

VILLAGE OF CLINTON, MICHIGAN

FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2010

WITH

INDEPENDENT AUDITORS' REPORT

VILLAGE OF CLINTON, MICHIGAN
COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended March 31, 2010

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VILLAGE OF CLINTON, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended March 31, 2010

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, 2010. 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 \$14,490,490 (*net assets*). Of this amount, \$1,929,653 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- ◆ The government's total net assets increased \$(402,837).
- ◆ As of the close of the current year, the Village of Clinton, Michigan's governmental funds reported combined ending fund balances of \$4,486,159, a decrease of \$(38,674) in comparison with the prior year.
- ◆ At the end of the current year, unreserved fund balance for the general fund was \$526,054, or 40% 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 assets* presents information on all of the Village of Clinton, Michigan's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets 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 – 5 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 6 - 11 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 12-15 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 16-38 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 - 44 of this report.

Government-wide Financial Analysis

As noted earlier, net assets 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 \$14,490,490 at the close of the most recent fiscal year.

By far the largest portion of the Village of Clinton, Michigan's net assets (43 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 ASSETS

	Governmental Activities	Business-type Activities	2010 Total	2009 Total
Current and other assets	\$4,598,067	\$3,935,931	\$8,533,098	\$8,107,539
Capital Assets	2,921,801	6,990,109	9,911,910	10,125,016
Total Assets	\$7,519,868	\$10,926,040	\$18,445,008	\$18,232,555
Long term liabilities outstanding	\$413,977	\$3,351,098	\$3,765,075	\$3,979,367
Other liabilities	81,548	108,795	190,343	165,535
Total Liabilities	\$495,525	\$3,459,893	\$3,955,418	\$4,144,902
Net Assets:				
Invested in capital assets, net of related debt	\$2,560,801	\$3,690,109	\$6,250,910	\$6,250,016
Restricted	3,960,105	2,349,822	6,309,927	5,990,463
Unrestricted	503,437	1,426,216	1,929,653	1,847,174
Total Net Assets	\$7,024,343	\$7,466,147	\$14,490,490	\$14,087,653

An additional portion of the Village of Clinton, Michigan's net assets (44 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$1,929,653) 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 assets, 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 \$4,486,159, a decrease of \$(38,674) in comparison with the prior year. Reserved fund balance (\$3,576,343) is not available for new spending since it already is committed. Permanent (Trusts) fund money (\$3,526,440) represents most of the reserved fund balance. Special Revenue Funds have \$132,518 available for their special uses.

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 \$526,054.

The fund balance of the Village of Clinton, Michigan's general fund decreased by \$(23,498) 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 assets of the utility funds at the end of the year amounted to \$1,426,216. The total increase in net assets for the fund was \$269,838.

Budgetary Highlights

- Amendments were made to the final General Fund budget to cover anticipated additional expenditures. Some of those expenditures included \$37,000 for the Woolen Mill case and \$10,000 for benefit insurance in the police department.
- There was a budget amendment in the Major Roads Fund to pay for the design work of \$52,300 for Tecumseh Road.
- The Fire Fund had a \$12,000 budget amendment to help fund the refurbishment of Engine One.
- The DDA Fund had a \$12,000 budget amendment to pay for professional services.
- The Electric Fund had a \$35,000 budget amendment for higher costs related to purchased power.
- The Water Fund had a \$20,000 budget amendment related to cost overruns on well number one repairs.

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, 2010, amounts to \$9,911,910 (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 \$(213,106).

Major capital assets purchased during the current fiscal year were:

▪ Engine 1 Refurbishing	\$ 39,698
▪ Park Improvement	\$257,491

VILLAGE OF CLINTON, MICHIGAN'S CAPITAL ASSETS

	Governmental Activities	Business-type Activities	Total
Land	\$285,152	\$30,644	\$315,796
Land Improvements	290,876		290,876
Buildings	480,445		480,445
Equipment and furnishings	462,460		462,460
Infrastructure	1,402,868	6,959,465	8,362,333
Total	\$2,921,801	\$6,990,109	\$9,911,910

Additional information on the Village of Clinton's capital assets can be found in Note 3. C. on pages 26-28.

Long-term debt. At the end of the current fiscal year, the Village of Clinton, Michigan had total bonded and note debt outstanding of \$3,661,000.

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

	Governmental Activities	Business-type Activities	Total
General Obligation Bonds	\$300,000		\$300,000
Revenue Bonds		3,300,000	3,300,000
Installment Purchase Loans	61,000		61,000
Total	\$361,000	\$3,300,000	\$3,661,000

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

Economic Factors and Next Year's Budgets and Rates

The Village is very concerned about the poor economic environment in the State of Michigan and the possible negative ramifications on the 2010-11 Budget. As a result, the Village took a conservative position with projected revenues and expenditures. Property taxes were budgeted 6 percent lower; with State Revenue Sharing budgeted 9 percent lower.

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.

June 8, 2010

INDEPENDENT AUDITORS' REPORT

Village Council
Village of Clinton
Clinton, Michigan

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, 2010, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village of Clinton, Michigan's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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 discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village of Clinton, Michigan, as of March 31, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages i through vii are is a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

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June 8, 2010

Village Council
Village of Clinton
Clinton, Michigan

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Clinton, Michigan's basic financial statements. The combining and individual nonmajor fund financial statements and schedules 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 and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Robertson, Eaton & Owen, P.C.

Village of Clinton, Michigan
Statement of Net Assets
March 31, 2010
With Comparative Totals for March 31, 2009

	Governmental Activities	Business-Type Activities	Total		Component Unit
			2010	2009	
ASSETS:					
Cash	\$ 583,927	\$ 207,192	\$ 791,119	\$ 806,066	\$ 123,512
Investments	3,864,868	986,215	4,851,083	4,806,916	
Receivables (net of allowance for uncollectibles)					
Accounts	52,111	367,087	419,198	440,570	3,776
Prepaid expenses	19,949	17,815	37,764	39,491	
Internal balances	10,800	(10,800)	-		
Internal balances - advances	68,000	(68,000)	-		
Due from component unit	(1,588)	55,595	(1,588)	(1,588)	1,588
Prepaid supplies				51,704	
Restricted assets:					
Cash		31,005	31,005	27,504	
Investments in joint venture		2,349,822	2,349,822	1,936,876	
Capital assets:					
Land	285,152	30,644	315,796	315,796	
Land improvements	569,864		569,864	569,864	456,815
Machinery; equipment; and furnishings	1,851,416	1,296,072	3,147,488	3,040,846	
Buildings	1,316,023	6,403,736	7,719,759	7,719,759	
Infrastructure	4,552,780	3,504,156	8,056,936	7,747,183	
Less: accumulated depreciation	(5,653,434)	(4,244,499)	(9,897,933)	(9,268,432)	(139,808)
Total assets	\$ 7,519,868	\$ 10,926,040	\$ 18,445,908	\$ 18,232,555	\$ 445,883

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

Village of Clinton, Michigan
Statement of Net Assets
March 31, 2010
With Comparative Totals for March 31, 2009

	Governmental Activities		Business-Type Activities		Total		Component Unit
	2010	2009	2010	2009	2010	2009	
LIABILITIES:							
Accounts payable	\$ 23,812	\$ 15,556	\$ 39,368	\$ 18,478	\$ 39,368	\$ 18,478	\$ -
Accrued liabilities	13,379	20,426	33,805	32,040	33,805	32,040	-
Liabilities payable from restricted assets		31,005	31,005	27,504	31,005	27,504	-
Interest payable	7,623		7,623	8,673	7,623	8,673	-
Accrued sick and vacation pay - current	36,734	41,808	78,542	78,840	78,542	78,840	-
Noncurrent liabilities:							
Due within one year	34,000	226,098	260,098	261,783	260,098	261,783	-
Due in more than one year	379,977	3,125,000	3,504,977	3,717,584	3,504,977	3,717,584	-
Total liabilities	495,525	3,459,893	3,955,418	4,144,902	3,955,418	4,144,902	-
NET ASSETS:							
Invested in capital assets, net of related debt	2,560,801	3,690,109	6,250,910	6,250,016	6,250,910	6,250,016	317,007
Restricted for:							
Investment in joint venture (note 7)		2,349,822	2,349,822	1,936,876	2,349,822	1,936,876	
Water treatment plant				78,306		78,306	
Highways and streets	78,418		78,418	94,045	78,418	94,045	
Public safety	55,618		55,618	56,572	55,618	56,572	
Culture and recreation	30,575		30,575	20,275	30,575	20,275	
Debt service	243		243	176	243	176	
Permanent funds:							
Expendable	258,811		258,811	305,773	258,811	305,773	
Nonexpendable	3,536,440		3,536,440	3,498,440	3,536,440	3,498,440	
Unrestricted	503,437	1,426,216	1,929,653	1,847,174	1,929,653	1,847,174	128,876
Total net assets	\$ 7,024,343	\$ 7,466,147	\$ 14,490,490	\$ 14,087,653	\$ 14,490,490	\$ 14,087,653	\$ 445,883

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, 2010
With Comparative Totals for the Year Ended March 31, 2009

Functions/programs	Net (Expense) Revenue and Changes in Net Assets						Component Unit	
	Program Revenues		Primary Government			Total		Downtown Development Authority
	Charges for Services	Operating Grants	Capital Grants	Governmental Activities	Business-Type Activities			
Governmental activities:								
General government	\$ 368,936	\$ -	\$ -	\$ (368,936)	\$ -	\$ (368,936)	\$ (432,005)	
Public safety	686,926	225,852		(461,074)		(461,074)	(481,734)	
Culture and recreation	171,210	8,035	160,151	(3,024)		(3,024)	(153,260)	
Sanitation	150,843	98,593		(52,250)		(52,250)	(55,705)	
Highways and streets	338,356			(338,356)		(338,356)	(325,251)	
Interest on long term debt	16,708			(16,708)		(16,708)	(18,924)	
Total governmental activities	1,732,979	332,480	160,151	(1,240,348)		(1,240,348)	(1,466,879)	
Business-type activities:								
Electric Fund	2,915,001	2,854,352		(60,649)		(60,649)	(135,552)	
Water Fund	197,305	167,488		(29,817)		(29,817)	(29,846)	
Sewer Fund	654,248	563,842		(90,406)		(90,406)	(133,302)	
Total business-type activities	3,766,554	3,585,682	-	(180,872)		(180,872)	(298,700)	
Total government	\$ 5,499,533	\$ 3,918,162	\$ 160,151	\$ (1,240,348)	\$ (180,872)	\$ (1,421,220)	\$ (1,765,579)	
Component Unit:								
Downtown development authority	\$ 31,612	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (31,612)	
Interest on long term debt	1,556						(1,556)	
Total component unit	\$ 33,168	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (33,168)	
General revenues:								
Property taxes			\$ 678,245	\$ -	\$ 678,245	\$ 678,245	\$ 685,100	
Intergovernmental			312,313		312,313	312,313	345,583	
Licenses, fees, and fines			33,960		33,960	33,960	23,695	
Contributions			38,000		38,000	38,000	-	
Investment earnings			109,638	19,028	128,666	128,666	187,687	
Miscellaneous revenues			182,427	412,946	595,373	595,373	482,005	
Transfers from component unit			37,500		37,500	37,500	33,200	
Transfers			(18,736)	18,736	-	-	-	
Total general revenues and transfers			1,373,347	450,710	1,824,057	1,824,057	1,757,280	
Change in net assets			132,999	269,838	402,837	402,837	(8,299)	
Total net assets - beginning of year			6,891,344	7,196,309	14,087,653	14,087,653	14,095,952	
Total net assets - end of year			\$ 7,024,343	\$ 7,466,147	\$ 14,490,490	\$ 14,087,653	\$ 445,883	

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

Village of Clinton, Michigan
Balance Sheet
Governmental Funds
March 31, 2010
With Comparative Totals for March 31, 2009

	Permanent Funds				Other Governmental Funds	Total Governmental Funds	
	General	Fire Fund	Robison Trust	Capital Improvement Tate Park		2010	2009
ASSETS:							
Cash	\$ 426,602	\$ 17,170			\$ 96,757	\$ 540,529	\$ 591,859
Investments	135,524	32,093	1,921,464	1,775,787		3,864,868	3,840,376
Receivables:							
Accounts	35,977	1,045			15,086	52,108	49,631
Due from other funds					28,369	28,369	14,944
Advance to other funds			98,000			98,000	125,000
Prepaid expense	12,134	5,802			2,013	19,949	20,953
Total assets	\$ 610,237	\$ 56,110	\$ 2,019,464	\$ 1,775,787	\$ 142,225	\$ 4,603,823	\$ 4,642,763
LIABILITIES:							
Accounts payable	\$ 20,699	\$ 492			\$ 695	\$ 21,886	\$ 15,046
Accrued expenditures	11,171				2,102	13,273	12,084
Due to other funds	17,377				192	17,569	16,532
Due to other component units	1,588					1,588	-
Advance from other funds					30,000	30,000	42,000
Accrued sick and vacation pay	33,348					33,348	32,268
Total liabilities	\$ 84,183	\$ 492	\$ -	\$ -	\$ 32,989	\$ 117,664	\$ 117,930
FUND BALANCES:							
Reserved for:							
Debt service	\$	\$	\$	\$	\$ 243	\$ 243	\$ 176
Advances			98,000			98,000	125,000
Endowment			1,670,220	1,768,220		3,438,440	3,373,440
Tate park				7,567		7,567	86,363
Fire department vehicles		32,093				32,093	32,094
Unreserved, reported in:							
General fund	526,054					526,054	549,552
Special revenue funds		23,525			108,993	132,518	138,798
Permanent funds			251,244			251,244	219,410
Total fund balance	526,054	55,618	2,019,464	1,775,787	109,236	4,486,159	4,524,833
Total liabilities & fund balance	\$ 610,237	\$ 56,110	\$ 2,019,464	\$ 1,775,787	\$ 142,225	\$ 4,603,823	\$ 4,642,763
				2010	2009		
Total governmental fund balances				\$ 4,486,159	\$ 4,524,833		
Capital assets used in the governmental activities are not financial resources and, therefore, are not reported in the governmental funds:				2,921,801	2,792,385		
Accrued interest payable on long term debt is recognized in governmental funds when paid and not when accrued.				(7,623)	(8,673)		
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.				(52,977)	(51,584)		
Loan indebtedness are recognized in the governmental funds when paid and not when accrued.				(361,000)	(395,000)		
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 assets. Note: The net capital assets (\$143,388) of the Equipment fund are included in the capital asset figure above (\$2,921,801), and not in this adjustment.				37,983	29,383		
Net differences				2,538,184	2,366,511		
Total net assets of governmental activities				\$ 7,024,343	\$ 6,891,344		

Village of Clinton, Michigan
Statement of Revenues, Expenditures & Changes in Fund Balance
Governmental Funds
For the Year Ended March 31, 2010
With Comparative Totals for the Year Ended March 31, 2009

	Permanent Funds				Other Governmental Funds	Total Governmental Funds	
	General	Fire Fund	Robison Trust	Tate Park Capital Improvement		2010	2009
REVENUES:							
Property taxes	\$ 623,026				\$ 55,219	\$ 678,245	\$ 685,100
Intergovernmental revenues	342,412				130,052	472,464	345,583
Licenses, fees and charges for services	138,386				2,202	140,588	144,240
Rentals	14,078				6,895	20,973	22,639
Interest	7,208	857	75,712	69,039	566	153,382	162,390
Other	77,383	3,101			148	80,632	51,045
Townships		225,852				225,852	225,088
Contributions			19,000	19,000		38,000	-
Realized gain (loss) on investment			5,907	4,097		10,004	-
Unrealized gain (loss) on investment			(26,009)	(27,787)		(53,796)	(510)
Total revenues	1,202,493	229,810	74,610	64,349	195,082	1,766,344	1,635,575
EXPENDITURES:							
Current:							
General government	289,776		5,040	4,676		299,492	373,190
Public safety	479,238	230,764				710,002	690,664
Culture and recreation	393,967					393,967	122,252
Sanitation	96,248				54,595	150,843	150,571
Highways and streets	43,956				174,814	218,770	249,875
Debt service:							
Principle	9,000				25,000	34,000	29,000
Interest	4,275				12,433	16,708	18,023
Total expenditures	1,316,460	230,764	5,040	4,676	266,842	1,823,782	1,633,575
Excess (deficiency) of revenues over (under) expenditures	(113,967)	(954)	69,570	59,673	(71,760)	(57,438)	2,000
Other financing sources (uses):							
Transfers in	119,469				66,500	185,969	150,283
Transfers out	(29,000)		(18,736)	(119,469)		(167,205)	(152,358)
Total other financing sources (uses)	90,469	-	(18,736)	(119,469)	66,500	18,764	(2,075)
Change in fund balances	(23,498)	(954)	50,834	(59,796)	(5,260)	(38,674)	(75)
Total fund balances - beginning of year	549,552	56,572	1,968,630	1,835,583	114,496	4,524,833	4,524,908
Total fund balances - end of year	\$ 526,054	\$ 55,618	\$ 2,019,464	\$ 1,775,787	\$ 109,236	\$ 4,486,159	\$ 4,524,833

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

**Village of Clinton, Michigan
Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended March 31, 2010**

Change in fund balances total governmental funds \$ (38,674)

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 by depreciation is less than capital outlay in the current period. (Total capital outlay \$413,375 less total depreciation \$276,896).

Note: Capital outlay does not include Equipment Fund capital asset additions or its depreciation.

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 assets. 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	34,000		34,000

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 governmental funds-

Accrued interest - net			1,050
Accrued long-term sick and vacation pay - net effect			(1,393)

Internal Service Fund (Equipment Fund) is used by the Village to charge equipment rental to individual funds. The net income of this activity is reported with governmental activities.

		1,537	
Change in net assets of governmental activities		\$ 132,999	

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

Village of Clinton, Michigan
Statement of Revenues, Expenditures & Changes in Fund Balance-Budget and Actual
General Fund
For the Year Ended March 31, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Property taxes	\$ 603,000	\$ 623,000	\$ 623,026	\$ 26
Intergovernmental revenue	185,800	185,800	182,261	(3,539)
Michigan Natural Resource trust grant	297,600	297,600	160,151	(137,449)
Licenses, fees and charges for services	131,600	131,600	138,386	6,786
Rentals	12,700	12,700	14,078	1,378
Interest	10,000	10,000	7,208	(2,792)
Other	26,000	61,100	77,383	16,283
Total revenues	<u>1,266,700</u>	<u>1,321,800</u>	<u>1,202,493</u>	<u>(119,307)</u>
EXPENDITURES:				
General government:				
Council	10,640	11,440	11,379	61
Administration	93,330	81,030	83,082	(2,052)
Buildings and grounds	140,220	140,220	122,816	17,404
Planning Commission	4,260	4,260	2,708	1,552
Professional service	8,000	57,300	55,182	2,118
Insurance	16,000	16,000	14,609	1,391
Total general government	<u>272,450</u>	<u>310,250</u>	<u>289,776</u>	<u>20,474</u>
Public safety:				
Police department	443,580	458,680	461,038	(2,358)
Building and zoning inspection	14,370	16,570	18,200	(1,630)
Total public safety	<u>457,950</u>	<u>475,250</u>	<u>479,238</u>	<u>(3,988)</u>
Highways and Streets:				
Street lighting	43,000	43,000	43,956	(956)
Total expenditures to carry forward	<u>773,400</u>	<u>828,500</u>	<u>812,970</u>	<u>15,530</u>
Sanitation:				
Waste collection and disposal	97,100	97,100	96,248	852
Culture - recreation				
Parks	559,760	559,760	393,967	165,793
Debt Service:				
Principal	9,000	9,000	9,000	-
Interest	4,220	4,220	4,275	(55)
Total debt service	<u>13,220</u>	<u>13,220</u>	<u>13,275</u>	<u>(55)</u>
Total expenditures	<u>1,443,480</u>	<u>1,498,580</u>	<u>1,316,460</u>	<u>182,120</u>

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

Village of Clinton, Michigan
Statement of Revenues, Expenditures & Changes in Fund Balance-Budget and Actual
General Fund
For the Year Ended March 31, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Excess (deficiency) of revenues (under) expenditures	(176,780)	(176,780)	(113,967)	62,813
Other financing sources (uses):				
Transfers in	202,400	202,400	119,469	(82,931)
Transfers out	(58,420)	(58,420)	(29,000)	29,420
Total other financing sources (uses)	<u>143,980</u>	<u>143,980</u>	<u>90,469</u>	<u>(53,511)</u>
Change in fund balance	(32,800)	(32,800)	(23,498)	9,302
Total fund balances - beginning of year			<u>549,552</u>	
Total fund balances - end of year			<u><u>\$ 526,054</u></u>	

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

Village of Clinton, Michigan
Statement of Revenues, Expenditures & Changes in Fund Balance-Budget and Actual
Fire Fund Special Revenue Fund
For the Year Ended March 31, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:				
Miscellaneous	\$ 100	\$ 100	\$ 3,101	\$ 3,001
Township contributions	219,820	229,820	225,852	(3,968)
Interest	2,000	2,000	857	(1,143)
Total revenues	<u>221,920</u>	<u>231,920</u>	<u>229,810</u>	<u>(2,110)</u>
EXPENDITURES:				
Wages	93,400	93,400	85,823	7,577
Benefits	13,350	13,350	11,124	2,226
Supplies	20,500	20,500	15,722	4,778
Professional fees	600	600	533	67
Communications	6,000	6,000	6,661	(661)
Workshops	11,000	11,000	4,254	6,746
Gas and oil	4,300	4,300	2,655	1,645
Insurance	12,700	12,700	12,060	640
Utilities	8,000	8,000	7,554	446
Equipment maintenance	5,000	5,000	5,761	(761)
Truck maintenance	11,000	11,000	21,296	(10,296)
Building maintenance	12,500	12,500	5,803	6,697
Capital outlay	18,000	30,000	51,518	(21,518)
Debt Service	5,570	5,570	-	5,570
Total expenditures	<u>221,920</u>	<u>233,920</u>	<u>230,764</u>	<u>3,156</u>
Excess (deficiency) of revenues (under) expenditures	-	(2,000)	(954)	1,046
Total fund balances - beginning of year			<u>56,572</u>	
Total fund balances - end of year			<u>\$ 55,618</u>	

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

Village of Clinton, Michigan
Statement of Net Assets
Proprietary Fund
March 31, 2010
With Comparative Totals for March 31, 2009

	Business-type Activities - Enterprise Funds			Total		Governmental
	Electric Fund	Water Fund	Sewer Fund	Proprietary Funds		Internal Service Fund
				2010	2009	
ASSETS:						
Current assets:						
Cash and cash equivalents	\$ 88,630	\$ 63,803	\$ 54,759	\$ 207,192	\$ 179,823	\$ 43,398
Investments	779,986	64,416	141,813	986,215	966,540	
Receivables						
Accounts	291,735	13,310	54,950	359,995	382,637	
Accrued interest	4,840	580	1,672	7,092	8,299	3
Prepaid expenses and other assets	10,104	3,370	4,341	17,815	18,538	
Prepaid supplies	55,595			55,595	51,704	
Total current assets	1,230,890	145,479	257,535	1,633,904	1,607,541	43,401
Noncurrent assets:						
Restricted assets:						
Cash	\$ 31,005			\$ 31,005	\$ 27,504	
Investment in joint venture	2,349,822			2,349,822	1,936,876	
Capital assets:						
Land	17,495	3,000	10,149	30,644	30,644	
Buildings	490,113	73,715	5,839,908	6,403,736	6,403,736	
Utility systems	1,718,129	1,028,925	757,102	3,504,156	3,504,156	
Equipment/trucks	1,048,828	127,276	119,968	1,296,072	1,293,052	741,850
Less: accumulated depreciation	(2,562,408)	(610,954)	(1,071,137)	(4,244,499)	(3,898,957)	(598,462)
Total capital assets - net	712,157	621,962	5,655,990	6,990,109	7,332,631	143,388
Total, noncurrent assets	3,092,984	621,962	5,655,990	9,370,936	9,297,011	143,388
Total assets	\$ 4,323,874	\$ 767,441	\$ 5,913,525	\$ 11,004,840	\$ 10,904,552	\$ 186,789
LIABILITIES:						
Current Liabilities:						
Accounts payable	\$ 1,128	\$ 2,841	\$ 11,587	\$ 15,556	\$ 1,921	\$ 1,926
Accrued expenses	15,535	1,583	3,308	20,426	19,849	106
Due to other funds	5,400	5,400	-	10,800		
Advance payable to other funds	-	21,760	46,240	68,000	83,000	
SRF loan payable			180,000	180,000	175,000	
Total current liabilities	22,063	31,584	241,135	294,782	279,770	2,032
Current liabilities payable from restricted assets:						
Customer deposits	31,005			31,005	27,504	
Noncurrent liabilities:						
Accrued leave	46,116	11,253	35,537	92,906	95,969	3,386
SRF loan payable			3,120,000	3,120,000	3,305,000	
Total liabilities	99,184	42,837	3,396,672	3,538,693	3,708,243	5,418
NET ASSETS:						
Invested in capital assets, net of related debt	712,157	621,962	2,355,990	3,690,109	3,852,631	143,388
Restricted in joint venture	2,349,822			2,349,822	1,936,876	
Reserved for water treatment plant				-	78,306	
Unrestricted	1,162,711	102,642	160,863	1,426,216	1,328,496	37,983
Total net assets	\$ 4,224,690	\$ 724,604	\$ 2,516,853	\$ 7,466,147	\$ 7,196,309	\$ 181,371

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

Village of Clinton, Michigan
Statement of Revenues, Expenditures & Change in Net Assets
Proprietary Fund
For the Year Ended March 31, 2010
With Comparative Totals for the Year Ended March 31, 2009

	Business-type Activities - Enterprise Funds			Total Proprietary Funds		Governmental Activities Internal Service Fund
	Electric Fund	Water Fund	Sewer Fund	2010	2009	
Operating revenue:						
Metered sales	\$ 2,808,225	\$ 148,641	\$ 524,709	\$ 3,481,575	\$ 3,445,613	\$ -
Penalties and service charges	35,760	16,660	36,615	89,035	46,544	
Miscellaneous	3,705	2,187	2,518	8,410	11,242	12,538
Rentals	6,662			6,662	30	68,284
Total operating revenues	<u>2,854,352</u>	<u>167,488</u>	<u>563,842</u>	<u>3,585,682</u>	<u>3,503,429</u>	<u>80,822</u>
Operating expenses:						
Light plant	74,514			74,514	80,528	
Purchased power	2,228,067			2,228,067	2,170,428	
Administrative	315,827	59,297	25,521	400,645	401,611	
Electric distribution system	218,462			218,462	289,811	
Water distribution		121,968		121,968	113,188	
Collection system			20,286	20,286	16,623	
Sewer treatment plant			284,937	284,937	313,344	
Depreciation	67,079	14,082	264,381	345,542	357,202	31,538
Professional services	11,052	1,958	2,573	15,583	-	
Equipment operation and maintenance				-	-	47,795
Total operating expenses	<u>2,915,001</u>	<u>197,305</u>	<u>597,698</u>	<u>3,710,004</u>	<u>3,742,735</u>	<u>79,333</u>
Operating income (loss)	<u>(60,649)</u>	<u>(29,817)</u>	<u>(33,856)</u>	<u>(124,322)</u>	<u>(239,306)</u>	<u>1,489</u>
Nonoperating revenues (expenses):						
Income from joint venture	412,946			412,946	408,321	
Interest income	10,671	1,699	6,658	19,028	25,817	48
Interest expense			(56,550)	(56,550)	(59,394)	
Total nonoperating revenues (expenses)	<u>423,617</u>	<u>1,699</u>	<u>(49,892)</u>	<u>375,424</u>	<u>374,744</u>	<u>48</u>
Net income (loss) before transfers	<u>362,968</u>	<u>(28,118)</u>	<u>(83,748)</u>	<u>251,102</u>	<u>135,438</u>	<u>1,537</u>
Transfers in		5,996	12,740	18,736	35,275	
Change in net assets	<u>362,968</u>	<u>(22,122)</u>	<u>(71,008)</u>	<u>269,838</u>	<u>170,713</u>	<u>1,537</u>
Total net assets - beginning of year	<u>3,861,722</u>	<u>746,726</u>	<u>2,587,861</u>	<u>7,196,309</u>	<u>7,025,596</u>	<u>179,834</u>
Total net assets - end of year	<u>\$ 4,224,690</u>	<u>\$ 724,604</u>	<u>\$ 2,516,853</u>	<u>\$ 7,466,147</u>	<u>\$ 7,196,309</u>	<u>\$ 181,371</u>

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 & Cash Equivalents
For the Year Ended March 31, 2010
With Comparative Totals for the Year Ended March 31, 2009

	<u>Business-type Activities - Enterprise Funds</u>			<u>Total</u>		<u>Governmental</u>
	<u>Electric</u>	<u>Water</u>	<u>Sewer</u>	<u>Proprietary Funds</u>		<u>Internal</u>
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>2010</u>	<u>2009</u>	<u>Service Fund</u>
Cash flows from operating activities:						
Cash received from customers	\$ 2,879,941	\$ 168,874	\$ 564,217	\$ 3,613,032	\$ 3,460,040	\$ -
Cash paid to suppliers and employees	(2,851,801)	(184,236)	(320,444)	(3,356,481)	(3,391,750)	-
Net cash provided by (used in) operating activities	28,140	(15,362)	243,773	256,551	68,290	33,441
Cash flows from noncapital financing activities:						
SRF loan proceeds (payment)			(180,000)	(180,000)	(175,000)	
Transfer from Robison Trust Fund		5,996	12,740	18,736	35,275	
Payment on advances			(10,200)	(10,200)	(15,000)	
Advance Received	5,400	600	-	6,000	-	
Net cash provided by (used in) noncapital financing activities	5,400	6,596	(177,460)	(165,464)	(154,725)	-
Cash flows from investing activities:						
Capital expenditures		(3,020)		(3,020)	(47,097)	(24,475)
Interest received	10,671	1,699	6,658	19,028	25,817	48
Interest expense			(56,550)	(56,550)	(59,394)	
Net cash provided by (used in) investing activities	10,671	(1,321)	(49,892)	(40,542)	(80,674)	(24,427)
Net decrease in cash and cash equivalents	44,211	(10,087)	16,421	50,545	(167,109)	9,014
Cash and cash equivalents at beginning of year	855,410	138,306	180,151	1,173,867	1,340,976	34,384
Cash and cash equivalents at end of year	<u>\$ 899,621</u>	<u>\$ 128,219</u>	<u>\$ 196,572</u>	<u>\$ 1,224,412</u>	<u>\$ 1,173,867</u>	<u>\$ 43,398</u>

Change in investment in joint venture (\$412,946) is a noncash transaction and does not effect 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, 2010
With Comparative Totals for the Year Ended March 31, 2009

	Business-type Activities - Enterprise Funds			Total		Governmental
	Electric Fund	Water Fund	Sewer Fund	Proprietary Funds 2010	Proprietary Funds 2009	Internal Service Fund
Net operating (loss) income	\$ (60,649)	\$ (29,817)	\$ (33,856)	\$ (124,322)	\$ (239,306)	\$ 1,489
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities						
Depreciation	67,079	14,082	264,381	345,542	357,202	31,538
(Increase) decrease in:						
Receivables	22,088	1,386	375	23,849	(45,787)	
Prepaid expenses	723			723	669	
Prepaid supplies	(3,891)			(3,891)	847	
Increase (decrease) in:						
Accrued expenses and other liabilities	(711)	2,922	12,001	14,212	(6,266)	414
Accrued leave		(3,935)	872	(3,063)	(1,467)	
Customer deposits	3,501			3,501	2,398	
 Net cash provided by (used in) operating activities	 <u>\$ 28,140</u>	 <u>\$ (15,362)</u>	 <u>\$ 243,773</u>	 <u>\$ 256,551</u>	 <u>\$ 68,290</u>	 <u>\$ 33,441</u>

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

VILLAGE OF CLINTON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2010

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 Corporation 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, 2010

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 assets and the statement of changes in net assets) 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, 2010

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.

The *Capital Projects Fund* is used to account for the acquisition and construction of major capital projects other than those financed by proprietary funds or trust funds.

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 resources, both principal and interest, may be expended. 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 (Major Street, Local Street, Community Center Fund, Fire Fund, and Softball Program) are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities (utility and motor vehicle funds), subject to this same limitation. The Village has elected not to follow subsequent private-sector guidance.

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, 2010

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 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, 2010

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 and Sewer Funds.

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 2009. 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. Therefore, property taxes receivable are not accounted for under the 60 day rule.

3. Inventories and prepaid items

All inventories 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. Capital assets are defined by the government as

VILLAGE OF CLINTON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2010

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2010

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

7. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary information

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

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

B. Excess of expenditures over appropriations in budgetary funds

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

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

During the year ended March 31, 2010, the Village incurred expenditures in the governmental funds which were in excess of the amounts appropriated, as follows:

	Budgeted Amount		Actual		Variance
General Fund					
Administration	\$ 81,030	\$	83,082	\$	2,052
Building & Zoning Inspection	16,570		18,200		1,630
Street lighting	43,000		43,956		956
Interest Expense	4,220		4,275		55

These additional expenditures were funded by greater than anticipated revenues.

VILLAGE OF CLINTON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2010

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 95% of the investments are fixed income securities, which are subject to interest rate risk.

The Village is subject to credit risk having a large portion of cash and investments which are uninsured.

The Village is also subject to custodial credit risk having 87% of investments with United Bank & Trust, 5% of investments with TLC Community Credit Union, and 5% with First Federal Bank of Midwest. All demand deposits are with Comerica Bank.

Primary Government

At year end, bank deposits amounted to \$927,544. Of this amount \$250,000 was covered by Federal Depository Insurance and \$677,544 was uninsured and uncollateralized. At certain times of the year, especially when property taxes are being collected, the Village's uncollateralized deposits increase significantly; as a result, the amounts of uncollateralized deposits at those times were higher. All deposits are with banks located in Michigan as required by statutes.

At year end, bank balances, net of checks written but not cleared, as recorded in the financial statements were \$865,522. Of that amount, \$4,678 was in cash and checking; and \$860,844 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 \$123,512 at year end. This account is part of the J Fund with Comerica Bank.

Primary Government

The Village had investments with carrying value and bank balance of \$4,851,084 at year end of which \$977,091 is covered by Federal Depository Insurance. Investments consist of:

VILLAGE OF CLINTON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2010

NOTE 3. DETAILED NOTES ON ALL FUNDS

A. Deposits and investments

<u>Certificates of Deposit</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Balance</u> <u>March 31, 2010</u>
General Fund	9/25/10	5.00	\$ 135,523
Electric Fund	10/9/09	1.84	94,550
Electric Fund	1/10/11	2.03	245,737
Fire Fund	6/29/10	3.21	32,093
Sewer Fund	9/25/10	5.00	116,745
Sewer Fund	10/9/09	1.84	25,068
Water Fund	10/9/09	1.84	64,416
<u>Money Market</u>			
Electric Fund		0.35	208,346
Electric Fund		0.55	231,354
<u>Managed Accounts at United Bank & Trust</u>		<u>Current Yield</u>	
Village of Clinton Robison Trust		3.68	1,921,464
John F. Robison Tate Park		3.96	1,775,788
			<u>\$ 4,851,084</u>

VILLAGE OF CLINTON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

March 31, 2010

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	Component Unit - DDA
Receivables:											
Taxes	\$ 27,058			\$ 2,402						\$ 29,460	
Accounts	7,306					291,735	13,310	54,950		367,301	3,759
Intergovernmental		9,238	3,334							12,572	
Accrued Interest	1,613	15		97	1,045	4,840	580	1,672	3	9,865	17
Gross receivables	35,977	9,253	3,334	2,499	1,045	296,575	13,890	56,622	3	419,198	3,776
Less: allowance for uncollectibles	-	-	-	-	-	-	-	-	-	-	-
Net total receivables	\$ 35,977	\$ 9,253	\$ 3,334	\$ 2,499	\$ 1,045	\$ 296,575	\$ 13,890	\$ 56,622	\$ 3	\$ 419,198	\$ 3,776

VILLAGE OF CLINTON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2010

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital assets

Capital asset activity for the year ended March 31, 2010 was as follows:

Primary Government

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Governmental activities:				
Assets not being depreciated-land	\$ 285,152	\$ -	\$ -	\$ 285,152
Capital assets, being depreciated:				
Land improvements	569,864			569,864
Buildings	1,316,023			1,316,023
Equipment, machinery and furnishings	1,747,794	103,622		1,851,416
Infrastructure	4,243,027	309,753		4,552,780
Depreciable capital assets	<u>7,876,708</u>	<u>413,375</u>	<u>-</u>	<u>8,290,083</u>
Less accumulated depreciation for:				
Land improvements	(259,993)	(18,995)		(278,988)
Buildings	(809,258)	(26,320)		(835,578)
Equipment, machinery and furnishings	(1,296,385)	(92,571)		(1,388,956)
Infrastructure	(3,003,839)	(146,073)		(3,149,912)
Total accumulated depreciation	<u>(5,369,475)</u>	<u>(283,959)</u>	<u>-</u>	<u>(5,653,434)</u>
Total net capital assets being depreciated	<u>2,507,233</u>	<u>129,416</u>	<u>-</u>	<u>2,636,649</u>
Governmental activities net capital assets	<u>\$ 2,792,385</u>	<u>\$ 129,416</u>	<u>\$ -</u>	<u>\$ 2,921,801</u>

VILLAGE OF CLINTON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2010

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	\$ 30,644	\$ -	\$ -	\$ 30,644
Total capital assets, not being depreciated	<u>30,644</u>	<u>-</u>	<u>-</u>	<u>30,644</u>
Capital assets, being depreciated:				
Utility systems	11,200,944	3,020		11,203,964
Depreciable capital assets	<u>11,200,944</u>	<u>3,020</u>	<u>-</u>	<u>11,203,964</u>
Less accumulated depreciation for:				
Utility systems	(3,898,957)	(345,542)		(4,244,499)
Total accumulated depreciation	<u>(3,898,957)</u>	<u>(345,542)</u>	<u>-</u>	<u>(4,244,499)</u>
Total net capital assets being depreciated	<u>7,301,987</u>	<u>(342,522)</u>	<u>-</u>	<u>6,959,465</u>
Business-type activities net capital assets	<u>\$ 7,332,631</u>	<u>\$ (342,522)</u>	<u>\$ -</u>	<u>\$ 6,990,109</u>

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

Governmental activities:	
General government	\$ 21,633
Public safety	47,556
Culture and recreation	42,922
Highways and streets	<u>171,848</u>
Total depreciation - governmental activities	<u>\$ 283,959</u>
Business-type activities:	
Utility	<u>\$ 345,542</u>
Total depreciation - business-type activities	<u>\$ 345,542</u>

VILLAGE OF CLINTON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2010

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, 2010 was as follows:

	<u>Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u>
Capital assets, being depreciated:				
Land improvements	\$ 456,815	\$ -	\$ -	\$ 456,815
Less accumulated depreciation for:				
Land improvements	<u>(124,581)</u>	<u>(15,227)</u>		<u>(139,808)</u>
DDA net capital assets	<u>\$ 332,234</u>	<u>\$ (15,227)</u>	<u>\$ -</u>	<u>\$ 317,007</u>

D. Interfund receivables, payables, and transfers

Primary Government

Due to/from other funds

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Fund</u>	<u>Interfund Payable</u>
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	1,500	Electric	1,500
Local Street	3,900	Water	3,900
Local Street	3,900	Electric	3,900
Major Street	<u>192</u>	Local Street	<u>192</u>
Total	<u>\$ 28,369</u>	Total	<u>\$ 28,369</u>

Advance to/from other funds:

Village of Clinton	\$ -	Water Fund	\$ 21,760
Robison Trust	<u>98,000</u>	Sewer Fund	46,240
		Community Center Fund	<u>30,000</u>
Total	<u>\$ 98,000</u>	Total	<u>\$ 98,000</u>

VILLAGE OF CLINTON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2010

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)	General Fund (Primary Government)
\$ 1,588	\$ 1,588

Interfund transfers:

Transfers out:	Transfers In						Total
	General	Local Street	Debt Service	Water Fund	Sewer Fund	Major Street	
General	\$ -	\$ 25,000	\$ -		\$ -	\$ 4,000	\$ 29,000
Downtown Development Authority			37,500				37,500
Tate Park Capital Investment	119,469						119,469
Robison Trust				5,996	12,740		18,736
Total	\$ 119,469	\$ 25,000	\$ 37,500	\$ 5,996	\$ 12,740	\$ 4,000	\$ 204,705

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, 2010 was \$300,000.

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, 2010 was \$61,000.

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

Government Activities		
Year Ending March 31,	Principal	Interest
2011	\$ 34,000	\$ 15,245
2012 - 2016	192,000	52,750
2017 - 2021	135,000	12,139
	\$ 361,000	\$ 80,134

VILLAGE OF CLINTON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

March 31, 2010

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

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, 2010 was \$3,300,000.

Annual Debt Service requirements to maturity are projected as follows:

Debt related to business-type activities

Annual Debt Service requirement to maturity are projected as follows:

Business-type Activities	
Year Ending March 31,	Principal
2011	\$ 180,000
2012	185,000
2013	190,000
2014	190,000
2015	195,000
2016-2018	605,000
2019 - 2023	1,070,000
2024 - 2027	685,000
	\$ 3,300,000

VILLAGE OF CLINTON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2010

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, 2010:

	Governmental Activities		Business-type	Component Unit		Accrued Employee Benefits	Total
	Installment Purchase	Primary Government Bond Issue	Activity Bond Issue	DDA			
				Installment Purchase	DDA Bond Issue		
Long-term debt at March 31, 2009	\$ 70,000	\$ 325,000	\$ 3,480,000	\$ 20,000	\$ 30,000	\$ 150,970	\$ 4,075,970
Loan proceeds							-
Principal payment	(9,000)	(25,000)	(180,000)		(30,000)		(244,000)
Increase in accrued employee benefits						31,555	31,555
Long term note payable - United Bank & Trust				(20,000)			(20,000)
Long-term debt at March 31, 2010	\$ 61,000	\$ 300,000	\$ 3,300,000	\$ -	\$ -	\$ 182,525	\$ 3,843,525

VILLAGE OF CLINTON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2010

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

F. Advance (loan) to other funds

The Village of Clinton Robison Trust has loaned money to the Water Fund (\$40,000) and Sewer Fund (\$85,000). The promissory note with the Village states annual payments on principal will be made by November 1, and interest at 4.5% will be paid each May 1 and November 1. The final payment on the note is due January 15, 2014. Also the Trust has loaned \$60,000 to the Community Center at 4.6% interest and due May 1, 2012. Payments on this loan will also be paid May 1 and November 1.

Annual debt service requirements to maturity for this loan are as follows:

Year Ending	Business-Type Activities				Governmental - Type Activities	
	Water Fund		Sewer Fund		Community Center	
	Principal	Interest	Principal	Interest	Principal	Interest
March 31,						
2011	\$ 5,120	\$ 980	\$ 10,880	\$ 2,080	\$ 12,000	\$ 1,242
2013 - 2014	16,640	1,512	35,360	3,214	18,000	828
	<u>\$ 21,760</u>	<u>\$ 2,492</u>	<u>\$ 46,240</u>	<u>\$ 5,294</u>	<u>\$ 30,000</u>	<u>\$ 2,070</u>

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

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

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

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

Any contingent liabilities under these arrangements are not known.

VILLAGE OF CLINTON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2010

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 Gabriel, Roeder, Smith & Company. 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, 447 North Canal Road, Lansing, Michigan 48917.

B. Funding Policy

Employees make contributions 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, 2010, the Village's required annual pension contribution was \$121,795. The required contribution was determined as part of the December 31, 2005 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included -

[a] 8.0% investment rate of return,

[b] projected salary increases of 4.5% per year compounded annually,

VILLAGE OF CLINTON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2010

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 12/31/08)

Retirees and beneficiaries currently receiving benefits	\$	964,911
Terminated employees not yet receiving benefits		202,389
Non-vested terminated employees (pending refunds of accumulated member contributions)		
Current employees --		
Accumulated employee contributions including allocated investment income		223,142
Employer financed		<u>2,005,506</u>
 Total actuarial accrued liability		 3,395,948
 Net assets available for benefits at actuarial value		 <u>3,688,290</u>
(Market value is \$2,650,620)		
 Unfunded (overfunded) actuarial accrued liability	 \$	 <u><u>(292,342)</u></u>

Three Year Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
March 31, 2008	83,311	100%	0
March 31, 2009	108,652	100%	0
March 31, 2010	121,795	100%	0

VILLAGE OF CLINTON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2010

NOTE 5. OTHER INFORMATION (Continued)

SCHEDULE OF FUNDING PROGRESS

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-

NOTE 6. 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 ITT Hartford Insurance Group. 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 7. 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:

VILLAGE OF CLINTON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2010

NOTE 7. JOINT VENTURE – MICHIGAN SOUTH CENTRAL POWER AGENCY (Continued)

<u>Municipality</u>	<u>Percentage Share</u>
Clinton	6.5
Coldwater	40.0
Hillsdale	25.5
Marshall	24.0
Union City	<u>4.0</u>
	<u>100.0</u>

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

Each of the member municipalities entered into (a) a Power Sales Contract with the Agency for the supply of power and energy from the Agency, and (b) a Substation Agreement with the Agency for services provided by the Agency to the member municipality with respect to substation facilities; both of these agreements will remain in effect as long as the Power Supply System Revenue Refunding Bonds, 1994, 1992, 1991, and 1986 Series are outstanding. Each member municipality also entered into an Economic Dispatch Agreement with the Agency providing for the dispatch by the Agency of power and energy from certain existing generating facilities of the member municipalities on an economic basis. The Power Sales Contracts between the Agency and the member municipalities require the Agency to provide, and the member municipalities to purchase from the Agency, all of the members' bulk power supply, as defined in the contracts. Each member is obligated to pay its share of the Agency's operating and debt service costs of Project I. The Substation Agreements require the Agency to provide, and the municipalities to purchase, services of the municipalities' substation facilities for transmission, transformation, and delivery of electric power and energy from the Agency to the municipalities. Under the Economic Dispatch Agreement, the member municipalities are required to sell to the Agency power generated by their facilities, defined as dedicated capacity.

VILLAGE OF CLINTON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2010

NOTE 7. JOINT VENTURE – MICHIGAN SOUTH CENTRAL POWER AGENCY (Continued)

Michigan South Central Power Agency's revenue bonds outstanding are as follows:

	June 30	
	<u>2009</u>	<u>2008</u>
2000 Series - 6.00% Serial Bonds, maturing annually on May 1, 2010 to 2012	\$ 6,000,000	\$ 6,000,000
2002 Series - 5.00% Serial Bonds, maturing annually on November 21, 2008 to 2011	15,760,000	23,655,000
2003 Series - 3.957% Bonds, maturing annually on November 1, 2004 to 2010	526,005	859,914
2004 Series - 4.5% Term bonds, due November 1, 2011	<u>8,705,000</u>	<u>8,970,000</u>
Total outstanding debt	<u>\$ 30,991,005</u>	<u>\$ 39,484,914</u>

These are revenue bonds secured by pledges of revenues earned, as well as assets in funds established by bond resolution

A summary of financial information on Michigan South Central Power Agency at June 30, 2008 and 2007 follows:

	<u>2009</u>	<u>2008</u>
Total assets	\$ 72,193,810	\$ 74,726,006
Total liabilities	36,042,699	44,927,913
Net assets	36,151,111	29,798,093
Operating revenues	47,987,421	45,869,712
Operating expenses	40,251,493	38,599,740
Income from operations	7,735,928	7,269,972
Investment and miscellaneous income	666,152	1,341,185
Interest and amortization expense	(2,084,987)	(2,491,090)
Other expense		
Realized and unrealized gain (loss) on investments	35,925	161,801
Change in net assets	6,353,018	6,281,868

VILLAGE OF CLINTON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2010

NOTE 8. VILLAGE OF CLINTON – ROBISON TRUST

The Village has created a trust funded by unrestricted gifts from the Estate of John F. Robison (\$1,768,220). 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 (\$1,768,220). 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.

Village of Clinton, Michigan
Combining Balance Sheet
Nonmajor Governmental Funds
January 0, 1900

	Debt Service	Major Street Fund	Local Street Fund	Community Center Fund	Softball Program	Total Nonmajor Governmental Funds	
						Governmental Funds 2010	2009
ASSETS							
Cash and cash equivalents	\$ 243	\$ 49,166	\$ 1,213	\$ 42,353	\$ 3,782	\$ 96,757	\$ 131,784
Receivables (net of allowance for uncollectibles)							
Property taxes		9,238	3,334	2,402		2,402	2,046
Due from other governmental units		15		97		112	13,757
Accrued interest		7,192	10,177	11,000		28,369	13,569
Due from other funds		126	125	1,162		2,013	2,015
Prepaid expenses and other assets							
Total assets	\$ 243	\$ 65,737	\$ 14,849	\$ 57,614	\$ 3,782	\$ 142,225	\$ 163,283
LIABILITIES & FUND BALANCES							
Liabilities:							
Accounts payable	\$	597	\$ -	\$ 98	\$	695	\$ 4,568
Accrued expenses		795	584	723		2,102	2,027
Due to other funds			192			192	192
Advance from other funds				30,000		30,000	42,000
Total liabilities	\$ -	\$ 1,392	\$ 776	\$ 30,821	\$ -	\$ 32,989	\$ 48,787
Fund balances:							
Reserved for:							
Debt service	\$ 243					\$ 243	\$ 176
Unreserved, undesignated		64,345	14,073	26,793	3,782	108,993	114,320
Total fund balances	243	64,345	14,073	26,793	3,782	109,236	114,496
Total liabilities & fund balances	\$ 243	\$ 65,737	\$ 14,849	\$ 57,614	\$ 3,782	\$ 142,225	\$ 163,283

Village of Clinton, Michigan
Combining Statement of Revenues, Expenditures & Changes in Fund Balance
Nonmajor Governmental Fund Types
For the Year Ended March 31, 2010
With Comparative Totals for the Year Ended March 31, 2009

	Debt Service	Major Street Fund	Local Street Fund	Community Center Fund	Softball Program	Total Nonmajor Governmental Funds	
						2010	2009
REVENUES:							
Property taxes				\$ 55,219		\$ 55,219	\$ 55,728
Intergovernmental revenues:							
State gas weight tax		95,654	34,398			130,052	134,760
County revenue sharing						-	-
Interest		128	7	431		566	2,649
Licenses, fees & charges for services							
Fee revenue					2,202	2,202	4,596
Rentals				6,895		6,895	7,917
Miscellaneous				148		148	463
Total revenues	\$ -	\$ 95,782	\$ 34,405	\$ 62,693	\$ 2,202	\$ 195,082	\$ 206,113
EXPENDITURES:							
Highways and streets		\$ 122,121	\$ 52,693			\$ 174,814	\$ 206,459
Debt service:							
Principal	25,000					25,000	20,000
Interest	12,433					12,433	13,187
Culture and recreation:							
Softball program					3,277	3,277	3,232
Community center				51,318		51,318	48,818
Total expenditures	\$ 37,433	\$ 122,121	\$ 52,693	\$ 51,318	\$ 3,277	\$ 266,842	\$ 291,696
Excess (deficiency) of revenues over (under) expenditures	\$ (37,433)	\$ (26,339)	\$ (18,288)	\$ 11,375	\$ (1,075)	\$ (71,760)	\$ (85,583)
Other financing sources (uses):							
Transfers in	37,500	4,000	25,000			66,500	72,200
Transfers out						-	-
Total other financing sources (uses)	37,500	4,000	25,000	-	-	66,500	72,200
Net change in fund balances	67	(22,339)	6,712	11,375	(1,075)	(5,260)	(13,383)
Fund balances - beginning of year	176	86,684	7,361	15,418	4,857	114,496	127,879
Fund balances - end of year	<u>\$ 243</u>	<u>\$ 64,345</u>	<u>\$ 14,073</u>	<u>\$ 26,793</u>	<u>\$ 3,782</u>	<u>\$ 109,236</u>	<u>\$ 114,496</u>

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

Village of Clinton, Michigan
Statement of Revenues, Expenditures & Changes in Fund Balance-Budget and Actual
Debt Service Fund
For the Year Ended March 31, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:				
Interest	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
EXPENDITURES:				
Debt service:				
Principal	25,000	25,000	25,000	-
Interest	12,500	12,500	12,433	67
Total expenditures	37,500	37,500	37,433	67
Deficiency of revenues under expenditures	(37,500)	(37,500)	(37,433)	67
Other financing sources:				
Transfers in	37,500	37,500	37,500	-
Net change in fund balance	-	-	67	67
Total fund balances - beginning of year			176	
Total fund balances - end of year			<u>\$ 243</u>	

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

Village of Clinton, Michigan
Statement of Revenues, Expenditures & Changes in Fund Balance-Budget and Actual
Major Street Special Revenue Fund
For the Year Ended March 31, 2010

	<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	\$ 84,500	\$ 84,500	\$ 95,654	\$ 11,154
County revenue sharing	1,100	1,100		(1,100)
Interest	1,560	1,560	128	(1,432)
Miscellaneous	50	50		(50)
Total revenues	<u>87,210</u>	<u>87,210</u>	<u>95,782</u>	<u>8,572</u>
EXPENDITURES:				
Routine maintenance	56,230	56,230	47,530	8,700
Traffic service	5,560	5,560	4,095	1,465
Winter maintenance	13,690	13,690	11,705	1,985
Administrative	10,730	12,530	9,408	3,122
Professional services	2,000	54,300	49,383	4,917
Total expenditures	<u>88,210</u>	<u>142,310</u>	<u>122,121</u>	<u>20,189</u>
Excess (deficiency) of revenues over (under) expenditures	(1,000)	(55,100)	(26,339)	28,761
Other financing sources:				
Transfers out				
Transfers in			4,000	4,000
Net change in fund balance	(1,000)	(55,100)	(22,339)	32,761
Total fund balances - beginning of year			<u>86,684</u>	
Total fund balances - end of year			<u>\$ 64,345</u>	

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

Village of Clinton, Michigan
Statement of Revenues, Expenditures & Changes in Fund Balance-Budget and Actual
Local Street Special Revenue Fund
For the Year Ended March 31, 2010

	<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	\$ 34,200	\$ 34,398	\$ 198
Interest	100	100	7	(93)
Miscellaneous				-
Total revenues	<u>31,100</u>	<u>34,300</u>	<u>34,405</u>	<u>105</u>
EXPENDITURES:				
Routine maintenance	45,820	45,820	35,618	10,202
Traffic service	3,950	3,950	2,968	982
Winter maintenance	11,720	11,720	10,984	736
Administrative	7,830	11,030	3,123	7,907
Total expenditures	<u>69,320</u>	<u>72,520</u>	<u>52,693</u>	<u>19,827</u>
Excess (deficiency) of revenues over (under) expenditures	(38,220)	(38,220)	(18,288)	19,932
Other financing sources:				
Transfers in	<u>38,220</u>	<u>38,220</u>	<u>25,000</u>	<u>(13,220)</u>
Net change in fund balance	-	-	6,712	6,712
Total fund balances - beginning of year			<u>7,361</u>	
Total fund balances - end of year			<u>\$ 14,073</u>	

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

Village of Clinton, Michigan
Statement of Revenues, Expenditures & Changes in Fund Balance-Budget and Actual
Community Center Fund Special Revenue Fund
For the Year Ended March 31, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:				
Property taxes	\$ 53,100	\$ 53,100	\$ 55,219	\$ 2,119
Miscellaneous	50	50	148	98
Rentals	6,400	6,400	6,895	495
Interest	700	700	431	(269)
Total revenues	<u>60,250</u>	<u>60,250</u>	<u>62,693</u>	<u>2,443</u>
EXPENDITURES:				
Community Center expenses	<u>73,480</u>	<u>73,480</u>	<u>51,318</u>	<u>22,162</u>
Total expenditures	<u>73,480</u>	<u>73,480</u>	<u>51,318</u>	<u>22,162</u>
Excess (deficiency) of revenues over (under) expenditures	(13,230)	(13,230)	11,375	24,605
Other financing sources:				
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(13,230)	(13,230)	11,375	24,605
Total fund balances - beginning of year			<u>15,418</u>	
Total fund balances - end of year			<u>\$ 26,793</u>	

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

Village of Clinton, Michigan
Statement of Revenues, Expenditures & Changes in Fund Balance-Budget and Actual
Softball Program Special Revenue Fund
For the Year Ended March 31, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:				
Fee revenue	\$ 2,160	\$ 2,160	\$ 2,202	\$ 42
Rentals				-
Interest				-
Total revenues	<u>2,160</u>	<u>2,160</u>	<u>2,202</u>	<u>42</u>
EXPENDITURES:				
Softball program expenses	<u>4,660</u>	<u>4,660</u>	<u>3,277</u>	<u>1,383</u>
Total expenditures	<u>4,660</u>	<u>4,660</u>	<u>3,277</u>	<u>1,383</u>
Excess (deficiency) of revenues over (under) expenditures	(2,500)	(2,500)	(1,075)	1,425
Total fund balances - beginning of year			<u>4,857</u>	
Total fund balances - end of year			<u><u>\$ 3,782</u></u>	

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

June 8, 2010

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, 2010, 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.

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.

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Village Council
Village of Clinton
Clinton, Michigan

Finding considered a significant deficiency

Criteria:

Effective for the year ended March 31, 2007, Statement on Auditing Standards #112 titled *Communicating Internal Control Related Matters Identified in an Audit* (issued May 2006), requires us to communicate in writing when a client requires assistance to prepare the footnotes required 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.

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 #112.

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.

Robertson, Eaton & Owen P.C.

June 8, 2010