u>	<u>2017</u>
Total governmental fund balances	\$ 4,803,495	\$ 4,666,100
Capital assets used in the governmental activities are not financial resources and, therefore, are not reported in the governmental funds:	2,168,655	2,257,837
Accrued interest payable on long term debt is recognized in governmental funds when paid and not when accrued.	(1,033)	(1,523)
Long-term portion of accrued sick and vacation pay liability is not due and payable in the current period and, therefore, are not reported in the governmental funds.	(53,072)	(49,593)
Loan indebtedness is recognized in the governmental funds when paid and not when accrued.	(70,000)	(105,000)
Internal Service Fund (Equipment Fund) is used by the Village to charge for equipment rental to individual funds. The assets and liabilities of the Equipment Fund are included in governmental activities in the statement of net position. A reconciliation of the adjustments are as follows:		
Internal service fund net position	418,462	359,905
Internal service fund net capital assets are included in the general capital asset adjustment above.	(246,973)	(216,780)
Net internal service fund position added to governmental activities	<u>171,489</u>	<u>143,125</u>
Certain pension-related amounts, such as the net pension liability and deferred amounts, are not due and payable in the current period or do not represent current financial resources, and therefore are not reported in the funds:		
Deferred outflows related to the net pension liability	232,969	407,432
Deferred inflows related to the net pension liability	(119,464)	
Net pension liability	<u>(78,793)</u>	<u>(380,487)</u>
Net differences	<u>2,250,751</u>	<u>2,271,791</u>
Total net position of governmental activities	<u>\$ 7,054,246</u>	<u>\$ 6,937,891</u>

See accompanying notes to the financial statements

VILLAGE OF CLINTON, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MARCH 31, 2018
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED MARCH 31, 2017

			Permanent Funds		Total Other Governmental Funds	Total Governmental Funds	
	General	Major Street	Robison Trust	Tate Park Capital Improvement		2018	2017
REVENUES:							
Property taxes	\$ 647,271	\$	\$	\$	\$ 51,979	\$ 699,250	\$ 677,854
Intergovernmental revenues	240,369	156,302			58,975	455,646	385,283
Farmers Market Grant							8,750
Licenses, fees and charges for services	217,964					217,964	200,963
Rentals	12,770				8,008	20,778	19,247
Interest	3,073	446	3,110	52,205	547	59,381	95,011
Other	34,281				1,139	35,420	20,489
Townships					217,655	217,655	220,575
Realized gain (loss) on investment			(3,519)	(2,522)		(6,041)	6,618
Unrealized gain (loss) on investment			29,727	(32,306)		(2,579)	(82,055)
Total revenues	<u>1,155,728</u>	<u>156,748</u>	<u>29,318</u>	<u>17,377</u>	<u>338,303</u>	<u>1,697,474</u>	<u>1,552,735</u>
EXPENDITURES:							
Current:							
General government	323,518		5,322	5,032		333,872	297,163
Public safety	520,028				182,305	702,333	666,082
Culture and recreation	84,782				57,224	142,006	247,515
Sanitation	114,382					114,382	112,742
Highways and streets		115,446			176,782	292,228	250,473
Debt service:							
Principal					35,000	35,000	30,000
Interest		9,679			4,419	14,098	17,998
Total expenditures	<u>1,042,710</u>	<u>125,125</u>	<u>5,322</u>	<u>5,032</u>	<u>455,730</u>	<u>1,633,919</u>	<u>1,621,973</u>
Excess (deficiency) of revenues over (under) expenditures	<u>113,018</u>	<u>31,623</u>	<u>23,996</u>	<u>12,345</u>	<u>(117,427)</u>	<u>63,555</u>	<u>(69,238)</u>
Other financing sources (uses):							
Sale of equipment							
Transfers in	38,462	40,000			167,147	245,609	351,300
Transfers out	(96,307)	(32,000)	(40,000)	(3,462)		(171,769)	(298,647)
Total other financing sources (uses)	<u>(57,845)</u>	<u>8,000</u>	<u>(40,000)</u>	<u>(3,462)</u>	<u>167,147</u>	<u>73,840</u>	<u>52,653</u>
Change in fund balances	55,173	39,623	(16,004)	8,883	49,720	137,395	(16,585)
Total fund balances - beginning	<u>714,891</u>	<u>257,019</u>	<u>1,716,769</u>	<u>1,762,003</u>	<u>215,418</u>	<u>4,666,100</u>	<u>4,682,685</u>
Total fund balances - ending	<u>\$ 770,064</u>	<u>\$ 296,642</u>	<u>\$ 1,700,765</u>	<u>\$ 1,770,886</u>	<u>\$ 265,138</u>	<u>\$ 4,803,495</u>	<u>\$ 4,666,100</u>

See accompanying notes to the financial statements

**VILLAGE OF CLINTON, MICHIGAN
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2018
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED MARCH 31, 2017**

	<u>2018</u>	<u>2017</u>
Change in fund balances total governmental funds	\$ 137,395	\$ (16,585)
<p>Amounts reported for governmental activities in the statement of activities are different because Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This amount of depreciation is more than the capital outlay in the current period.</p>		
Capital outlays amounted to	248,002	102,372
Depreciation amounted to	<u>(337,062)</u>	<u>(377,068)</u>
Net adjustment for capital related activities for the year	(89,060)	(274,696)
<p>The issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of the principle of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any effect on net position.</p>		
Debt incurred during current year		
Less: principal repayment	35,000	30,000
<p>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.</p>		
Accrued interest - net	490	8,905
Accrued long-term sick and vacation pay - net effect	(3,479)	(7,491)
<p>Internal Service Fund (Equipment Fund) is used by the Village to charge equipment rental to individual funds. The net income (loss) of this activity, adjusted for depreciation and capital outlays above, is reported with governmental activities in the government-wide statements, however, it is reported with the proprietary funds in the fund financial statements.</p>		
	28,242	44,554
<p>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 the funds.</p>		
Change in the net pension liability and related deferred amounts	<u>7,767</u>	<u>(137,173)</u>
Change in net position of governmental activities	<u>\$ 116,355</u>	<u>\$ (352,486)</u>

See accompanying notes to the financial statements

VILLAGE OF CLINTON, MICHIGAN
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
MARCH 31, 2018
WITH COMPARATIVE TOTALS FOR MARCH 31, 2017

	Business-type Activities			Total		Governmental
	Enterprise Funds			Proprietary Funds		Activities
	Electric	Water	Sewer	2018	2017	Internal
	Fund	Fund	Fund			Service Fund
ASSETS:						
Current assets:						
Cash and cash equivalents	\$ 210,396	\$ 21,375	\$ 105,730	\$ 337,501	\$ 314,985	\$ 177,315
Investments	808,992	68,346	126,341	1,003,679	999,661	
Accounts receivable (net)	174,022	17,407	44,825	236,254	264,157	
Accrued interest					267	
Prepaid expenses	17,021	6,429	5,772	29,222	28,417	
Inventory	142,416			142,416	156,557	
Total current assets	1,352,847	113,557	282,668	1,749,072	1,764,044	177,315
Noncurrent assets:						
Restricted assets:						
Cash	54,780			54,780	53,353	
Investment in joint venture	1,253,716			1,253,716	1,410,008	
Capital assets:						
Land	17,496	3,000	10,149	30,645	30,645	
Buildings	567,248	73,715	5,839,908	6,480,871	6,462,011	
Utility systems	1,810,454	1,393,312	769,452	3,973,218	3,944,388	
Equipment/trucks	1,110,440	126,576	284,645	1,521,661	1,447,513	945,631
Less accumulated depreciation	(3,021,298)	(797,967)	(3,159,474)	(6,978,739)	(6,601,536)	(698,658)
Total capital assets - net	484,340	798,636	3,744,680	5,027,656	5,283,021	246,973
Total noncurrent assets	1,792,836	798,636	3,744,680	6,336,152	6,746,382	246,973
Total assets	<u>\$ 3,145,683</u>	<u>\$ 912,193</u>	<u>\$ 4,027,348</u>	<u>\$ 8,085,224</u>	<u>\$ 8,510,426</u>	<u>\$ 424,288</u>
LIABILITIES:						
Current Liabilities:						
Accounts payable	\$ 140,779		\$ 1,354	\$ 142,133	\$ 156,229	\$ 1,571
Accrued expenses	16,451	1,015	3,586	21,052	23,525	
Due to other funds	299,530	5,400		304,930	304,930	
Advance payable to other funds		302,757	183,236	485,993	505,504	
Total current liabilities	456,760	309,172	188,176	954,108	990,188	1,571
Current liabilities payable from restricted assets:						
Customer deposits	54,780			54,780	53,353	
Noncurrent liabilities:						
Accrued sick and vacation pay	58,740	7,989	43,767	110,496	109,606	4,255
SRF loan payable			1,755,000	1,755,000	1,960,000	
Total liabilities	570,280	317,161	1,986,943	2,874,384	3,113,147	5,826
NET POSITION:						
Invested in capital assets, net of related debt	484,340	495,879	1,806,444	2,786,663	2,817,517	246,973
Restricted for joint venture	1,253,716			1,253,716	1,410,008	
Unrestricted	837,347	99,153	233,961	1,170,461	1,169,754	171,489
Total net position	2,575,403	595,032	2,040,405	5,210,840	5,397,279	418,462
Total liabilities and net position	<u>\$ 3,145,683</u>	<u>\$ 912,193</u>	<u>\$ 4,027,348</u>	<u>\$ 8,085,224</u>	<u>\$ 8,510,426</u>	<u>\$ 424,288</u>

See accompanying notes to the financial statements

VILLAGE OF CLINTON, MICHIGAN
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED MARCH 31, 2018
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED MARCH 31, 2017

	Business-type Activities - Enterprise Funds			Total Proprietary Funds		Governmental Activities
	Electric Fund	Water Fund	Sewer Fund	2018	2017	Internal Service Fund
Operating revenue:						
Metered sales	\$ 2,820,363	\$ 254,657	\$ 670,896	\$ 3,745,916	\$ 3,731,477	\$
Penalties and service charges	30,258	2,891	9,719	42,868	52,139	
Miscellaneous	3,613	965	(271)	4,307	9,436	2,289
Rentals	6,068			6,068	6,016	147,208
Total operating revenues	2,860,302	258,513	680,344	3,799,159	3,799,068	149,497
Operating expenses:						
Light plant	86,980			86,980	86,877	
Purchased power	1,805,437			1,805,437	1,936,171	
Administrative	253,109	45,027	21,987	320,123	303,261	
Electric distribution system	605,967			605,967	533,412	
Water distribution		181,012		181,012	235,571	
Collection system			12,974	12,974	24,614	
Sewer treatment plant			334,028	334,028	303,850	
Depreciation	68,116	35,942	277,248	381,306	367,434	40,920
Professional services	14,227	7,095	2,613	23,935	35,577	
Equipment operation and maintenance						50,020
Total operating expenses	2,833,836	269,076	648,850	3,751,762	3,826,767	90,940
Operating income (loss)	26,466	(10,563)	31,494	47,397	(27,699)	58,557
Nonoperating revenues (expenses):						
Income from joint venture	(156,292)			(156,292)	(1,427,750)	
Interest income	5,177	2,874	2,736	10,787	5,422	
Interest expense		(12,528)	(40,803)	(53,331)	(48,166)	
Total nonoperating revenues (expenses)	(151,115)	(9,654)	(38,067)	(198,836)	(1,470,494)	
Net income (loss) before transfers	(124,649)	(20,217)	(6,573)	(151,439)	(1,498,193)	58,557
Transfers out	(35,000)			(35,000)	(57,000)	
Transfers in					39,547	
Change in net position	(159,649)	(20,217)	(6,573)	(186,439)	(1,515,646)	58,557
Total net position - beginning	2,735,052	615,249	2,046,978	5,397,279	6,912,925	359,905
Total net position - ending	\$ 2,575,403	\$ 595,032	\$ 2,040,405	\$ 5,210,840	\$ 5,397,279	\$ 418,462

See accompanying notes to the financial statements

VILLAGE OF CLINTON, MICHIGAN
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS
FOR THE YEAR ENDED MARCH 31, 2018
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED MARCH 31, 2017

	Business-type Activities			Total		Governmental
	Enterprise Funds			Proprietary Funds		Activities
	Electric Fund	Water Fund	Sewer Fund	2018	2017	Internal Service Fund
Cash flows from operating activities:						
Cash received from customers	\$ 2,882,736	\$ 258,627	\$ 686,154	\$ 3,827,517	\$ 3,802,422	\$
Cash received for interfund services provided						149,619
Cash paid to suppliers and employees	(2,735,783)	(228,533)	(366,027)	(3,330,343)	(3,431,433)	(50,134)
Cash paid for interfund services received	(29,089)	(6,538)	(5,400)	(41,027)	(42,559)	
Net cash provided by (used in) operating activities	117,864	23,556	314,727	456,147	328,430	99,485
Cash flows from noncapital financing activities:						
SRF loan proceeds (payment)			(205,000)	(205,000)	(200,000)	
Transfer from (to) other funds	(35,000)			(35,000)	(17,453)	
Advance proceeds (payment)		(13,872)	(5,639)	(19,511)	48,751	
Net cash provided by (used in) noncapital financing activities	(35,000)	(13,872)	(210,639)	(259,511)	(168,702)	
Cash flows from investing activities:						
Capital expenditures	(86,245)	(14,035)	(26,118)	(126,398)	(194,125)	(71,235)
Sale (Purchase) of investments	(2,752)	(526)	(740)	(4,018)	(4,552)	
Interest received	5,276	2,903	2,875	11,054	5,628	3
Interest expense		(12,528)	(40,803)	(53,331)	(48,166)	
Net cash provided by (used in) investing activities	(83,721)	(24,186)	(64,786)	(172,693)	(241,215)	(71,232)
Net increase (decrease) in cash and cash equivalents	(857)	(14,502)	39,302	23,943	(81,487)	28,253
Cash and cash equivalents at beginning of year	266,033	35,877	66,428	368,338	449,825	149,062
Cash and cash equivalents at end of year	<u>\$ 265,176</u>	<u>\$ 21,375</u>	<u>\$ 105,730</u>	<u>\$ 392,281</u>	<u>\$ 368,338</u>	<u>\$ 177,315</u>
Supplementary information:						
Details of cash balances:						
Cash and cash equivalents	\$ 210,396	\$ 21,375	\$ 105,730	\$ 337,501	\$ 314,985	\$ 177,315
Restricted cash	54,780			54,780	53,353	
Total cash and cash equivalents	<u>\$ 265,176</u>	<u>\$ 21,375</u>	<u>\$ 105,730</u>	<u>\$ 392,281</u>	<u>\$ 368,338</u>	<u>\$ 177,315</u>

Change in investment in joint venture of (156,292) is a noncash transaction and does not effect cash flow in Electric Fund.

See accompanying notes to the financial statements

VILLAGE OF CLINTON, MICHIGAN
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
RECONCILIATION OF NET OPERATING INCOME (LOSS) TO NET CASH USED IN OPERATING ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2018
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED MARCH 31, 2017

	Business-type Activities			Total		Governmental
	Enterprise Funds			Proprietary Funds		Activities
	Electric	Water	Sewer	2018	2017	Internal
	Fund	Fund	Fund			Service Fund
Net operating (loss) income	\$ 26,466	\$ (10,563)	\$ 31,494	\$ 47,397	\$ (27,699)	\$ 58,557
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities						
Depreciation	68,116	35,942	277,248	381,306	367,434	40,920
(Gain) loss on disposal of capital assets			455	455		122
(Increase) decrease in:						
Receivables	22,434	114	5,355	27,903	3,354	
Prepaid expenses	(538)	(107)	(158)	(803)	(9,165)	
Prepaid supplies	14,141			14,141	(21,582)	
Increase (decrease) in:						
Accrued expenses and other liabilities	(16,583)	(2,299)	2,313	(16,569)	3,698	(59)
Accrued leave	2,401	469	(1,980)	890	4,322	(55)
Customer deposits	1,427			1,427	8,068	
Net cash provided by (used in) operating activities	<u>\$ 117,864</u>	<u>\$ 23,556</u>	<u>\$ 314,727</u>	<u>\$ 456,147</u>	<u>\$ 328,430</u>	<u>\$ 99,485</u>

See accompanying notes to the financial statements

VILLAGE OF CLINTON, MICHIGAN
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Village of Clinton, Michigan (the Village) is a Michigan Municipal Village governed by the Village Council. The accompanying financial statements present the government and its component unit, entities for which the government is considered to be financially accountable. The discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the government.

Discretely presented component unit.

Downtown Development Authority (DDA) was created as a separate legal entity under Public Act 197 of 1975 of the State of Michigan. The purpose of the DDA is to plan and develop the downtown area of the Village and to attract new businesses and residents. The governing body of DDA is appointed by the Village Council for a fixed term. The Village approves the annual budget and any capital projects of DDA. Prior approval by the Village is needed on any taxation by DDA, and the Village's approval is needed for any borrowing undertaken by the DDA. The Downtown Development Authority is presented as a governmental fund type.

Separate financial statements for the component unit are not available.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the non-fiduciary activities of the primary government and its component unit. For the most part, the effect of inter-fund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from the legally separate *component unit* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and permanent funds. Major individual governmental funds and major individual utility funds are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting and financial statement presentation

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

VILLAGE OF CLINTON, MICHIGAN
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement focus, basis of accounting and financial statement presentation (Continued)

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 are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Amounts due from other governments and services provided associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Special Revenue – Major Street Fund is used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Permanent Funds – The *Village of Clinton Robison Trust Fund* is a Nonexpendable Trust Fund in which the principal may not be expended. The *John F. Robison Tate Park Trust Fund* is a Trust Fund in which the principal may not be expended, and interest may only be expended for park improvements. See Notes 8 and 9 for further details on these Trusts.

The government reports the following major proprietary funds:

The *Electric Fund* accounts for the activities of the Village's electric distribution operations.

The *Water Fund* accounts for the acquisition, operation, and maintenance of the Village's water system.

The *Sewer Fund* accounts for the acquisition, operation, and maintenance of the Village's sewer system.

Additionally, the government reports the following fund types:

The *Debt Service Fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of the governmental funds.

Special Revenue Funds (Local Street, and Community Center Fund) are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

The *Internal Service Fund* (Equipment Fund) is used to account for equipment acquisition, maintenance and operation, and provides equipment rental to other funds or departments of the Village.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments of utility charges between the Village's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various function concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

VILLAGE OF CLINTON, MICHIGAN
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement focus, basis of accounting and financial statement presentation (Continued)

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 utility funds are charges to customers for sales and services. Operating expenses for the 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.

D. Estimates

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

E. Assets, liabilities, and net assets or equity.

1. Cash and investments

Cash and cash equivalents include amounts in cash on hand, demand deposits, except those deposits noted as investments (see below), as well as short-term investments with a maturity date within three months of the date acquired by the government.

Investments include money market and certificates of deposit where the intent is to hold funds long-term, as well as investments with maturity dates greater than three months.

State statutes authorize the government to invest in Obligations of the U.S. Treasury, Federal Agencies, commercial paper, corporate bonds, repurchase agreements, and State approved investment pools.

Investments are stated at cost or amortized cost. The Village Council will use amortized cost only when it reflects fair value of the investment. Currently, no investments are stated at amortized cost.

2. Receivables and payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of inter-fund loans) or "advances to/from other funds" (i.e., the noncurrent portion of inter-fund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in the applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources. The Village has advances from the Village of Clinton Robison Trust to the Water Fund. The Tate Park Capital Improvement Fund has advanced money to Major Street Fund and, Robison Trust has advanced to Downtown Development Authority.

VILLAGE OF CLINTON, MICHIGAN
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Receivables and payables (Continued)

Personal property taxes receivable is shown net of an allowance for uncollectible accounts.

Property taxes are levied as of July 1 on property values assessed as of the prior December 1. The billing is mailed on July 1 and is considered due upon receipt by the taxpayer; however, the actual due date is September 14. A lien on property occurs when property taxes are levied (July 1). On September 14, the bill becomes delinquent and penalties and interest may be assessed by the Village.

The Village had a general tax millage of 9.20 for 2017. The Village's maximum allowable millage is 12.50 mills. It also levied .88 mills for the Smith-Kimball Community Center.

Delinquent real property taxes are turned over to the County and reimbursed through a revolving fund.

3. Inventory

Inventory is valued at cost using the first-in/first-out (FIFO) method.

4. Capital Assets

Capital assets, which include property, building, equipment, and infrastructure assets (e.g., road, storm sewers and utility systems) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, buildings, and equipment of the primary government, as well as the component unit, are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Land improvements	30
Buildings	15 - 16
Machinery, equipment, and furnishings	10 - 20
Utility systems	20 - 60
Infrastructure	20 - 30

VILLAGE OF CLINTON, MICHIGAN
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Compensated absences

The current portion of the liability for accumulated sick, personal, vacation, and compensated time vested is shown in the relative governmental funds. The total (current and long-term portions) are shown in the Proprietary Funds and in the government-wide statements.

6. Long-term obligations

In the governmental-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets.

In the fund financial statements, governmental fund types recognize any bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

7. Fund Balance Classification Policies and Procedures

Fund balance classifications shown in the governmental fund financial statements are nonspendable, restricted, committed, assigned and unassigned.

The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

The committed fund balance classification includes amounts that can be used only for the specific purpose determined by a formal action of the Village Council.

Amounts in the assigned fund balance classification are constrained by the Village Council's intent to be used for specific purposes, but are neither restricted nor committed. Intent may be expressed by (a) the Village itself or a delegated body (for example a budget or finance committee) or (b) an official to which the Village Council has delegated the authority to assign accounts to be used for specific purposes.

Unassigned fund balance is the residual classification usually used for the Village's General Fund and includes all spendable amounts not contained in the other classifications.

Under Village policy, when both restricted and unrestricted (committed, assigned or unassigned) amounts are available for a purpose, the Village considers using the restricted funds first and then the unrestricted when an expenditure is incurred. Within the unrestricted fund balance amounts, the Village considers the committed first used, then unassigned for an applicable expenditure.

For determination of classification, the Village first determines the nonspendable then the restricted, committed, assigned, and unassigned, in that order. If a deficit occurs for a certain purpose in a fund, assigned amounts for other purposes would be used to offset the deficit, if possible.

VILLAGE OF CLINTON, MICHIGAN
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2018

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary information

The accounting basis used by the Village for budgeting is in accordance with accounting principles generally accepted in the United States of America (GAAP).

The Village follows the budgetary procedures outlined by the State of Michigan, including public hearings and proper adoption. All funds of the Village have a budget. All annual appropriations lapse at fiscal year end. The budgets are amended during the year as needed.

B. Excess of expenditures over appropriations in budgetary funds

P.A. 621 of 1978, Section 18(1), as amended, of the State of Michigan, provides that a local governmental unit shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the Village's actual expenditures and budgeted expenditures for the budgetary funds have been shown on an activity basis. The approved budgets of the Village for these budgetary funds were adopted at the activity level.

During the year ended March 31, 2018, the Village incurred expenditures in the major governmental funds in excess of the amounts appropriated by function as follows:

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
General Fund:			
Culture - recreation	\$ 84,782	\$ 84,245	\$ 537

NOTE 3. DETAILED NOTES ON ALL FUNDS

A. Deposits and investments

The Village limits its exposure to interest rate risk by keeping certificate of deposits at short term maturation, as noted below. However, in the managed accounts at Old National Bank, 95% of the investments are fixed income securities, which are subject to interest rate risk.

The Village is subject to credit risk, having a large portion of cash and investments which are above FDIC insurance limits.

The Village is also subject to custodial credit risk, having 71% of investments with Old National Bank, 9% of investments with TLC Community Credit Union, 6% with First Federal Bank of Midwest, 4% with Key Bank, 6% with Comerica Bank, and 4% with Arbor Trust. All demand deposits are with Comerica Bank.

The Village does not have policies covering interest rate risk, credit risks or custodial risk.

Primary Government Deposits

At year end, bank deposits amounted to \$1,661,747. Of this amount \$250,000 was covered by Federal Depository Insurance and \$1,411,747 was uninsured and uncollateralized. At certain times of the year, especially when property taxes are being collected, the Village's uncollateralized deposits increase significantly; as a result, the amounts of uncollateralized deposits at those times were higher. All deposits are with banks located in Michigan as required by statutes.

At year end, bank balances, net of checks written but not cleared, as recorded in the financial statements were \$1,324,375, including restricted cash accounts. Of that amount, \$104,256 was in cash and checking accounts; and \$1,220,119 in the general checking account. Such accounts are authorized by statutes.

**VILLAGE OF CLINTON, MICHIGAN
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2018**

A. Deposits and investments (Continued)

Component Unit Deposits

The component unit had deposits with a carrying value and an allocated balance of \$97,865 at year end. This account is part of the general checking with Comerica Bank.

Primary Government Investments

The Village had investments with carrying value and bank balance of \$4,160,625 at year end of which \$947,016 is covered by Federal Depository Insurance. Investments consist of:

<u>Certificates of Deposit and Money Market Funds</u>	<u>Balance March 31, 2018</u>
General Fund	\$ 151,397
General Fund	145,839
Fire Fund	37,055
Fire Fund	50,453
Smith-Kimball Community Center Fund	8,512
Electric Fund	235,635
Electric Fund	100,356
Electric Fund	210,140
Electric Fund	262,861
Sewer Fund	126,341
Water Fund	68,346
<u>Managed Accounts at Old National Bank</u>	<u>Current Yield</u>
Village of Clinton Robison Trust	2.86
John F. Robison Tate Park	2.55
	1,173,741
	1,589,949
	<u>\$ 4,160,625</u>

Bond securities in the managed accounts are quality rated AA.

B. Accounts receivable

Accounts receivable as of the end of the fiscal year for the government's individual funds, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Major Streets</u>	<u>Local Streets</u>	<u>Smith- Kimball</u>	<u>Electric Fund</u>	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Accounts Receivable:								
Taxes	\$ 16,070	\$	\$	\$ 1,537	\$	\$	\$	\$ 17,607
Accounts	3,808				174,022	17,407	44,825	240,062
Intergovernmental	16,330	28,604	10,791					55,725
Gross receivables	36,208	28,604	10,791	1,537	174,022	17,407	44,825	313,394
Less: allowance for uncollectible accounts								
Net accounts receivable	<u>\$ 36,208</u>	<u>\$ 28,604</u>	<u>\$ 10,791</u>	<u>\$ 1,537</u>	<u>\$ 174,022</u>	<u>\$ 17,407</u>	<u>\$ 44,825</u>	<u>\$ 313,394</u>

VILLAGE OF CLINTON, MICHIGAN
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2018

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital assets

Capital asset activity for the year ended March 31, 2018 was as follows:

Primary Government

	Beginning Balance	Additions	Disposals	Ending Balance
Governmental activities:				
Assets not being depreciated-land	\$ 285,152	\$	\$	\$ 285,152
Capital assets, being depreciated:				
Land improvements	723,905	2,601		726,506
Buildings	1,407,400			1,407,400
Equipment, machinery and furnishings	3,101,822	83,668	2,450	3,183,040
Infrastructure	5,207,221	161,733		5,368,954
Depreciable capital assets	10,440,348	248,002	2,450	10,685,900
Less accumulated depreciation for:				
Land improvements	(428,221)	(23,842)		(452,063)
Buildings	(1,029,940)	(29,191)		(1,059,131)
Equipment, machinery and furnishings	(2,684,114)	(113,359)	(2,328)	(2,795,145)
Infrastructure	(4,325,388)	(170,670)		(4,496,058)
Total accumulated depreciation	(8,467,663)	(337,062)	(2,328)	(8,802,397)
Total net capital assets being depreciated	1,972,685	(89,060)	122	1,883,503
Governmental activities net capital assets	<u>\$ 2,257,837</u>	<u>\$ (89,060)</u>	<u>\$ 122</u>	<u>\$ 2,168,655</u>
	Beginning Balance	Additions	Disposals	Ending Balance
Business-type activities:				
Assets not being depreciated-land	\$ 30,645	\$	\$	\$ 30,645
Total capital assets, not being depreciated	30,645			30,645
Capital assets, being depreciated:				
Buildings	6,462,011	18,860		6,480,871
Equipment	1,447,513	78,706	4,558	1,521,661
Utility systems	3,944,388	28,830		3,973,218
Depreciable capital assets	11,853,912	126,396	4,558	11,975,750
Less accumulated depreciation for:				
Buildings	(3,019,464)	(245,401)		(3,264,865)
Equipment	(1,249,198)	(38,812)	(4,103)	(1,283,907)
Utility systems	(2,332,874)	(97,093)		(2,429,967)
Total accumulated depreciation	(6,601,536)	(381,306)	(4,103)	(6,978,739)
Total net capital assets being depreciated	5,252,376	(254,910)	455	4,997,011
Business-type activities net capital assets	<u>\$ 5,283,021</u>	<u>\$ (254,910)</u>	<u>\$ 455</u>	<u>\$ 5,027,656</u>

**VILLAGE OF CLINTON, MICHIGAN
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2018**

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital assets (Continued)

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

Governmental activities:	
General government	\$ 26,965
Public safety	57,301
Culture and recreation	50,559
Highways and streets	<u>202,237</u>
Total depreciation - governmental activities	<u><u>\$ 337,062</u></u>
Business-type activities:	
Utility	<u>\$ 97,093</u>
Total depreciation - business-type activities	<u><u>\$ 97,093</u></u>

Discretely presented component unit:

Capital asset activity for the Downtown Development Authority (DDA) for the year ended March 31, 2018 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Capital assets, being depreciated:				
Land improvements	\$ 584,196	\$	\$	\$ 584,196
Less accumulated depreciation for:				
Land improvements	<u>(258,435)</u>	<u>(19,349)</u>		<u>(277,784)</u>
DDA net capital assets	<u><u>\$ 325,761</u></u>	<u><u>\$ (19,349)</u></u>	<u><u>\$</u></u>	<u><u>\$ 306,412</u></u>

**VILLAGE OF CLINTON, MICHIGAN
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2018**

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

D. Interfund receivables, payables, and transfers

Primary Government

The purpose of due to and from is mainly for reimbursing expenses between funds.

Due to/from other funds

Fund	Interfund Receivable	Fund	Interfund Payable
Major Street	\$ 4,446	General	\$ 4,446
Local Street	2,453	General	2,453
Smith-Kimball Community Center	7,000	General	7,000
Major Street	192	Local Street	192
Major Street	295,630	Electric	295,630
Major Street	1,500	Water	1,500
Local Street	3,900	Electric	3,900
Local Street	3,900	Water	3,900
Total	<u>\$ 319,021</u>	Total	<u>\$ 319,021</u>

Advance to/from other funds:

Robison Trust	\$ 302,757	Water Fund	\$ 302,757
Robison Trust	183,236	Sewer Fund	183,236
Tate Park Trust	180,937	Major Street	180,937
		Downtown Development	
Robison Trust	41,031	Authority	41,031
Total	<u>\$ 707,961</u>	Total	<u>\$ 707,961</u>

Due to/from Primary Government and Component Unit:

Due to and due from are for cash flow needs between funds or to meet payable or receivable obligations between funds.

Receivable Entity	Payable Entity
Downtown Development Authority (Component Unit)	General Fund (Primary Government)
<u>\$ 1,588</u>	<u>\$ 1,588</u>

**VILLAGE OF CLINTON, MICHIGAN
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2018**

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

E. Long-term debt

Debt related to governmental activities

The Village has a general obligation debt (2003 General Obligation Limited Bond issue) which funded capital improvements. The original bond issue was \$410,000 with an interest rate at 7% and final maturity at May 1, 2019. Outstanding balance at March 31, 2018 was \$70,000.

Annual debt service requirements to maturity for these debt obligations are as follows.

Year Ending March 31	Principal	Interest
2019	\$ 35,000	\$ 2,336
2020	35,000	788
	\$ 70,000	\$ 3,124

Debt related to business-type activities

The Village of Clinton has issued bonds (Village of Clinton Sewage Disposal System Revenue Bond, Series 2008) for the purpose of funding a new sewer plant. The amount of the issue is \$4,000,000 at an interest rate of 1.625%. Under a purchase contract, the Michigan Municipal Bond Authority has acquired all the bonds, and is paying the bond proceeds through the State Water Pollution Control Revolving Fund, commonly known as State Revolving Fund (SRF). Funds are disbursed from the State on a construction cost reimbursement basis. The outstanding debt balance at March 31, 2018 was \$1,755,000.

Annual Debt Service requirements to maturity are projected as follows:

Year Ending March 31	Principal	Interest
2019	\$	\$ 14,259
2020	205,000	26,853
2021	210,000	23,482
2022	215,000	20,029
2023	220,000	16,494
2024-2026	905,000	29,697
	\$ 1,755,000	\$ 130,814

The following is a summary of long-term debt transactions of the Village for the year ended March 31, 2018:

	Governmental Activities Bond Issue	Business-type Activities Bond Issue	Accrued Employee Benefits	Total	Due in One Year
Long-term debt at March 31, 2017	\$ 105,000	\$ 1,960,000	\$ 194,789	\$ 2,259,789	\$
Principal payment	(35,000)	(205,000)		(240,000)	35,000
Decrease in accrued employee benefits			(31,221)	(31,221)	
Long-term debt at March 31, 2018	\$ 70,000	\$ 1,755,000	\$ 163,568	\$ 1,988,568	\$ 35,000

VILLAGE OF CLINTON, MICHIGAN
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2018

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

F. Advance (loan) to other funds

The Capital Improvement Tate Park Fund has loaned money for road construction to the Major Street Fund in the amount of \$294,130. The outstanding balance of the loan as of March 31, 2018, is \$180,937. This loan is to be repaid over ten years, with final maturity March 31, 2023. The loan bears interest at a rate of 4.75%. The annual debt service requirements are as follows:

Year Ending March 31	Principal	Interest
2019	\$ 31,778	\$ 8,222
2020	33,306	6,694
2021	34,907	5,093
2022	36,584	3,415
2023	44,362	1,658
	<u>\$ 180,937</u>	<u>\$ 25,082</u>

The Clinton Robison Trust has loaned the Downtown Development Authority \$58,037 to purchase property (108 Tecumseh Road). The outstanding balance of this loan at March 31, 2018, is \$41,031. The loan is to be paid over 8 years at an interest rate of 3.00%. The annual debt service requirements are as follows:

Year Ending March 31	Principal	Interest
2019	\$ 6,796	\$ 1,204
2020	7,001	999
2021	7,213	787
2022	7,431	569
2023	7,655	345
2024	4,935	113
	<u>\$ 41,031</u>	<u>\$ 4,017</u>

The Village has constructed a well (Well No. 5) financed from an advance from the Village of Clinton Robison Trust. As of March 31, 2018, the advance balance was \$302,757.

The loan is to be paid back over twenty years, due May 1, 2033 at an interest rate of 4.00%. The annual debt service requirements for the next five years are as follows:

Year Ending March 31	Principal	Interest
2019	\$ 14,433	\$ 11,967
2020	15,016	11,384
2021	15,622	10,778
2022	16,253	10,147
2023	16,910	9,490
2024-2028	95,367	36,633
2029-2033	129,156	16,006
Total	<u>\$ 302,757</u>	<u>\$ 106,405</u>

**VILLAGE OF CLINTON, MICHIGAN
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2018**

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

F. Advance (loan) to other funds (Continued)

The Village has performed improvements to the wastewater plant financed from an advance from the Village of Clinton Robison Trust. As of March 31, 2018, the advance balance was \$183,236.

The loan is due November 1, 2022 at an interest rate of 2.50%. The annual debt service requirements for the next five years are as follows:

<u>Year Ending March 31</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 36,079	\$ 2,810
2020	35,430	3,459
2021	36,321	2,568
2022	37,235	1,654
2023	<u>38,171</u>	<u>717</u>
Total	<u>\$ 183,236</u>	<u>\$ 11,208</u>

NOTE 4. PROPERTY LIABILITY, UNEMPLOYMENT, AND WORKMEN'S COMPENSATION

INSURANCE COVERAGE

The Village is a member of the Michigan Municipal League Property and Liability Pool for insuring its properties and for general liability.

The Village is a member of the Municipal Unemployment Compensation Group Account under the Michigan Municipal League for unemployment coverage.

Workers' Compensation coverage is under the Michigan Municipal League Workers' Compensation Fund.

Any contingent liabilities under these arrangements are not known.

NOTE 5. DEFINED BENEFIT PENSION PLAN

A. General Information about the Pension Plan

The employer's defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The employer participates in the Municipal Employees Retirement System (MERS) of Michigan. MERS is an agent multiple employer, statewide public employee pension plan established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine-member Retirement Board. MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained accessing the MERS website at www.mersofmich.com.

**VILLAGE OF CLINTON, MICHIGAN
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2018**

NOTE 5. DEFINED BENEFIT PENSION PLAN (Continued)

B. Summary of Significant Accounting Policies

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Municipal Employees Retirement System (MERS) of Michigan and additions to/deductions from MERS' fiduciary net position have been determined on the same basis as they are reported by MERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Benefits Provided

01 - General: Closed to new hires, linked to Division 10

	2016 Valuation	2015 Valuation
Benefit Multiplier:	2.50% Multiplier (80% Max)	2.50% Multiplier (80% Max)
Normal Retirement Age:	60	60
Vesting:	10 years	10 years
Early Retirement (Unreduced)	0	0
Early Retirement (Reduced)	50/25 55/15	50/25 55/15
Final Average Compensation:	5 years	5 years
Employee Contributions	5%	5%
Act 88:	Yes (Adopted 12/2/1970)	Yes (Adopted 12/2/1970)

02 - Police/Fire: Closed to new hires, linked to division 20

	2016 Valuation	2015 Valuation
Benefit Multiplier:	2.50% Multiplier (80% Max)	2.50% Multiplier (80% Max)
Normal Retirement Age:	60	60
Vesting:	10 years	10 years
Early Retirement (Unreduced)	0	0
Early Retirement (Reduced)	50/25 55/15	50/25 55/15
Final Average Compensation:	5 years	5 years
Employee Contributions	5%	5%
Act 88:	Yes (Adopted 12/2/1970)	Yes (Adopted 12/2/1970)

10 - General after 4/1/15: Open Division, linked to Division 01

	2016 Valuation	2015 Valuation
Benefit Multiplier:	2.00% Multiplier (No Max)	2.00% Multiplier (No Max)
Normal Retirement Age:	60	60
Vesting:	10 years	10 years
Early Retirement (Unreduced)	0	0
Early Retirement (Reduced)	50/25 55/15	50/25 55/15
Final Average Compensation:	5 years	5 years
Employee Contributions	5%	5%
Act 88:	Yes (Adopted 12/2/1970)	Yes (Adopted 12/2/1970)

**VILLAGE OF CLINTON, MICHIGAN
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2018**

NOTE 5. DEFINED BENEFIT PENSION PLAN (Continued)

Employees Covered by Benefit Terms

At the December 31, 2017, valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	18
Inactive employees entitled to but not yet receiving benefits	1
Active employees	<u>15</u>
	<u>34</u>

Contributions

The Village of Clinton is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS Retirement Board. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer may establish contribution rates to be paid by its covered employees.

Employer contributions for the calendar year ended December 31, 2017 totaled \$128,680.

Net Pension Liability

The employer's net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the Net Pension Liability was determined by an annual actuarial valuation as of that date.

Actuarial Assumptions

The total pension liability in the December 31, 2017 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation: 2.5%

Salary increases: 3.75% in the long-term

Investment rate of return: 7.75%, net of investment expense, including inflation

Although no specific price inflation assumptions are needed for the valuation, the 2.5% long-term wage inflation assumption would be consistent with a price inflation of 3%-4%.

Mortality rates used were based on the RP-2014 Group Annuity Mortality Table of a 50% Male and 50% Female blend.

The actuarial assumptions used in the valuation were based on the results of the most recent actuarial experience study of 2009-2013.

VILLAGE OF CLINTON, MICHIGAN
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2018

NOTE 5. DEFINED BENEFIT PENSION PLAN (Continued)

The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment and administrative expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	57.5%	5.02%
Global Fixed Income	20.0%	2.18%
Real Assets	12.5%	4.23%
Diversifying Strategies	10.0%	6.56%

Discount Rate

The discount rate used to measure the total pension liability is 8.0%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

VILLAGE OF CLINTON, MICHIGAN
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2018

NOTE 5. DEFINED BENEFIT PENSION PLAN (Continued)

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balances at 12/31/16	\$ 5,499,344	\$ 5,118,857	\$ 380,487
Changes for the Year			
Service Cost	93,879		93,879
Interest on Total Pension Liability	430,698		430,698
Changes in benefits	(4,599)		(4,599)
Difference between expected and actual experience	63,317		63,317
Changes in assumptions			
Employer Contributions		163,881	(163,881)
Employee Contributions		55,881	(55,881)
Net investment income		675,928	(675,928)
Benefit payments, including employee refunds	(325,106)	(325,106)	
Administrative expense		(10,701)	10,701
Other changes			
Net changes	258,189	559,883	(301,694)
Balances as of 12/31/17	\$ 5,757,533	\$ 5,678,740	\$ 78,793

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the Net Pension Liability of the employer, calculated using the discount rate of 8%, as well as what the employer's Net Pension Liability would be using a discount rate that is 1 percentage point lower (7%) or 1% higher (9%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
Net Pension Liability at 12/31/17	\$ 380,487	\$ 380,487	\$ 380,487
Change in Net Pension Liability	588,651	-	(506,932)
Net Pension Liability	\$ 969,138	\$ 380,487	\$ (126,445)

VILLAGE OF CLINTON, MICHIGAN
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2018

NOTE 5. DEFINED BENEFIT PENSION PLAN (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2017, the employer recognized pension expense of \$156,114. The employer reported deferred outflows and inflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences in experience	\$ 89,344	\$
Differences in assumptions	88,363	
Excess (Deficit) Investment Returns		119,464
Contributions subsequent to the measurement date	<u>55,262</u>	
Total	<u>\$ 232,969</u>	<u>\$ 119,464</u>

Amounts reported as deferred outflows of resources related to pension will be recognized in pension expense as follows:

2018	\$ 196,709
2019	39,666
2020	(68,657)
2021	<u>(54,213)</u>
	<u>\$ 113,505</u>

VILLAGE OF CLINTON, MICHIGAN
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2018

NOTE 6. JOINT VENTURE – MICHIGAN SOUTH CENTRAL POWER AGENCY

The Village is a member municipality of the Michigan South Central Power Agency. The Michigan South Central Power Agency (the "Agency") is a public body politic and corporate of the State of Michigan organized on March 21, 1978, under the authority of Michigan Public Act 448 of 1976 (the "Act"), to supply electricity to member municipalities in South Central Michigan. The Act provides that the Agency will establish rates and charges so as to generate revenues sufficient to cover its costs (excluding depreciation and amortization expense) including debt service, but it may not operate its projects for profit, except insofar as any such profit will inure to the benefit of the public. Each member municipality appoints one member to the Board of the Agency. The member municipalities and their percentage shares are as follows:

<u>Municipality</u>	<u>Percentage Share</u>
Clinton	5.8%
Coldwater	46.0%
Hillsdale	23.0%
Marshall	21.6%
Union City	3.6%
	<u>100.0%</u>

Each member is a municipal corporation, organized under the laws of the State of Michigan, which owns and operates a municipal electric system. The member municipalities presently supply their customers with power and energy generated from the Agency's Project I and from the municipalities' existing generating facilities and also with power purchased from other utility companies.

Each of the member municipalities entered into (a) a Power Sales Contract with the Agency for the supply of power and energy from the Agency, and (b) a Substation Agreement with the Agency for services provided by the Agency to the member municipality with respect to substation facilities. Each member municipality also entered into an Economic Dispatch Agreement with the Agency providing for the dispatch by the Agency of power and energy from certain existing generating facilities of the member municipalities on an economic basis. The Power Sales Contracts between the Agency and the member municipalities require the Agency to provide, and the member municipalities to purchase from the Agency, all of the members' bulk power supply, as defined in the contracts. Each member is obligated to pay its share of the Agency's operating and debt service costs of Project I.

The Substation Agreements require the Agency to provide, and the municipalities to purchase, services of the municipalities' substation facilities for transmission, transformation, and delivery of electric power and energy from the Agency to the municipalities. Under the Economic Dispatch Agreement, the member municipalities are required to sell to the Agency power generated by their facilities, defined as dedicated capacity.

In March of 2011, the Agency used redemption and reserve funds on hand to defease the remaining \$5,010,000 of outstanding 2000 bonds and the remaining \$8,305,000 of outstanding 2004 bonds. The net resources of \$14,055,799 were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service on the 2000 and 2004 bonds. As a result, the bonds are considered to be defeased and the liabilities for the bonds have been removed from the statement on net assets. The cash flow requirements on the bonds prior to the defeasance were \$14,073,925 through 2012.

As a result, Michigan South Central Power Agency has no long term bond debt at June 30, 2017.

**VILLAGE OF CLINTON, MICHIGAN
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2018**

NOTE 6. JOINT VENTURE – MICHIGAN SOUTH CENTRAL POWER AGENCY (Continued)

A summary of financial information on Michigan South Central Power Agency at June 30, 2017 and 2016 follows:

	<u>2017</u>	<u>2016</u>
Total assets and deferred outflows	\$ 58,304,621	\$ 52,025,728
Total liabilities and deferred inflows	36,881,009	28,269,024
Net Position	21,423,612	23,756,704
Operating revenues	46,570,736	45,913,578
Operating expenses	44,177,174	47,100,857
Income from operations	2,393,562	(1,187,279)
Investment and miscellaneous income	295,146	584,469
Other expense	(4,343,997)	(280,298)
Realized and unrealized gain (loss) on investments	(175,153)	72,283
Loss on disposal of assets	(502,650)	(19,090,292)
Change in net position	(2,333,092)	(19,901,117)

NOTE 7. JOINT VENTURE – AMERICAN MUNICIPAL POWER

The Village of Clinton, as a means of obtaining supplemental electric power to the Village in addition to agreement with Michigan South Central Power Agency, has contracted with American Municipal Power.

The Village has agreed to be a participant in the purchase of electrical power from the Fremont (Ohio) Energy Center owned by American Municipal Power.

Michigan South Central Power Agency will act as agent for the Village under this agreement.

As a participant, the Village is required to obtain a certain percentage of the energy produced at the Fremont Energy Center to cover the Center's costs. The current percentage for the Village of Clinton is approximately 2%.

NOTE 8. VILLAGE OF CLINTON – ROBISON TRUST

The Village has created a trust funded by unrestricted gifts from the Estate of John F. Robison \$1,700,765. It is the intent of the Village that all gifts to this trust will be held as endowments with the principal invested permanently and the investment income to be used for the benefit of the Village of Clinton.

NOTE 9. JOHN F. ROBISON TATE PARK TRUST

This trust has been created by the Village to provide a legal entity for handling the restricted gifts from the Estate of John F. Robison \$1,770,886. The donor has restricted the use of these gifts to the operation, improvement, and maintenance of Tate Park. It is the intent of the Village that all gifts to the trust will be held as endowments with the principal invested permanently and the investment income to be used for Tate Park.

NOTE 10. SUBSEQUENT EVENTS

Subsequent events have been evaluated through August 2, 2018, which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF CLINTON, MICHIGAN
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN EMPLOYER'S NET PENSION
LIABILITY AND RELATED RATIOS
DECEMBER 31, 2017

	<u>2017</u>	<u>2016</u>
Total Pension Liability		
Service Cost	\$ 93,879	\$ 93,732
Interest	430,698	422,694
Changes of Benefit Terms	(4,599)	(284)
Difference between expected and actual experience	63,317	56,875
Changes of assumptions		
Benefit payments including employee refunds	(325,106)	(275,117)
Other		(12,809)
Net Change in Total Pension Liability	<u>258,189</u>	<u>285,091</u>
Total Pension Liability beginning	<u>5,499,344</u>	<u>5,214,253</u>
Total Pension Liability ending	<u><u>\$ 5,757,533</u></u>	<u><u>\$ 5,499,344</u></u>
 Plan Fiduciary Net Position		
Contributions-employer	163,881	128,680
Contributions-employee	55,881	45,000
Net Investment income	675,928	534,226
Benefit payments including employee refunds	(325,106)	(275,117)
Administrative expense	(10,701)	(10,543)
Net Change in Plan Fiduciary Net Position	<u>559,883</u>	<u>422,246</u>
Plan Fiduciary Net Position beginning	<u>5,118,857</u>	<u>4,696,611</u>
Plan Fiduciary Net Position ending	<u><u>5,678,740</u></u>	<u><u>5,118,857</u></u>
 Employer Net Pension Liability (Asset)	<u><u>\$ 78,793</u></u>	<u><u>\$ 380,487</u></u>
 Plan Fiduciary Net Position as a percentage of the Total Pension Liability	<u><u>99%</u></u>	<u><u>93%</u></u>
 Covered Employee Payroll	909,538	898,796
Employer's Net Pension Liability as a percentage of covered employee payroll	<u><u>9%</u></u>	<u><u>42%</u></u>

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**VILLAGE OF CLINTON, MICHIGAN
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER'S CONTRIBUTIONS
DECEMBER 31, 2017**

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Actuarially Determined Contributions	\$ 20,406	\$ 6,130	\$ 1,026	\$	\$	\$	\$ 18,201	\$ 143,649	\$ 158,035	\$ 135,290
Contributions in relation to the actuarially determined contribution	163,881	128,680	94,340	69,691	44,827	45,227	83,143	143,649	158,035	135,290
Contribution deficiency (excess)	<u>\$ (143,475)</u>	<u>\$ (122,550)</u>	<u>\$ (93,314)</u>	<u>\$ (69,691)</u>	<u>\$ (44,827)</u>	<u>\$ (45,227)</u>	<u>\$ (64,942)</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Covered Employee Payroll	909,538	898,796	874,360	548,950	520,734	553,705	509,679	535,947	565,497	680,986
Contributions as a percentage of covered employee payroll	18%	14%	11%	13%	9%	8%	16%	27%	28%	20%

Notes to Schedule

Actuarial cost method	Entry Age
Amortization method	Level percentage of payroll, open
Remaining amortization period	23 years
Asset valuation method	5 year smoothed
Inflation	2.50%
Salary Increases	3.75%
Investment rate of return	7.75%
Retirement age	Varies depending on plan adoption
Mortality	50% Female/50% Male RP-2014 Group
	Annuity Mortality Table

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VILLAGE OF CLINTON, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE-BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED MARCH 31, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Property taxes	\$ 634,400	\$ 654,400	\$ 647,271	\$ (7,129)
Intergovernmental revenue	209,300	223,300	240,369	17,069
Licenses, fees and service charges	191,300	205,300	217,964	12,664
Rentals	11,500	11,500	12,770	1,270
Interest	700	700	3,073	2,373
Other	61,000	50,000	34,281	(15,719)
Total revenues	1,108,200	1,145,200	1,155,728	10,528
EXPENDITURES:				
General government:				
Council	16,720	16,720	17,997	(1,277)
Administration	70,450	70,450	62,798	7,652
Buildings and grounds	234,680	246,680	210,807	35,873
Planning Commission	3,720	8,920	8,888	32
Professional service	16,350	16,350	9,308	7,042
Insurance	14,800	15,000	13,720	1,280
Total general government	356,720	374,120	323,518	50,602
Public safety:				
Police department	506,008	506,008	493,478	12,530
Building and zoning inspection	19,120	26,620	26,550	70
Total public safety	525,128	532,628	520,028	12,600
Sanitation:				
Waste collection and disposal	114,200	114,400	114,382	18
Culture - recreation				
Parks	84,245	84,245	84,782	(537)
Total culture-recreation	84,245	84,245	84,782	(537)
Total expenditures	1,080,293	1,105,393	1,042,710	62,683
Excess (deficiency) of revenues (under) expenditures	27,907	39,807	113,018	73,211
Other financing sources (uses):				
Transfers in	70,000	70,000	38,462	(31,538)
Transfers out	(97,907)	(97,907)	(96,307)	1,600
Total other financing sources (uses)	(27,907)	(27,907)	(57,845)	(29,938)
Change in fund balance		11,900	55,173	43,273
Total fund balances - beginning			714,891	
Total fund balances - ending			<u>\$ 770,064</u>	

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VILLAGE OF CLINTON, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
MAJOR STREET SPECIAL REVENUE FUND
FOR THE YEAR ENDED MARCH 31, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:				
State gas weight tax	\$ 171,284	\$ 169,448	\$ 156,302	\$ (13,146)
Interest			446	446
Total revenues	<u>171,284</u>	<u>169,448</u>	<u>156,748</u>	<u>(12,700)</u>
EXPENDITURES:				
Routine maintenance	145,126	98,290	98,035	255
Traffic service	5,110	3,610	3,410	200
Winter maintenance	14,440	13,050	7,591	5,459
Administrative	<u>6,600</u>	<u>6,600</u>	<u>6,410</u>	<u>190</u>
Total expenditures	<u>171,276</u>	<u>121,550</u>	<u>115,446</u>	<u>6,104</u>
Excess (deficiency) of revenues over (under) expenditures	8	47,898	41,302	(6,596)
Other financing sources (uses):				
Debt service	(39,298)	(39,298)	(9,679)	29,619
Transfers in (out)	<u>39,290</u>	<u>7,290</u>	<u>8,000</u>	<u>710</u>
Net change in fund balance		15,890	39,623	23,733
Total fund balances - beginning			<u>257,019</u>	
Total fund balances - ending			<u>\$ 296,642</u>	

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VILLAGE OF CLINTON, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE-BUDGET AND ACTUAL
LOCAL STREET SPECIAL REVENUE FUND
FOR THE YEAR ENDED MARCH 31, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:				
State gas weight tax	\$ 55,500	\$ 55,500	\$ 58,975	\$ 3,475
Interest			76	76
Total revenues	<u>55,500</u>	<u>55,500</u>	<u>59,051</u>	<u>3,551</u>
EXPENDITURES:				
Routine maintenance	136,637	157,637	156,315	1,322
Traffic service	4,540	4,540	3,408	1,132
Winter maintenance	9,440	15,140	14,942	198
Administrative	<u>2,290</u>	<u>7,590</u>	<u>2,117</u>	<u>5,473</u>
Total expenditures	<u>152,907</u>	<u>184,907</u>	<u>176,782</u>	<u>8,125</u>
Excess (deficiency) of revenues over (under) expenditures	(97,407)	(129,407)	(117,731)	11,676
Other financing sources:				
Transfers in	<u>97,407</u>	<u>129,407</u>	<u>128,307</u>	<u>(1,100)</u>
Net change in fund balance			10,576	10,576
Total fund balances - beginning			<u>35,228</u>	
Total fund balances - ending			<u>\$ 45,804</u>	

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VILLAGE OF CLINTON, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE-BUDGET AND ACTUAL
DEBT SERVICE FUND
FOR THE YEAR ENDED MARCH 31, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:				
Interest	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Total revenues	<u></u>	<u></u>	<u></u>	<u></u>
EXPENDITURES:				
Debt service:				
Principal	35,000	35,000	35,000	
Interest	<u>3,840</u>	<u>3,840</u>	<u>3,832</u>	<u>8</u>
Total expenditures	<u>38,840</u>	<u>38,840</u>	<u>38,832</u>	<u>8</u>
Deficiency of revenues under expenditures	(38,840)	(38,840)	(38,832)	8
Other financing sources:				
Transfers in	<u>38,840</u>	<u>38,840</u>	<u>38,840</u>	<u></u>
Net change in fund balance			8	8
Total fund balances - beginning			<u>850</u>	
Total fund balances - ending			<u><u>\$ 858</u></u>	

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VILLAGE OF CLINTON, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE-BUDGET AND ACTUAL
FIRE FUND SPECIAL REVENUE FUND
FOR THE YEAR ENDED MARCH 31, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Miscellaneous	\$ 500	\$ 16,820	\$ 800	\$ (16,020)
Township contributions	213,500	213,500	217,655	4,155
Interest	200	200	429	229
Total revenues	214,200	230,520	218,884	(11,636)
EXPENDITURES:				
Wages	84,000	84,000	80,382	3,618
Benefits	12,580	12,580	11,313	1,267
Supplies	21,200	21,200	25,090	(3,890)
Professional fees	700	700	663	37
Communications	5,300	5,300	4,850	450
Workshops	11,000	11,000	3,891	7,109
Gas and oil	3,000	3,000	1,606	1,394
Insurance	11,700	11,700	10,766	934
Utilities	6,500	6,500	5,490	1,010
Equipment maintenance	5,500	5,500	9,298	(3,798)
Truck maintenance	14,000	14,000	10,868	3,132
Building maintenance	7,000	7,000	4,181	2,819
Capital outlay	18,000	18,000	13,907	4,093
Total expenditures	200,480	200,480	182,305	18,175
Excess (deficiency) of revenues (under) expenditures	13,720	30,040	36,579	6,539
Other financing sources (uses):				
Debt service	(13,720)	(30,040)	(587)	29,453
Net change in fund balance			35,992	35,992
Total fund balances - beginning			109,742	
Total fund balances - ending			<u>\$ 145,734</u>	

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VILLAGE OF CLINTON, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE-BUDGET AND ACTUAL
SMITH-KIMBALL COMMUNITY CENTER SPECIAL REVENUE FUND
FOR THE YEAR ENDED MARCH 31, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Property taxes	\$ 62,000	\$ 54,300	\$ 52,092	\$ (2,208)
Miscellaneous	100	100	226	126
Rentals	5,800	5,800	8,008	2,208
Interest	60	60	42	(18)
Total revenues	<u>67,960</u>	<u>60,260</u>	<u>60,368</u>	<u>108</u>
EXPENDITURES:				
Community Center expenses	<u>57,960</u>	<u>57,960</u>	<u>57,224</u>	<u>736</u>
Total expenditures	<u>57,960</u>	<u>57,960</u>	<u>57,224</u>	<u>736</u>
Excess (deficiency) of revenues over (under) expenditures	10,000	2,300	3,144	844
Other financing uses:				
Transfers out	<u>(10,000)</u>	<u>(2,300)</u>		<u>2,300</u>
Net change in fund balance			3,144	3,144
Total fund balances - beginning			<u>69,598</u>	
Total fund balances - ending			<u><u>\$ 72,742</u></u>	

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VILLAGE OF CLINTON, MICHIGAN
REQUIRED SUPPLEMENTARY INFORMATION
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
MARCH 31, 2018
WITH COMPARATIVE TOTALS FOR MARCH 31, 2017

	Debt Service	Local Streets	Fire Fund	Community Center Fund	Total Nonmajor Governmental Funds	
					2018	2017
ASSETS:						
Cash	\$ 857	\$ 25,252	\$ 47,918	\$ 56,074	\$ 130,101	\$ 111,061
Investments			87,508	8,512	96,020	95,855
Receivables:						
Accounts				1,537	1,537	1,442
Due from other funds		10,253		7,000	17,253	17,177
Due from other governmental units		10,791			10,791	9,460
Due from component unit						
Advance to other funds						
Advance from component unit						
Accrued interest						8
Prepaid expense		81	10,812	2,797	13,690	13,628
Total assets	\$ 857	\$ 46,377	\$ 146,238	\$ 75,920	\$ 269,392	\$ 248,631
LIABILITIES:						
Accounts payable				2,622	2,622	2,235
Accrued expenditures		381	504	555	1,440	1,593
Deferred revenue						
Due to other funds		192			192	192
Due to component unit						
Advance from other funds						29,193
Accrued sick and vacation pay						
Total liabilities		\$ 573	\$ 504	\$ 3,177	\$ 4,254	\$ 33,213
FUND BALANCES:						
Nonspendable	\$	\$ 81	\$ 10,812	\$ 2,797	\$ 13,690	\$ 13,628
Restricted	858	45,723	134,922	69,945	251,448	201,790
Committed						
Unassigned						
Total fund balance	858	45,804	145,734	72,742	265,138	215,418
Total liabilities & fund balance	\$ 858	\$ 46,377	\$ 146,238	\$ 75,919	\$ 269,392	\$ 248,631

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VILLAGE OF CLINTON, MICHIGAN
REQUIRED SUPPLEMENTARY INFORMATION
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MARCH 31, 2018
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED MARCH 31, 2017

	Debt Service	Local Streets	Fire Fund	Community Center Fund	Total Nonmajor Governmental Funds	
					2018	2017
REVENUES:						
Property taxes	\$	\$	\$	\$ 51,979	\$ 51,979	\$ 59,694
Intergovernmental revenues		58,975			58,975	49,891
Farmers Market Grant						
Licenses, fees and service charges						
Rentals				8,008	8,008	5,821
Interest		76	429	42	547	352
Other			800	339	1,139	698
Townships			217,655		217,655	220,575
Realized gain (loss) on investment						
Unrealized gain (loss) on investment						
Total revenues		59,051	218,884	60,368	338,303	337,031
EXPENDITURES:						
Current:						
General government						
Public safety			182,305		182,305	171,994
Culture and recreation				57,224	57,224	51,594
Sanitation						154,743
Highways and streets		176,782			176,782	
Debt service:						
Principal	35,000				35,000	30,000
Interest	3,832		587		4,419	6,929
Total expenditures	38,832	176,782	182,892	57,224	455,730	415,260
Excess (deficiency) of revenues over (under) expenditures	(38,832)	(117,731)	35,992	3,144	(117,427)	(78,229)
Other financing sources (uses):						
Transfers in	38,840	128,307			167,147	139,050
Total other financing sources (uses)	38,840	128,307			167,147	139,050
Change in fund balances	8	10,576	35,992	3,144	49,720	60,821
Total fund balances - beginning	850	35,228	109,742	69,598	215,418	154,597
Total fund balances - ending	<u>\$ 858</u>	<u>\$ 45,804</u>	<u>\$ 145,734</u>	<u>\$ 72,742</u>	<u>\$ 265,138</u>	<u>\$ 215,418</u>

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