

VILLAGE OF CLINTON, MICHIGAN
FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2014
WITH
INDEPENDENT AUDITORS' REPORT

VILLAGE OF CLINTON, MICHIGAN
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED MARCH 31, 2014
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VILLAGE OF CLINTON, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended March 31, 2014

As management of the Village of Clinton, Michigan, we offer readers of the Village of Clinton, Michigan's financial statements this narrative overview and analysis of the financial activities of the Village of Clinton, Michigan for the fiscal year ended March 31, 2014. We encourage readers to consider the information presented here.

Financial Highlights

- ◆ The assets of the Village of Clinton, Michigan exceeded its liabilities at the close of the most recent fiscal year \$14,031,636 (*net position*). Of this amount, \$1,938,738 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- ◆ The government's total net position decreased \$(690,326).
- ◆ As of the close of the current year, the Village of Clinton, Michigan's governmental funds reported combined ending fund balances of \$4,459,018, a decrease of \$(150,214) in comparison with the prior year.
- ◆ At the end of the current year, unassigned fund balance for the general fund was \$550,662, or 55% percent of total general fund expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Village of Clinton, Michigan's basic financial statements. The Village of Clinton, Michigan'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 of Clinton, Michigan's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Village of Clinton, Michigan'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 of Clinton, Michigan is improving or deteriorating.

The *statement of activities* presents information showing how the government'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 only 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 of Clinton, Michigan 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 of Clinton, Michigan include general government, public safety, highways and streets, sanitation, and culture and recreation. The business-type activities of the Village of Clinton, Michigan include the utility systems.

The government-wide financial statements include not only the Village of Clinton, Michigan itself (known as the *primary government*), but also a legally separate Downtown Development Authority (DDA) for which the Village of Clinton, Michigan 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 3 – 4 of this report.

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 of Clinton, Michigan, 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 of Clinton, Michigan 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 of Clinton, Michigan 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 nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The Village of Clinton, Michigan adopts an annual appropriated budget for all funds. A budgetary comparison statement has been provided for all governmental funds (except the permanent funds) to demonstrate compliance with budget.

The basic governmental fund financial statements can be found on pages 5 - 10 of this report.

Proprietary funds. The Village of Clinton, Michigan 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 of Clinton, Michigan 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 of Clinton, Michigan's various functions. The Village of Clinton, Michigan 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 of Clinton, Michigan. The internal service fund (Equipment Fund) is in the proprietary fund financial statements.

The basic proprietary fund financial statements can be found on pages 11 - 14 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 15 - 36 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following notes to the financing statements. Combining statements and individual fund schedules can be found on pages 38 - 42 of this report.

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 of Clinton, Michigan, assets exceeded liabilities by \$14,031,636 at the close of the most recent fiscal year.

By far the largest portion of the Village of Clinton, Michigan's net position (41 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 of Clinton, Michigan uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Village of Clinton, Michigan'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	2014	2013
Assets:				
Current and other assets	\$ 4,557,977	\$ 3,710,161	\$ 8,268,138	\$ 8,604,500
Capital Assets	2,751,521	6,082,768	8,834,289	9,424,103
Total Assets	7,309,498	9,792,929	17,102,427	18,028,603
Liabilities:				
Long term liabilities outstanding	275,771	2,657,030	2,932,801	3,152,588
Other liabilities	77,406	60,584	137,990	154,053
Total Liabilities	353,177	2,717,614	3,070,791	3,306,641
Net Position:				
Invested in capital assets, net of relate	2,534,520	3,172,672	5,707,192	6,112,214
Restricted	3,896,107	2,489,599	6,385,706	6,706,358
Unrestricted	525,694	1,413,044	1,938,738	1,903,390
Total Net Position	\$ 6,956,321	\$ 7,075,315	\$ 14,031,636	\$ 14,721,962

VILLAGE OF CLINTON, MICHIGAN'S CHANGE OF NET POSITION

	Governmental Activities	Business-type Activities	2014	2013
Revenues:				
Program revenues:				
Change in Services	\$ 334,710	\$ 3,837,117	\$ 4,171,827	\$ 4,125,465
General Revenues:				
Property taxes	556,433	-	556,433	570,574
Intergovernmental	371,075	-	371,075	406,321
License fees and fines	64,321	-	64,321	55,982
Investment earnings	(21,135)	1,628	(19,507)	121,213
Miscellaneous revenue	153,623	(272,485)	(118,862)	129,138
Total revenues	\$ 1,459,027	3,566,260	5,025,287	5,408,693
Expenses:				
General government	329,510	-	329,510	321777
Public safety	768,558	-	768,558	639333
Culture and recreation	182,418	-	182,418	150872
Sanitation	109,003	-	109,003	108002
Highways and streets	388,479	-	388,479	362731
Interest on long-term debt	10,683	-	10,683	12769
Elective	-	3,050,784	3,050,784	2970810
Water	-	197,650	197,650	145786
Sewer	-	662,278	662,278	675578
Total expenses	1,788,651	3,910,712	5,699,363	5,387,658
Increase (decrease) in Net Position before transfers	(329,624)	(344,452)	(674,076)	21,035
Transfer (to) from Component Unit	(16,250)	-	(16,250)	35,000
Transfers	(12,790)	12,790	-	-
Change in Net Position	(358,664)	(331,662)	(690,326)	56,035
Net Position - beginning of year	7,314,985	7,406,977	14,721,962	14,665,927
Net Position - end of year	\$ 6,956,321	\$ 7,075,315	\$ 14,031,636	\$ 14,721,962

An additional portion of the Village of Clinton, Michigan's net position (46 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$1,938,738) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Village of Clinton, Michigan 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.

Financial Analysis of the Government's Funds

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

Governmental funds. The focus of the Village of Clinton, Michigan'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 of Clinton, Michigan'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 of Clinton, Michigan's governmental funds reported combined ending fund balances of \$4,459,018, a decrease of \$(150,214) in comparison with the prior year. Restricted fund balance (\$3,887,537) is not available for new spending since it already is committed. Permanent (Trusts) fund money (\$3,507,022) represents most of the restricted fund balance.

The general fund is the chief operating fund of the Village of Clinton, Michigan. At the end of the current fiscal year, unreserved fund balance of the general fund was \$550,662.

The fund balance of the Village of Clinton, Michigan's general fund decreased by \$(102,048) during the current fiscal year.

Proprietary fund - The Village of Clinton, Michigan's proprietary fund provides 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 \$1,413,044. The total decrease in net position for the funds was \$(331,662).

Budgetary Highlights

- Amendments were made to the General Fund budget to cover additional expenditures. One of the largest changes was transferring \$52,000 from the Tate Park Trust to fund improvements to the soccer fields. The Village was awarded a grant of \$35,000 to fully fund a Farmers Market.
- Major roads expenditures were decreased by \$(12,000) because of chip seal maintenance work that was not completed.
- The Fire Fund received an additional \$21,500 from insurance to cover repairs made to the engine number two.
- The DDA was increased to \$58,900 to cover the cost of the Jackson Street Parking Lot improvements.
- The Sewer Fund Collection System costs were up \$20,000 to cover the cost of plant oil reclamation.

Capital Asset and Debt Administration

Capital assets. The Village of Clinton, Michigan's investment in capital assets for its governmental and business-type activities as of March 31, 2014, amounts to \$8,834,289 (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 of Clinton, Michigan's investment in capital assets for the current fiscal year was \$(589,814).

Major capital assets purchased during the current fiscal year were:

Land Improvements	\$	46,312
Office Improvements -	\$	21,079
Equipment	\$	21,609

VILLAGE OF CLINTON, MICHIGAN'S CAPITAL ASSETS

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Capital Assets:			
Land	\$ 285,152	\$ 30,645	\$ 315,797
Land Improvements	285,779	-	285,779
Buildings	427,376	-	427,376
Equipment and furnishings	367,456	-	367,456
Infrastructure	1,385,758	6,052,123	7,437,881
Total	<u>\$ 2,751,521</u>	<u>\$ 6,082,768</u>	<u>\$ 8,834,289</u>

Additional information on the Village of Clinton's capital assets can be found in Note 3. C.on pages 24-26.

Long-term debt. At the end of the current fiscal year, the Village of Clinton, Michigan had total bonded and note debt outstanding of \$2,772,000.

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

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
General Obligation Bonds	\$ 195,000	\$ -	\$ 195,000
Revenue Bonds	-	2,555,000	2,555,000
Installment Purchase Loans	22,000	-	22,000
Total	<u>\$ 217,000</u>	<u>\$ 2,555,000</u>	<u>\$ 2,772,000</u>

Additional information on the Village of Clinton, Michigan's long-term debt can be found in Note 3. E.on pages 27 - 29 of this report.

Economic Factors and Next Year's Budgets and Rates

The Village is still concerned about the continued poor economic environment in the State of Michigan and the possible negative ramifications on the 2014-15 budget. Preliminary indications are the Village will see another one percent drop in taxable value. To compound matters the state adopted legislation to systematically eliminate personal property taxes. Over time that could reduce tax 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 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, 2014, 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 that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Village Council
Village of Clinton
Clinton, Michigan

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, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension funding information on pages i – vii and 37 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 and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were 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 and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Robertson, Eaton & Owen, P.C.

June 2, 2014

VILLAGE OF CLINTON, MICHIGAN
STATEMENT OF NET POSITION
MARCH 31, 2014
WITH COMPARATIVE TOTALS FOR MARCH 31, 2013

	Governmental Activities	Business-Type Activities	Total		Component Unit Downtown Development Authority
			2014	2013	
ASSETS:					
Cash	\$ 602,688	\$ 462,990	\$ 1,065,678	\$ 955,703	\$ 87,046
Investments	3,223,403	991,789	4,215,192	4,394,801	
Receivables (net of allowance for uncollectibles)					
Accounts	26,855	286,418	313,273	318,971	17
Prepaid expenses	20,819	17,643	38,462	38,502	-
Internal balances	306,830	(306,830)	-	-	-
Internal balances - advances	355,096	(355,096)	-	-	-
Due from component unit	(1,588)	-	(1,588)	(1,588)	1,588
Due from governmental units	23,875	-	23,875	14,905	-
Prepaid supplies	-	81,062	81,062	77,760	-
Restricted assets:					
Cash	-	42,586	42,586	43,361	-
Investments in joint venture	-	2,489,599	2,489,599	2,762,085	-
Capital assets:					
Land	285,152	30,645	315,797	315,797	-
Land improvements	646,309	-	646,309	599,997	503,365
Machinery; equipment; and furnishings	2,213,277	1,321,879	3,535,156	3,522,694	-
Buildings	1,372,640	6,453,251	7,825,891	7,805,230	-
Infrastructure	5,207,221	3,868,543	9,075,764	9,066,199	-
Less: accumulated depreciation	(6,973,079)	(5,591,550)	(12,564,629)	(11,885,814)	(203,820)
Total assets	<u>\$ 7,309,498</u>	<u>\$ 9,792,929</u>	<u>\$ 17,102,427</u>	<u>\$ 18,028,603</u>	<u>\$ 388,196</u>
LIABILITIES:					
Accounts payable	\$ 14,679	\$ 2,531	\$ 17,210	\$ 27,637	\$ 1,212
Accrued liabilities	1,916	15,467	17,383	42,310	-
Deferred revenue	19,128	-	19,128	-	-
Liabilities payable from restricted assets	-	42,586	42,586	43,361	-
Interest payable	8,472	-	8,472	6,920	-
Accrued sick and vacation pay - current	33,211	-	33,211	33,825	-
Noncurrent liabilities:					
Due within one year	41,000	195,000	236,000	230,000	-
Due in more than one year	234,771	2,462,030	2,696,801	2,922,588	-
Total liabilities	<u>353,177</u>	<u>2,717,614</u>	<u>3,070,791</u>	<u>3,306,641</u>	<u>1,212</u>
NET POSITION:					
Invested in capital assets, net of related debt	2,534,520	3,172,672	5,707,192	6,112,214	299,545
Restricted for:					
Investment in joint venture (note 7)	-	2,489,599	2,489,599	2,762,085	-
Highways and streets	131,073	-	131,073	73,092	-
Public safety	189,108	-	189,108	180,707	-
Culture and recreation	68,091	-	68,091	59,358	-
Debt service	813	-	813	801	-
Permanent funds:					
Expendable	-	-	-	104,069	-
Nonexpendable	3,507,022	-	3,507,022	3,526,246	-
Unrestricted	<u>525,694</u>	<u>1,413,044</u>	<u>1,938,738</u>	<u>1,903,390</u>	<u>87,439</u>
Total net position	<u>6,956,321</u>	<u>7,075,315</u>	<u>14,031,636</u>	<u>14,721,962</u>	<u>386,984</u>

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF CLINTON, MICHIGAN
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2014
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED MARCH 31, 2013**

Functions/programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position				Component Unit
	Expenses	Charges for Services	Operating Grants	Capital Grants	Primary Government		Total	Downtown	
					Governmental Activities	Business-Type Activities			2014
Governmental activities:									
General government	\$ 329,510	\$ -	\$ -	\$ -	\$ (329,510)	\$ -	\$ (329,510)	\$ (321,777)	\$ -
Public safety	768,558	211,285	-	-	(557,273)	-	(557,273)	(433,353)	-
Culture and recreation	182,418	10,010	-	-	(172,408)	-	(172,408)	(142,427)	-
Sanitation	109,003	113,415	-	-	4,412	-	4,412	1,779	-
Highways and streets	388,479	-	-	-	(388,479)	-	(388,479)	(362,731)	-
Interest on long term debt	10,683	-	-	-	(10,683)	-	(10,683)	(12,769)	-
Total governmental activities	1,788,651	334,710	-	-	(1,453,941)	-	(1,453,941)	(1,271,278)	-
Business-type activities:									
Electric Fund	3,050,784	3,121,021	-	-	-	70,237	70,237	91,260	-
Water Fund	197,650	207,343	-	-	-	9,693	9,693	36,806	-
Sewer Fund	662,278	508,753	-	-	-	(153,525)	(153,525)	(118,981)	-
Total business-type activities	3,910,712	3,837,117	-	-	-	(73,595)	(73,595)	9,085	-
Total government	\$ 5,699,363	\$ 4,171,827	\$ -	\$ -	\$ (1,453,941)	\$ (73,595)	\$ (1,527,536)	\$ (1,262,193)	\$ -
Component Unit:									
Downtown development authority	-	-	-	-	-	-	-	-	(65,780)
Total component unit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (65,780)
General revenues:									
Property taxes					\$ 556,433	\$ -	\$ 556,433	\$ 570,574	\$ 50,441
Intergovernmental					371,075	-	371,075	406,321	-
Licenses, fees, and fines					64,321	-	64,321	55,982	-
Investment earnings					(21,135)	1,628	(19,507)	121,213	40
Miscellaneous revenues					153,623	(272,485)	(118,862)	129,138	1,200
Transfers from component unit					(16,250)	-	(16,250)	35,000	16,250
Transfers					(12,790)	12,790	-	-	-
Total general revenues and transfers					1,095,277	(258,067)	837,210	1,318,228	67,931
Change in net position					(358,664)	(331,662)	(690,326)	56,035	2,151
Total net position - beginning of year					7,314,985	7,406,977	14,721,962	14,665,927	384,833
Total net position - end of year					\$ 6,956,321	\$ 7,075,315	\$ 14,031,636	\$ 14,721,962	\$ 386,984

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF CLINTON, MICHIGAN
BALANCE SHEET
GOVERNMENTAL FUNDS
MARCH 31, 2014
WITH COMPARATIVE TOTALS FOR MARCH 31, 2013**

	Permanent Funds							Total	
	General	Fire Fund	Major Street	Robison Trust	Capital Improvement Tate Park	Other Governmental Funds	Governmental Funds 2014	Governmental Funds 2013	
ASSETS:									
Cash	\$ 311,177	\$ 112,234	\$ 73,818	\$ -	\$ -	\$ 72,313	\$ 569,542	\$ 603,126	
Investments	294,750	70,857	-	1,377,589	1,480,207	-	3,223,403	3,378,486	
Receivables:									
Accounts	24,642	-	-	-	-	1,773	26,415	31,808	
Due from other funds	1,900	-	301,322	-	-	21,177	324,399	322,499	
Due from other governmental units	-	-	14,145	-	-	9,730	23,875	14,905	
Due from component unit	1,375	-	-	-	-	-	1,375	1,375	
Advance to other funds	-	-	-	355,096	294,130	-	649,226	616,259	
Accrued interest	29	296	15	-	-	97	437	437	
Prepaid expense	12,249	6,556	126	-	-	1,888	20,819	20,065	
Total assets	<u>\$ 646,122</u>	<u>\$ 189,943</u>	<u>\$ 389,426</u>	<u>\$ 1,732,685</u>	<u>\$ 1,774,337</u>	<u>\$ 106,978</u>	<u>\$ 4,839,491</u>	<u>\$ 4,988,960</u>	
LIABILITIES:									
Accounts payable	\$ 8,911	\$ 835	\$ 355	\$ -	\$ -	\$ 1,455	\$ 11,556	\$ 13,659	
Accrued expenditures	1,621	-	-	-	-	295	1,916	17,582	
Deferred revenue	19,128	-	-	-	-	-	19,128	-	
Due to other funds	17,377	-	-	-	-	192	17,569	17,569	
Due to component unit	2,963	-	-	-	-	-	2,963	2,963	
Advance from other funds	-	-	294,130	-	-	-	294,130	294,130	
Accrued sick and vacation pay	33,211	-	-	-	-	-	33,211	33,825	
Total liabilities	<u>\$ 83,211</u>	<u>\$ 835</u>	<u>\$ 294,485</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,942</u>	<u>\$ 380,473</u>	<u>\$ 379,728</u>	
FUND BALANCES:									
Nonspendable	\$ 12,249	\$ 6,556	\$ 126	\$ -	\$ -	\$ 1,888	\$ 20,819	\$ 20,065	
Restricted	-	182,552	94,815	1,732,685	1,774,337	103,148	3,887,537	3,936,457	
Committed	-	-	-	-	-	-	-	-	
Unassigned	550,662	-	-	-	-	-	550,662	652,710	
Total fund balance	<u>562,911</u>	<u>189,108</u>	<u>94,941</u>	<u>1,732,685</u>	<u>1,774,337</u>	<u>105,036</u>	<u>4,459,018</u>	<u>4,609,232</u>	
Total liabilities & fund balance	<u>\$ 646,122</u>	<u>\$ 189,943</u>	<u>\$ 389,426</u>	<u>\$ 1,732,685</u>	<u>\$ 1,774,337</u>	<u>\$ 106,978</u>	<u>\$ 4,839,491</u>	<u>\$ 4,988,960</u>	

	2014	2013
Total governmental fund balances	<u>\$ 4,459,018</u>	<u>\$ 4,609,232</u>
Capital assets used in the governmental activities are not financial resources and, therefore, are not reported in the governmental funds:	2,751,520	3,011,679
Accrued interest payable on long term debt is recognized in governmental funds when paid and not when accrued.	(10,664)	(6,920)
Long-term portion of accrued sick and vacation pay liability are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(53,193)	(52,337)
Loan indebtedness are recognized in the governmental funds when paid and not when accrued.	(217,000)	(257,000)
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. Note: The net capital assets (\$215,722) of the Equipment fund are included in the capital asset figure above (\$2,751,520), and not in this adjustment.	26,640	10,331
Net differences	<u>2,497,303</u>	<u>2,705,753</u>
Total net position of governmental activities	<u>\$ 6,956,321</u>	<u>\$ 7,314,985</u>

The notes to the financial statements are an integral part of this statement.

VILLAGE OF CLINTON, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MARCH 31, 2014
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED MARCH 31, 2013

	Permanent Funds							Total	
	General	Fire Fund	Major Street	Robison Trust	Tate Park Capital Improvement	Other Governmental Funds	Governmental Funds 2014	Governmental Funds 2013	
REVENUES:									
Property taxes	\$ 511,028	\$ -	\$ -	\$ -	\$ -	\$ 45,405	\$ 556,433	\$ 570,574	
Intergovernmental revenues	217,472	-	109,180	-	-	44,423	371,075	393,588	
Licenses, fees and charges for services	187,746	-	-	-	-	-	187,746	186,941	
Rentals	11,437	-	-	-	-	7,450	18,887	17,543	
Interest	907	374	1	48,113	52,807	60	102,262	108,354	
Other	18,368	25,928	-	230	230	85	44,841	21,008	
Townships	-	211,285	-	-	-	-	211,285	205,980	
Realized gain (loss) on investment	-	-	-	(3,234)	(8,657)	-	(11,891)	8,257	
Unrealized gain (loss) on investment	-	-	-	(56,811)	(54,695)	-	(111,506)	(2,141)	
Total revenues	<u>946,958</u>	<u>237,587</u>	<u>109,181</u>	<u>(11,702)</u>	<u>(10,315)</u>	<u>97,423</u>	<u>1,369,132</u>	<u>1,510,104</u>	
EXPENDITURES:									
Current:									
General government	261,226	-	-	4,761	4,974	-	270,961	242,522	
Public safety	484,125	229,186	-	-	-	-	713,311	599,467	
Culture and recreation	135,487	-	-	-	-	44,267	179,754	103,342	
Sanitation	109,003	-	-	-	-	-	109,003	108,002	
Highways and streets	-	-	75,314	-	-	54,280	129,594	164,696	
Debt service:									
Principal	10,000	-	-	-	-	30,000	40,000	35,000	
Interest	1,945	-	-	-	-	8,738	10,683	12,474	
Total expenditures	<u>1,001,786</u>	<u>229,186</u>	<u>75,314</u>	<u>4,761</u>	<u>4,974</u>	<u>137,285</u>	<u>1,453,306</u>	<u>1,265,503</u>	
Excess (deficiency) of revenues over (under) expenditures	<u>(54,828)</u>	<u>8,401</u>	<u>33,867</u>	<u>(16,463)</u>	<u>(15,289)</u>	<u>(39,862)</u>	<u>(84,174)</u>	<u>244,601</u>	
Other financing sources (uses):									
Transfers in	139,780	-	13,971	-	-	58,750	212,501	135,999	
Transfers out	(187,000)	-	-	(26,761)	(64,780)	-	(278,541)	(261,014)	
Total other financing sources (uses)	<u>(47,220)</u>	<u>-</u>	<u>13,971</u>	<u>(26,761)</u>	<u>(64,780)</u>	<u>58,750</u>	<u>(66,040)</u>	<u>(125,015)</u>	
Change in fund balances	(102,048)	8,401	47,838	(43,224)	(80,069)	18,888	(150,214)	119,586	
Total fund balances - beginning of year	664,959	180,707	47,103	1,775,909	1,854,406	86,148	4,609,232	4,489,646	
Total fund balances - end of year	<u>\$ 562,911</u>	<u>\$ 189,108</u>	<u>\$ 94,941</u>	<u>\$ 1,732,685</u>	<u>\$ 1,774,337</u>	<u>\$ 105,036</u>	<u>\$ 4,459,018</u>	<u>\$ 4,609,232</u>	

The notes to the financial statements are an integral part of this statement.

VILLAGE OF CLINTON, MICHIGAN
RECONCILIATION OF THE STATEMENT REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2014
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED MARCH 31, 2013

	2014	2013
Change in fund balances total governmental funds	\$ (150,214)	\$ 119,586
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 capital outlay in the current period. (Total capital outlay \$67,391 less total depreciation \$(327,548).	(260,157)	(146,574)
This 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. This amount is the net effect of these assets. This amount is the net effect of these differences in the treatment of long-term debt.		
Debt incurred during current year		
Less: principal repayment	40,000	35,000
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		
Accrued interest - net	(3,741)	(295)
Accrued long-term sick and vacation pay - net effect	(856)	1,507
Internal Service Fund (Equipment Fund) is used by the Village to charge equipment rental to individual funds. The net income (loss) of this activity is reported with governmental activities, adjusted for depreciation.	16,304	(19,849)
Change in net position of governmental activities	\$ (358,664)	\$ (10,625)

The notes to the financial statements are an integral part of this statement.

VILLAGE OF CLINTON, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED MARCH 31, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Property taxes	\$ 506,000	\$ 517,000	\$ 511,028	\$ (5,972)
Intergovernmental revenue	197,400	232,400	217,472	(14,928)
Michigan Natural Resource trust grant	-	-	-	-
Licenses, fees and charges for services	178,300	190,300	187,746	(2,554)
Rentals	10,000	10,000	11,437	1,437
Interest	1,000	1,000	907	(93)
Other	12,000	17,000	18,368	1,368
Total revenues	<u>904,700</u>	<u>967,700</u>	<u>946,958</u>	<u>(20,742)</u>
EXPENDITURES:				
General government:				
Council	14,220	14,220	11,222	2,998
Administration	62,250	62,250	58,078	4,172
Buildings and grounds	138,970	152,970	151,411	1,559
Planning Commission	4,220	4,220	3,761	459
Professional service	12,500	23,500	21,867	1,633
Insurance	16,000	16,000	14,887	1,113
Total general government	<u>248,160</u>	<u>273,160</u>	<u>261,226</u>	<u>11,934</u>
Public safety:				
Police department	466,200	466,200	461,090	5,110
Building and zoning inspection	16,170	23,170	23,035	135
Total public safety	<u>482,370</u>	<u>489,370</u>	<u>484,125</u>	<u>5,245</u>
Sanitation:				
Waste collection and disposal	106,830	109,830	109,003	827
Culture - recreation				
Farmers Market		35,000	15,872	19,128
Parks	103,920	153,920	119,615	34,305
Total culture-recreation	<u>103,920</u>	<u>188,920</u>	<u>135,487</u>	<u>53,433</u>
Debt Service:				
Principal	10,000	10,000	10,000	-
Interest	1,950	1,950	1,945	5
Total debt service	<u>11,950</u>	<u>11,950</u>	<u>11,945</u>	<u>5</u>
Total expenditures	<u>953,230</u>	<u>1,073,230</u>	<u>1,001,786</u>	<u>71,444</u>
Excess (deficiency) of revenues (under) expenditures	<u>(48,530)</u>	<u>(105,530)</u>	<u>(54,828)</u>	<u>50,702</u>
Other financing sources (uses):				
Transfers in	90,000	167,000	139,780	(27,220)
Transfers out	(159,000)	(187,000)	(187,000)	-
Total other financing sources (uses)	<u>(69,000)</u>	<u>(20,000)</u>	<u>(47,220)</u>	<u>(27,220)</u>
Change in fund balance	(117,530)	(125,530)	(102,048)	23,482
Total fund balances - beginning of year			<u>664,959</u>	
Total fund balances - end of year			<u>\$ 562,911</u>	

The notes to the financial statements are an integral part of this statement.

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, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:				
Miscellaneous	\$ 100	\$ 21,600	\$ 25,928	\$ 4,328
Township contributions	208,200	208,200	211,285	3,085
Interest	300	300	374	74
	<u>208,600</u>	<u>230,100</u>	<u>237,587</u>	<u>7,487</u>
Total revenues				
EXPENDITURES:				
Wages	80,000	80,000	84,929	(4,929)
Benefits	12,220	12,220	11,431	789
Supplies	19,500	19,500	20,187	(687)
Professional fees	700	700	650	50
Communications	6,000	6,000	6,641	(641)
Workshops	9,000	9,000	10,908	(1,908)
Gas and oil	3,800	3,800	4,223	(423)
Insurance	12,000	12,000	11,639	361
Utilities	6,000	6,000	8,408	(2,408)
Equipment maintenance	6,000	6,000	10,510	(4,510)
Truck maintenance	16,000	42,000	40,632	1,368
Building maintenance	4,000	4,000	5,062	(1,062)
Capital outlay	16,000	16,000	13,966	2,034
	<u>191,220</u>	<u>217,220</u>	<u>229,186</u>	<u>(11,966)</u>
Total expenditures				
Excess (deficiency) of revenues (under) expenditures	17,380	12,880	8,401	(4,479)
Total fund balances - beginning of year			<u>180,707</u>	
Total fund balances - end of year			<u>\$ 189,108</u>	

The notes to the financial statements are an integral part of this statement.

VILLAGE OF CLINTON, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
MAJOR STREET SPECIAL REVENUE FUND
FOR THE YEAR ENDED MARCH 31, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:				
Intergovernmental				
State gas weight tax	\$ 95,000	\$ 95,000	\$ 109,180	\$ 14,180
Grant	-	-	-	-
Interest	100	100	1	(99)
Miscellaneous	-	-	-	-
Total revenues	<u>95,100</u>	<u>95,100</u>	<u>109,181</u>	<u>14,081</u>
EXPENDITURES:				
Routine maintenance	85,790	73,790	39,813	33,977
Traffic service	5,120	5,120	4,135	985
Winter maintenance	12,120	14,120	12,743	1,377
Administrative	4,070	5,070	4,652	418
Total expenditures	<u>107,100</u>	<u>98,100</u>	<u>61,343</u>	<u>36,757</u>
Excess (deficiency) of revenues over (under) expenditures	(12,000)	(3,000)	47,838	50,838
Other financing sources:				
Debt service	(14,000)	(14,000)	(13,971)	29
Transfers in	26,000	14,000	13,971	(29)
Transfers out	-	-	-	-
Net change in fund balance	-	(3,000)	47,838	50,838
Total fund balances - beginning of year			<u>47,103</u>	
Total fund balances - end of year			<u>\$ 94,941</u>	

The notes to the financial statements are an integral part of this statement.

VILLAGE OF CLINTON, MICHIGAN
STATEMENT OF NET POSITION
PROPRIETARY FUND
MARCH 31, 2014
WITH COMPARATIVE TOTALS FOR MARCH 31, 2013

	Business-type Activities - Enterprise Funds			Total Proprietary Funds		Governmental Activities
	Electric Fund	Water Fund	Sewer Fund	2014	2013	Internal Service Fund
ASSETS:						
Current assets:						
Cash and cash equivalents	\$ 343,199	\$ 107,115	\$ 12,676	\$ 462,990	\$ 336,181	\$ 33,146
Investments	800,827	67,092	123,870	991,789	1,016,315	-
Receivables						
Accounts	233,779	11,639	40,528	285,946	286,251	-
Accrued interest	111	39	322	472	472	3
Prepaid expenses and other assets	9,932	3,370	4,341	17,643	18,437	-
Prepaid supplies	81,062	-	-	81,062	77,760	-
Total current assets	1,468,910	189,255	181,737	1,839,902	1,735,416	33,149
Noncurrent assets:						
Restricted assets:						
Cash	\$ 42,586	-	-	\$ 42,586	\$ 43,361	-
Investment in joint venture	2,489,599	-	-	2,489,599	2,762,085	-
Capital assets:						
Land	17,496	3,000	10,149	30,645	30,645	-
Buildings	539,628	73,715	5,839,908	6,453,251	6,432,590	-
Utility systems	1,718,129	1,393,312	757,102	3,868,543	3,858,978	-
Equipment/trucks	1,064,491	130,367	127,021	1,321,879	1,330,496	984,237
Less: accumulated depreciation	(2,805,737)	(673,463)	(2,112,350)	(5,591,550)	(5,240,285)	(768,515)
Total capital assets - net	534,007	926,931	4,621,830	6,082,768	6,412,424	215,722
Total, noncurrent assets	3,066,192	926,931	4,621,830	8,614,953	9,217,870	215,722
Total assets	\$ 4,535,102	\$ 1,116,186	\$ 4,803,567	\$ 10,454,855	\$ 10,953,286	\$ 248,871
LIABILITIES:						
Current Liabilities:						
Accounts payable	\$ 522	\$ 410	\$ 1,599	\$ 2,531	\$ 11,402	\$ 3,123
Accrued expenses	11,601	3,445	421	15,467	24,622	-
Due to other funds	301,430	5,400	-	306,830	304,930	-
Advance payable to other funds	-	355,096	-	355,096	322,129	-
SRF loan payable	-	-	195,000	195,000	190,000	-
Total current liabilities	313,553	364,351	197,020	874,924	853,083	3,123
Current liabilities payable from restricted						
Customer deposits	42,586	-	-	42,586	43,361	-
Noncurrent liabilities:						
Accrued leave	54,434	9,941	37,655	102,030	94,865	3,386
SRF loan payable	-	-	2,360,000	2,360,000	2,555,000	-
Total liabilities	410,573	374,292	2,594,675	3,379,540	3,546,309	6,509
NET POSITION:						
Invested in capital assets, net of related debt	534,007	571,835	2,066,830	3,172,672	3,357,535	215,722
Restricted in joint venture	2,489,599	-	-	2,489,599	2,762,085	-
Unrestricted	1,100,923	170,059	142,062	1,413,044	1,287,357	26,640
Total net position	\$ 4,124,529	\$ 741,894	\$ 2,208,892	\$ 7,075,315	\$ 7,406,977	\$ 242,362

The notes to the financial statements are an integral part of this statement.

VILLAGE OF CLINTON, MICHIGAN
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED MARCH 31, 2014
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED MARCH 31, 2013

	Business-type Activities - Enterprise Funds			Total Proprietary Funds		Governmental Activities
	Electric Fund	Water Fund	Sewer Fund	2014	2013	Internal Service Fund
Operating revenue:						
Metered sales	\$ 3,057,757	\$ 187,420	\$ 471,998	\$ 3,717,175	\$ 3,704,251	\$ -
Penalties and service charges	47,101	17,436	34,033	98,570	74,177	-
Miscellaneous	10,095	2,487	2,722	15,304	16,896	294
Rentals	6,068	-	-	6,068	5,935	89,601
Total operating revenues	3,121,021	207,343	508,753	3,837,117	3,801,259	89,895
Operating expenses:						
Light plant	79,442	-	-	79,442	70,962	-
Purchased power	2,309,479	-	-	2,309,479	2,253,893	-
Administrative	255,257	40,395	24,382	320,034	324,977	-
Electric distribution system	329,472	-	-	329,472	313,030	-
Water distribution	-	121,100	-	121,100	94,522	-
Collection system	-	-	11,886	11,886	25,349	-
Sewer treatment plant	-	-	315,942	315,942	314,589	-
Depreciation	60,001	32,326	258,937	351,264	328,096	48,493
Professional services	17,133	3,829	6,525	27,487	19,062	-
Equipment operation and maintenance	-	-	-	-	-	60,586
Total operating expenses	3,050,784	197,650	617,672	3,866,106	3,744,480	109,079
Operating income (loss)	70,237	9,693	(108,919)	(28,989)	56,779	(19,184)
Nonoperating revenues (expenses):						
Income from joint venture	(272,485)	-	-	(272,485)	13,862	-
Interest income	426	416	786	1,628	6,713	-
Interest expense	-	-	(44,606)	(44,606)	(47,694)	-
Total nonoperating revenues (expenses)	(272,059)	416	(43,820)	(315,463)	(27,119)	-
Net income (loss) before transfers	(201,822)	10,109	(152,739)	(344,452)	29,660	(19,184)
Transfers out	(75,000)	-	-	(75,000)	-	-
Transfers in	-	-	87,790	87,790	37,000	37,000
Change in net position	(276,822)	10,109	(64,949)	(331,662)	66,660	17,816
Total net position - beginning of year	4,401,351	731,785	2,273,841	7,406,977	7,340,317	224,546
Total net position - end of year	\$ 4,124,529	\$ 741,894	\$ 2,208,892	\$ 7,075,315	\$ 7,406,977	\$ 242,362

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF CLINTON, MICHIGAN
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS
FOR THE YEAR ENDED MARCH 31, 2014
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED MARCH 31, 2013**

	Business-type Activities - Enterprise Funds			Total Proprietary Funds		Governmental Activities
	Electric Fund	Water Fund	Sewer Fund	2014	2013	Internal Service Fund
Cash flows from operating activities:						
Cash received from customers	\$ 3,116,969	\$ 209,776	\$ 510,676	\$ 3,837,421	\$ 3,745,803	\$ 89,895
Cash paid to suppliers and employees	(3,073,623)	(168,531)	(359,932)	(3,602,086)	(3,437,801)	(60,145)
Net cash provided by (used in) operating activities	43,346	41,246	150,744	235,336	308,002	29,750
Cash flows from noncapital financing activities:						
SRF loan proceeds (payment)	-	-	(190,000)	(190,000)	(190,000)	-
Transfer from/to Other Funds	-	-	87,790	87,790	37,000	37,000
Payment on advances	-	(309,889)	(12,240)	(322,129)	(22,760)	-
Advance Received		355,096	-	355,096	309,889	-
Net cash provided by (used in) noncapital financing activities	-	45,207	(114,450)	(69,243)	134,129	37,000
Cash flows from investing activities:						
Capital expenditures	(1,898)	(12,656)	(7,053)	(21,607)	(337,159)	(50,000)
Interest received	426	416	786	1,628	6,713	-
Interest expense	-	-	(44,606)	(44,606)	(47,694)	-
Net cash provided by (used in) investing activities	(1,472)	(12,240)	(50,873)	(64,585)	(378,140)	(50,000)
Net increase (decrease) in cash and cash equivalents	41,874	74,213	(14,579)	101,508	63,991	16,750
Cash and cash equivalents at beginning of year	1,144,738	99,994	151,125	1,395,857	1,331,866	16,396
Cash and cash equivalents at end of year	\$ 1,186,612	\$ 174,207	\$ 136,546	\$ 1,497,365	\$ 1,395,857	\$ 33,146

Change in investment in joint venture \$(272,485) is a noncash transaction and does not affect cash flow in Electric Fund.

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF CLINTON, MICHIGAN
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED IN OPERATING
ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2014
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED MARCH 31, 2013**

	<u>Business-type Activities - Enterprise Funds</u>			<u>Total Proprietary Funds</u>		<u>Governmental Activities</u>
	<u>Electric Fund</u>	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>2014</u>	<u>2013</u>	<u>Internal Service Fund</u>
Net operating (loss) income	\$ (4,763)	\$ 9,693	\$ (108,919)	\$ (103,989)	\$ 56,779	\$ (19,184)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities						
Depreciation	60,001	32,326	258,937	351,264	328,096	48,493
(Increase) decrease in:						
Receivables	(4,052)	2,434	1,923	305	(55,456)	-
Prepaid expenses	794	-	-	794	1,404	-
Prepaid supplies	(3,302)	-	-	(3,302)	(11,079)	-
Increase (decrease) in:						
Accrued expenses and other liabilities	(8,337)	(3,492)	(4,297)	(16,126)	2,304	441
Accrued leave	3,780	285	3,100	7,165	(12,081)	-
Customer deposits	(775)	-	-	(775)	(1,965)	-
Due to other funds	-	-	-	-	-	-
Net cash provided by (used in) operating activities	<u>\$ 43,346</u>	<u>\$ 41,246</u>	<u>\$ 150,744</u>	<u>\$ 235,336</u>	<u>\$ 308,002</u>	<u>\$ 29,750</u>

The notes to the financial statements are an integral part of this statement.

VILLAGE OF CLINTON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

March 31, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Village of Clinton, Michigan (Village) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units

Effective April 1, 2004, the Village of Clinton, Michigan implemented the provisions of GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. Significant changes in the statement include the following:

- ◆ A Management’s Discussion and Analysis (MD&A) section providing an analysis of the Village’s overall financial position and results of operations has been included with the financial statements.
- ◆ Financial statements prepared using full accrual accounting for all of the Village’s activities.
- ◆ A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements). The Village of Clinton, Michigan has elected to implement the general provisions of the statement.

A. Reporting Entity

The Village of Clinton 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 done by DDA. The Downtown Development Authority is presented as a governmental fund type.

Separate financial statements for the component unit are not available.

VILLAGE OF CLINTON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

March 31, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 nonfiduciary activities of the primary government and its component unit. For the most part, the effect of interfund 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.

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

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

VILLAGE OF CLINTON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

March 31, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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- The Fire Fund & Major Street Fund are used to account for specific revenue 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 Improvement. 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 again 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.

VILLAGE OF CLINTON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

March 31, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Amounts reported as *program revenues* included 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.

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 includes 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 over three months of the date acquired by the government.

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.

VILLAGE OF CLINTON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

March 31, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Receivables and payables

Activity between funds that are 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 interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund 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 applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources. The Village had advances from the Village of Clinton Robison Trust to the Water Fund. The Tate Park Capital Improvement Fund advanced money to Major Street Fund.

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

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 government.

The Village had a general tax millage of 8.800 for 2013. The Village's maximum allowable millage is 12.5 mills. It also levied .780 mills for the Smith-Kimball Community Center.

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

3. Prepaid items

Prepaid supplies are valued at cost using the first-in/first-out (FIFO) method.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

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.

VILLAGE OF CLINTON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

March 31, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, is 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

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.

VILLAGE OF CLINTON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

March 31, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 should be expressed by (a) the Village itself or a delegated body (for example a budget or finance committee) or 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 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.

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.

VILLAGE OF CLINTON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

March 31, 2014

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

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 to the activity level.

During the year ended March 31, 2014, the Village incurred expenditures in the governmental funds which were in excess of the amounts appropriated, as follows:

	<u>Variance</u>
Fire:	
Wages	\$ 4,929
Supplies	687
Communications	641
Workshops	1,908
Gas and Oil	423
Utilities	2,408
Equipment maintenance	4,510
Building maintenance	1,062

These additional expenditures were funded by greater than anticipated revenues.

NOTE 3. DETAILED NOTES ON ALL FUNDS

A. Deposits and investments

The Village limits its exposure to interest rate risk keeping certificate of deposits at short term maturation, as noted below. However, in the managed accounts at United Bank and Trust 80% 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 uninsured.

The Village is also subject to custodial credit risk having 80% of investments with United Bank & Trust, 6% of investments with TLC Community Credit Union, 6% with First Federal Bank of Midwest, 3% with Key Bank and 5% with Comerica Bank. All demand deposits are with Comerica Bank.

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

VILLAGE OF CLINTON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

March 31, 2014

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

Primary Government

At year end, bank deposits amounted to \$1,317,789. Of this amount \$250,000 was covered by Federal Depository Insurance and \$1,067,789 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.

A. Deposits and investments

At year end, bank balances, net of checks written but not cleared, as recorded in the financial statements were \$1,108,264. Of that amount, \$192,008 was in cash and checking and money market accounts; and \$916,256 in the 'J Fund' account. Such accounts are authorized by statutes.

Component Unit

Deposits. The component unit had deposits with a carrying value and bank balance of \$87,046 at year end. This account is part of the J Fund with Comerica Bank with balance of \$87,046.

Primary Government

The Village had investments with carrying value and bank balance of \$4,215,192 at year end of which \$1,000,000 is covered by Federal Depository Insurance. Investments consist of:

<u>Certificates of Deposit</u>	<u>Balance</u> <u>MARCH 31, 2014</u>
General Fund	\$ 143,963
Electric Fund	209,773
Electric Fund	233,633
Fire Fund	36,362
Sewer Fund	123,870
Water Fund	67,092
Electric Fund	258,943
Electric Fund	98,479
General Fund	150,786
Fire Fund	34,495
<u>Managed Accounts at United Bank & Trust</u>	<u>Current Yield</u> <u>Balance</u> <u>March 31, 2014</u>
Village of Clinton Robison Trust	2.76 1,377,589
John F. Robison Tate Park	2.83 1,480,207
	\$ 4,215,192

Bond securities in the managed accounts are quality rated AA.

VILLAGE OF CLINTON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2014

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

B. Receivables

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

	General	Major Streets	Local Streets	Community Center	Fire Fund	Electric Fund	Water Fund	Sewer Fund	Equipment Fund	Total
Receivables:										
Taxes	\$ 20,008	\$ -	\$ -	\$ 1,773	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21,781
Accounts	4,634	-	-	-	-	233,779	11,639	40,528	-	290,580
Intergovernmental	-	14,145	9,730	-	-	-	-	-	-	23,875
Accrued Interest	29	15	-	97	296	111	39	322	3	912
Gross receivables	24,671	14,160	9,730	1,870	296	233,890	11,678	40,850	3	337,148
Less: allowance for uncollectibles	-	-	-	-	-	-	-	-	-	-
Net total receivables	\$ 24,671	\$ 14,160	\$ 9,730	\$ 1,870	\$ 296	\$ 233,890	\$ 11,678	\$ 40,850	\$ 3	\$ 337,148

C. Capital assets

Capital asset activity for the year ended March 31, 2014 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	599,997	46,312	-	646,309
Buildings	1,372,640	-	-	1,372,640
Equipment, machinery and furnishings	2,192,198	21,079	-	2,213,277
Infrastructure	5,207,221	-	-	5,207,221
Depreciable capital assets	9,372,056	67,391	-	9,439,447
Less accumulated depreciation for:				
Land improvements	(338,986)	(21,544)	-	(360,530)
Buildings	(917,811)	(27,453)	-	(945,264)
Equipment, machinery and furnishings	(1,735,157)	(110,664)	-	(1,845,821)
Infrastructure	(3,653,575)	(167,888)	-	(3,821,463)
Total accumulated depreciation	(6,645,529)	(327,549)	-	(6,973,078)
Total net capital assets being depreciated	2,726,527	(260,158)	-	2,466,369
Governmental activities net capital assets	\$ 3,011,679	\$ (260,158)	\$ -	\$ 2,751,521

VILLAGE OF CLINTON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

March 31, 2014

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Business-type activities:				
Assets not being depreciated-land	\$ 30,645	\$ -	\$ -	\$ 30,645
Total capital assets, not being depreciated	<u>30,645</u>	<u>-</u>	<u>-</u>	<u>30,645</u>
Capital assets, being depreciated:				
Utility systems	11,622,064	21,609		11,643,673
Depreciable capital assets	<u>11,622,064</u>	<u>21,609</u>	<u>-</u>	<u>11,643,673</u>
Less accumulated depreciation for:				
Utility systems	(5,240,285)	(351,265)	-	(5,591,550)
Total accumulated depreciation	<u>(5,240,285)</u>	<u>(351,265)</u>	<u>-</u>	<u>(5,591,550)</u>
Total net capital assets being depreciated	<u>6,381,779</u>	<u>(329,656)</u>	<u>-</u>	<u>6,052,123</u>
Business-type activities net capital assets	<u>\$ 6,412,424</u>	<u>\$ (329,656)</u>	<u>\$ -</u>	<u>\$ 6,082,768</u>

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

Governmental activities:	
General government	\$ 25,026
Public safety	55,247
Culture and recreation	48,976
Highways and streets	<u>198,299</u>
Total depreciation - governmental activities	<u>\$ 327,548</u>
Business-type activities:	
Utility	<u>\$ 351,265</u>
Total depreciation - business-type activities	<u>\$ 351,265</u>

VILLAGE OF CLINTON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

March 31, 2014

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

Discretely presented component unit:

Capital asset activity for the Downtown Development Authority (DDA) for the year ended March 31, 2014 was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Capital assets, being depreciated:				
Land improvements	\$ 503,365	\$ -	\$ -	\$ 503,365
Less accumulated depreciation for:				
Land improvements	(187,041)	(16,779)	-	(203,820)
DDA net capital assets	\$ 316,324	\$ (16,779)	\$ -	\$ 299,545

D. Interfund receivables, payables, and transfers

Primary Government

Fund	Interfund Receivable	Fund	Interfund Payable
General	\$ 1,900	Electric	\$ 1,900
Local Street	2,377	General	2,377
Community Center	11,000	General	11,000
Major Street	4,000	General	4,000
Major Street	1,500	Water	1,500
Major Street	295,630	Electric	295,630
Local Street	3,900	Water	3,900
Local Street	3,900	Electric	3,900
Major Street	192	Local Street	192
Total	\$ 324,399	Total	\$ 324,399

Advance to/from other funds:

Robison Trust	\$ 355,096	Water Fund	\$ 355,096
Tate Park Trust	294,130	Major Street	294,130
Total	\$ 649,226	Total	\$ 649,226

Purpose of due to and due from are mainly for reimbursing expenses between funds.

VILLAGE OF CLINTON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2014

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

Due to/from Primary Government and Component Unit:

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

Interfund transfers:

Transfers out:	Transfers In							Total
	General	Major Street	Local Street	Sewer Fund	Equipment Fund	Debt Retirement	Downtown Development Authority	
General	\$ -	\$ -	\$ 20,000	\$ 75,000	\$ 37,000	\$ -	\$ 55,000	\$ 187,000
Downtown Development Authority	-	-	-	-	-	38,750	-	38,750
Tate Park Capital Investment	64,780	-	-	-	-	-	-	64,780
Robison Trust	-	13,971	-	12,790	-	-	-	26,761
Electric	75,000	-	-	-	-	-	-	75,000
Total	<u>\$ 139,780</u>	<u>\$ 13,971</u>	<u>\$ 20,000</u>	<u>\$ 87,790</u>	<u>\$ 37,000</u>	<u>\$ 38,750</u>	<u>\$ 55,000</u>	<u>\$ 392,291</u>

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

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, 2014 was \$195,000.

Also the Village has an installment purchase loan of \$95,000 to provide funds for the purchase property at 114 Jackson St., Clinton for future expansion of the Fire Department. This loan has an interest rate of 6.025% and final maturity is November 1, 2015. Outstanding balance at March 31, 2014 was \$22,000.

VILLAGE OF CLINTON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2014

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

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

Government Activities		
Year Ending March 31,	Principal	Interest
2015	41,000	8,908
2016	41,000	7,060
2017	30,000	5,183
2018	35,000	3,832
2019	35,000	2,336
2020	35,000	788
	\$ 217,000	\$ 28,107

E. Long term debt

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, 2013 was \$2,555,000.

Annual Debt Service requirements to maturity are projected as follows:

Business-type Activities	
Year Ending March 31,	Principal
2015	195,000
2016	200,000
2017	200,000
2018	205,000
2019	205,000
2020 - 2024	1,090,000
2025 - 2026	460,000
	\$ 2,555,000

VILLAGE OF CLINTON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

March 31, 2014

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

E. Long Term Debt

The following is a summary of long-term debt transactions of the Village for the year ended March 31, 2014:

	Governmental Activities		Business-type	Accrued Employee Benefits	Total	Due in One Year
	Installment Purchase	Primary Government Bond Issue	Activity Bond Issue			
Long-term debt at March 31, 2013	\$ 32,000	\$ 225,000	\$ 2,745,000	\$ 184,710	\$ 3,186,710	
Principal payment	(10,000)	(30,000)	(190,000)	-	(230,000)	
Increase in accrued employee benefits	-	-	-	8,632	8,632	
Long-term debt at March 31, 2014	<u>\$ 22,000</u>	<u>\$ 195,000</u>	<u>\$ 2,555,000</u>	<u>\$ 193,342</u>	<u>\$ 2,965,342</u>	<u>\$ 338,000</u>

VILLAGE OF CLINTON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

March 31, 2014

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

F. Advance (loan) to other funds

The Capital Improvement Tate Park Fund has loaned money to the Major Street Fund of \$294,130 for road construction. This loan is to be paid back over ten years, due 11/1/2022 at an interest rate of 4.75%. The annual debt service requirements are as follows:

Year Ending March 31, 2013	Principal	Interest
2015	26,338	13,662
2016	27,604	12,396
2017	28,931	11,069
2018	30,321	9,679
2019	31,778	8,222
2020	33,306	6,694
2021	34,907	5,093
2022	36,584	3,415
2023	44,361	1,658
	294,130	71,888

NOTES TO FINANCIAL STATEMENTS

March 31, 2014

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

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

The Village has constructed a well (Well No. 5) financed from an advance from the Village of Clinton Robison Trust. As of March 31, 2014, the advance balance was \$355,096.

The loan is to be paid back over twenty years, due 5/1/2033 at an interest rate of 4.00%. The annual debt service requirements are as follows.

<u>Year Ending March 31, 2014</u>	<u>Principal</u>	<u>Interest</u>
5/1/2014	6,098.07	7,101.93
11/1/2014	6,220.04	6,979.96
5/1/2015	6,344.44	6,855.56
11/1/2015	6,471.33	6,728.67
5/1/2016	6,600.75	6,599.25
11/1/2016	6,732.77	6,467.23
5/1/2017	6,867.42	6,332.58
11/1/2017	7,004.77	6,195.23
5/1/2018	7,144.87	6,055.13
11/1/2018	7,287.76	5,912.24
5/1/2019	7,433.52	5,766.48
11/1/2019	7,582.19	5,617.81
5/1/2020	7,733.83	5,466.17
11/1/2020	7,888.51	5,311.49
5/1/2021	8,046.28	5,153.72
11/1/2021	8,207.21	4,992.79
5/1/2022	8,371.35	4,828.65
11/1/2022	8,538.78	4,661.22
5/1/2023	8,709.55	4,490.45
11/1/2023	8,883.74	4,316.26
5/1/2024	9,061.42	4,138.58
11/1/2024	9,242.65	3,957.35
5/1/2025	9,427.50	3,772.50
11/1/2025	9,616.05	3,583.95
5/1/2026	9,808.37	3,391.63
11/1/2026	10,004.54	3,195.46
5/1/2027	10,204.63	2,995.37
11/1/2027	10,408.72	2,791.28
5/1/2028	10,616.90	2,583.10
11/1/2028	10,829.23	2,370.77
5/1/2029	11,045.82	2,154.18
11/1/2029	11,266.73	1,933.27
5/1/2030	11,492.07	1,707.93
11/1/2030	11,721.91	1,478.09
5/1/2031	11,956.35	1,243.65
11/1/2031	12,195.48	1,004.52
5/1/2032	12,439.38	760.62
11/1/2032	12,688.17	511.83
5/1/2033	12,903.21	258.06
	<u>355,096.31</u>	<u>159,664.96</u>

VILLAGE OF CLINTON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

March 31, 2014

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. OTHER INFORMATION

Retirement Plan

A. Plan Description

The Village contributes to the Michigan Municipal Employees' Retirement System (MERS), an agent multi-employer defined benefit pension plan, which provides retirement benefits to all full-time employees of the Village. MERS is administered by its Board of Trustees. The actuary for the System is MERS. The Municipal Employees' Retirement Act of 1984, as amended by 1996 Public Act 220 of the State of Michigan, assigns the authority to establish and amend the benefit provisions of the plans that participate in MERS to the respective employer entities; for the Village of Clinton, that authority rests with the Village. The Municipal Employees' Retirement System of Michigan issues a publicly available financial report that includes financial statements and required supplementary information for MERS. That report may be obtained by writing to Municipal Employees Retirement System of Michigan, 1134 Municipal Way, Lansing, Michigan 48917.

B. Funding Policy

Employees make contributions (4%) under the plan. The Village is required to contribute the actuarially determined amount each year.

C. Annual Pension Cost

For the year ended March 31, 2014, the Village's annual pension contribution was \$47,249. Employees contributed \$32,585. Covered payroll for the year was \$814,638. The required contribution was determined as part of the December 31, 2012 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included -

[a] 8.0% investment rate of return,

[b] projected salary increases will vary from 1% to 4.5% over the next five years depending on actuarial determination.

VILLAGE OF CLINTON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

March 31, 2014

NOTE 5. OTHER INFORMATION (Continued)

The actuarial value of MERS' assets was determined using techniques that smooth the effects of short term volatility in the market value of investments over a five year period.

Actuarial Accrued Liability (as of 12/31/12)

Retirees and beneficiaries currently receiving benefits	\$ 1,647,753
Terminated employees not yet receiving benefits	347,739
Non-vested terminated employees (pending refunds of accumulated member contributions)	5,695
Current employees	<u>2,186,368</u>
 Total actuarial accrued liability	 4,187,555
 Net Assets available for benefits at actuarial value	 <u>4,760,371</u>
 (Market value is \$4,162,754)	
 Unfunded (overfunded) actuarial accrued liability	 <u><u>\$ (572,816)</u></u>

The actuarial value of assets is based on a 10 year smoothed value of assets.

Three Year Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
March 31, 2012	47,407	100%	-0-
March 31, 2013	42,817	100%	-0-
March 31, 2014	47,249	100%	-0-

VILLAGE OF CLINTON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

March 31, 2014

NOTE 5. DEFERRED COMPENSATION PLAN

The Village provides its employees a Deferred Compensation Plan, created in accordance with the Internal Revenue Code Section 457 that is administered by the CPI Qualified Plan Consultants. The Plan, available to all employees, permits them to defer a portion of their current salary until future years. The deferred compensation is not available to the employees until termination, retirement, death, or unforeseeable emergency.

Under the deferred compensation plan, all assets and income of the plan are held in trust for the exclusive benefit of participants and their beneficiaries.

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 produce 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	6.5%
COLDWATER	40.0%
HILLSDALE	25.5%
MARSHALL	24.0%
UNION CITY	4.0%
	100.00%

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.

VILLAGE OF CLINTON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

March 31, 2014

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

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 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, 2013.

A summary of financial information on Michigan South Central Power Agency at June 30, 2013 and 2012 follows:

	<u>2013</u>	<u>2012</u>
Total assets	\$ 53,766,826	\$ 51,612,086
Total liabilities	15,465,301	9,118,477
Net Position	38,301,525	42,493,609
Operating revenues	54,805,738	45,776,324
Operating expenses	53,896,853	45,347,738
Income from operations	908,885	428,586
Investment and miscellaneous income	290,193	209,442
Member Equity Refund	(5,090,860)	-
Other expense	(216,494)	(405,569)
Realized and unrealized gain (loss) on investments	(83,808)	(19,198)
Change in net position	(4,192,084)	213,261

VILLAGE OF CLINTON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

March 31, 2014

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 (\$1,758,256). 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 R. 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 (\$1,768,450). 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

There have been no material subsequent events to effect the financial condition of the Township since March 31, 2014 to June 2, 2014.

**VILLAGE OF CLINTON, MICHIGAN
MERS RETIREMENT PLAN
SCHEDULE OF FUNDING PROGRESS
MARCH 31, 2014**

Actuarial Valuation Date	Actuarial Value of Assets [a]	Actuarial Accrued Liability (AAL) Entry Age [b]	Unfunded AAL (UAAL) [b-a]	Funded Ratio [a/b]	Covered Payroll [c]	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/01	\$ 1,874,502	\$ 1,684,799	\$ (189,703)	111	\$ 621,918	-0-
12/31/02	1,976,140	1,836,659	(139,481)	108	698,097	-0-
12/31/03	2,200,887	2,280,159	79,272	97	727,524	11
12/31/04	2,444,704	2,491,190	46,486	98	751,753	6
12/31/05	2,701,214	2,717,445	16,231	99	802,735	2
12/31/06	3,045,405	2,855,725	(189,680)	107	835,228	-0-
12/31/07	3,424,992	3,229,550	(195,442)	106	899,771	-0-
12/31/08	3,688,290	3,395,948	(292,342)	109	775,062	-0-
12/31/09	4,008,693	3,485,024	(523,669)	115	752,395	-0-
12/31/10	4,343,588	3,601,630	(741,958)	121	720,502	-0-
12/31/11	4,601,814	3,847,963	(753,851)	120	766,179	-0-
12/31/12	4,760,371	4,187,555	(572,816)	114	738,270	-0-

See independent auditor's report.

**VILLAGE OF CLINTON, MICHIGAN
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED MARCH 31, 2014
 WITH COMPARATIVE TOTALS FOR THE YEAR ENDED MARCH 31, 2013**

	<u>Debt Service</u>	<u>Local Street Fund</u>	<u>Community Center Fund</u>	<u>Total Nonmajor Governmental Funds</u>	
				<u>2014</u>	<u>2013</u>
ASSETS					
Cash and cash equivalents	\$ 813	\$ 16,991	\$ 54,509	\$ 72,313	\$ 58,556
Receivables (net of allowance for uncollectibles)					
Property taxes	-	-	1,773	1,773	2,241
Due from other governmental units	-	9,730	-	9,730	3,982
Accrued interest	-	-	97	97	97
Due from other funds	-	10,177	11,000	21,177	21,177
Prepaid expenses and other assets	-	126	1,762	1,888	1,888
	<u>813</u>	<u>37,024</u>	<u>69,141</u>	<u>106,978</u>	<u>87,941</u>
Total assets	<u>\$ 813</u>	<u>\$ 37,024</u>	<u>\$ 69,141</u>	<u>\$ 106,978</u>	<u>\$ 87,941</u>
LIABILITIES & FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ 700	\$ 755	\$ 1,455	\$ 31
Accrued expenses	-	-	-	-	1,360
Consumer deposits	-	-	295	295	210
Due to other funds	-	192	-	192	192
Advance from other funds	-	-	-	-	-
	<u>-</u>	<u>892</u>	<u>1,050</u>	<u>1,942</u>	<u>1,793</u>
Total liabilities	<u>\$ -</u>	<u>\$ 892</u>	<u>\$ 1,050</u>	<u>\$ 1,942</u>	<u>\$ 1,793</u>
Fund balances:					
Nonspendable	\$ -	\$ 126	\$ 1,762	\$ 1,888	\$ 1,888
Restricted	813	36,006	66,329	103,148	84,260
	<u>813</u>	<u>36,132</u>	<u>68,091</u>	<u>105,036</u>	<u>86,148</u>
Total fund balances	<u>813</u>	<u>36,132</u>	<u>68,091</u>	<u>105,036</u>	<u>86,148</u>
Total liabilities & fund balances	<u>\$ 813</u>	<u>\$ 37,024</u>	<u>\$ 69,141</u>	<u>\$ 106,978</u>	<u>\$ 87,941</u>

See independent auditor's report.

VILLAGE OF CLINTON, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE
NONMAJOR GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED MARCH 31, 2014
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED MARCH 31, 2013

	Debt Service	Local Street Fund	Community Center Fund	Total Nonmajor Governmental Funds	
				2014	2013
REVENUES:					
Property taxes	\$ -	\$ -	\$ 45,405	\$ 45,405	\$ 46,204
Intergovernmental revenues:					
State gas weight tax	-	44,423	-	44,423	37,799
Interest	-	-	60	60	81
Licenses, fees & charges for services					
Rentals	-	-	7,450	7,450	5,800
Miscellaneous	-	-	85	85	(225)
Total revenues	<u>\$ -</u>	<u>\$ 44,423</u>	<u>\$ 53,000</u>	<u>\$ 97,423</u>	<u>\$ 89,659</u>
EXPENDITURES:					
Highways and streets	\$ -	\$ 54,280	\$ -	\$ 54,280	\$ 57,960
Debt service:					
Principal	30,000	-	-	30,000	25,000
Interest	8,738	-	-	8,738	9,908
Culture and recreation:					
Community center	-	-	44,267	44,267	41,613
Total expenditures	<u>\$ 38,738</u>	<u>\$ 54,280</u>	<u>\$ 44,267</u>	<u>\$ 137,285</u>	<u>\$ 134,481</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (38,738)</u>	<u>\$ (9,857)</u>	<u>\$ 8,733</u>	<u>\$ (39,862)</u>	<u>\$ (44,822)</u>
Other financing sources (uses):					
Transfers in	38,750	20,000	-	58,750	65,140
Transfers out	-	-	-	-	(3,122)
Total other financing sources (uses)	<u>38,750</u>	<u>20,000</u>	<u>-</u>	<u>58,750</u>	<u>62,018</u>
Net change in fund balances	12	10,143	8,733	18,888	17,196
Fund balances - beginning of year	801	25,989	59,358	86,148	68,952
Fund balances - end of year	<u>\$ 813</u>	<u>\$ 36,132</u>	<u>\$ 68,091</u>	<u>\$ 105,036</u>	<u>\$ 86,148</u>

See independent auditor's report.

**VILLAGE OF CLINTON, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
DEBT SERVICE FUND
FOR THE YEAR ENDED MARCH 31, 2014**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:				
Interest	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES:				
Debt service:				
Principal	30,000	30,000	30,000	-
Interest	8,750	8,750	8,738	12
Total expenditures	<u>38,750</u>	<u>38,750</u>	<u>38,738</u>	<u>12</u>
Deficiency of revenues under expenditures	(38,750)	(38,750)	(38,738)	12
Other financing sources:				
Transfers in	<u>38,750</u>	<u>38,750</u>	<u>38,750</u>	<u>-</u>
Net change in fund balance	-	-	12	12
Total fund balances - beginning of year			<u>801</u>	
Total fund balances - end of year			<u><u>\$ 813</u></u>	

See independent auditor's report.

VILLAGE OF CLINTON, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
LOCAL STREET SPECIAL REVENUE FUND
FOR THE YEAR ENDED MARCH 31, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:				
Intergovernmental				
State gas weight tax	\$ 31,000	\$ 32,000	\$ 44,423	\$ 12,423
Interest	50	50	-	(50)
	<u>31,050</u>	<u>32,050</u>	<u>44,423</u>	<u>12,373</u>
Total revenues				
EXPENDITURES:				
Routine maintenance	38,330	33,330	32,413	917
Traffic service	4,090	4,090	3,927	163
Winter maintenance	12,680	12,680	15,239	(2,559)
Administrative	1,880	2,880	2,701	179
	<u>56,980</u>	<u>52,980</u>	<u>54,280</u>	<u>(1,300)</u>
Total expenditures				
Excess (deficiency) of revenues over (under) expenditures	(25,930)	(20,930)	(9,857)	11,073
Other financing sources:				
Transfers in	25,000	20,000	20,000	-
	<u>25,000</u>	<u>20,000</u>	<u>20,000</u>	<u>-</u>
Net change in fund balance	(930)	(930)	10,143	11,073
Total fund balances - beginning of year			<u>25,989</u>	
Total fund balances - end of year			<u>\$ 36,132</u>	

See independent auditor's report.

VILLAGE OF CLINTON, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
COMMUNITY CENTER FUND SPECIAL REVENUE FUND
FOR THE YEAR ENDED MARCH 31, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Property taxes	\$ 45,200	\$ 45,200	\$ 45,405	\$ 205
Miscellaneous	200	200	85	(115)
Rentals	6,400	6,400	7,450	1,050
Interest	90	90	60	(30)
Total revenues	51,890	51,890	53,000	1,110
EXPENDITURES:				
Debt service	-	-	-	-
Community Center expenses	55,370	55,370	44,267	11,103
Total expenditures	55,370	55,370	44,267	11,103
Excess (deficiency) of revenues over (under) expenditures	(3,480)	(3,480)	8,733	12,213
Total fund balances - beginning of year			59,358	
Total fund balances - end of year			\$ 68,091	

See independent auditor's report.

June 2, 2014

Village Council
Village of Clinton
Clinton, Michigan

We appreciate the opportunity to conduct your audit this year. We are writing to you as we complete the audit to communicate any control deficiencies we identified during the audit and whether these deficiencies (if any) are determined to be significant deficiencies or material weaknesses.

In planning and performing our audit of the financial statements of the Village of Clinton, Michigan, for period ending March 31, 2014, we applied generally accepted auditing standards (GAAS) as we considered your internal control over financial reporting as a basis for designing our auditing procedures. We did this for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of your internal controls. Accordingly, as a part of your audit, we are not expressing an opinion on the effectiveness of your internal control.

Our consideration of internal control was for the limited purpose of conducting your organization's audit and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. It is important to note that control deficiencies are not necessarily problems you will choose to address, however, they do represent potential risks. Our job as your auditors is to ensure that you understand where you have these deficiencies or weaknesses so that you can make informed business decisions on how best to respond to these risks.

Significant Deficiencies

A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects your entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of your financial statements that is more than inconsequential will not be prevented or detected by your internal control. During our audit we found one significant deficiency in internal control. See the following schedule of findings and responses.

Materials Weaknesses

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by your internal control. During our audit we found no material weaknesses.

VILLAGE OF CLINTON
SCHEDULE OF FINDINGS AND RESPONSES
MARCH 31, 2014

Finding considered a significant deficiency

Criteria:

In accordance with Statement on Auditing Standards No. #115 titled *Communicating Internal Control Related Matters Identified in an Audit* (issued May 2006), we are required to communicate in writing when a client needs assistance to prepare the footnotes in the annual audit report in accordance with accounting principles generally accepted in the United States of America.

Condition

Currently, the Village staff prepares the interim financial reports and assists the external auditor in the preparation of the annual audit report.

Cause

The staff of the Village does understand all information included in the annual financial statements; however, assistance of the external auditor was utilized in preparing the footnotes to the financial statements.

Effect

Utilization of the external auditor in preparing the footnotes to the financial statements assists management with the external financial reporting responsibility, to ensure their financial statements are accurate. However, there is no oversight of the auditor's work in this area.

Recommendation

At this time, we recommend no changes to this situation and communicate this as required by professional standards. The current process meets the definition of a significant deficiency as defined in Statement on Auditing Standards #115.

Client Response

We are aware of this deficiency and believe it is not cost beneficial in our situation to develop this expertise. We will continue to use our external auditors for this technical assistance. We would expect this situation to be ongoing in future years.