

VILLAGE OF CLINTON, MICHIGAN
FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2016
WITH
INDEPENDENT AUDITORS' REPORT

VILLAGE OF CLINTON, MICHIGAN
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED MARCH 31, 2016

TABLE OF CONTENTS

	<u>PAGE NUMBER</u>
Management's Discussion and Analysis	i – vii
Independent Auditors' Report	1 – 2
Basic Financial Statements:	
<i>Government-wide Financial Statements</i>	
Statement of Net Position	3
Statement of Activities	4
<i>Fund Financial Statements</i>	
Balance Sheet – Governmental Funds	5
Reconciliation of the Balance Sheet of Governmental Funds	6
Statement of Revenues, Expenditures & Changes in Fund Balance	
Governmental Funds	7
Reconciliation of the Statement of Revenues, Expenditures	
and Changes in Fund Balances of Governmental Funds	
to the Statement of Activities	8
Statement of Revenues, Expenditures and Changes in Fund	
Balance – Budget and Actual – General Fund	9
Statement of Revenues, Expenditures and Changes in Fund	
Balance – Budget and Actual – Fire Fund	10
Statement of Revenues, Expenditures and Changes in Fund Balance -	
Budget and Actual- Major Street	11
Statement of Net Position – Proprietary Funds	12
Statement of Revenues, Expenditures and Changes in	
Net Position – Proprietary Funds	13
Statement of Cash Flows – Proprietary Funds	14
Statement of Cash Flows – Proprietary Fund Reconciliation of Net Operating	
Loss to Net Cash Used in Operating Activities	15
Notes to Financial Statements	16 – 40
Required Supplementary Information	41 - 42
Combining and Individual Fund Statements and Schedules:	
<i>Nonmajor Governmental Funds</i>	
Combining Balance Sheet	43
Combining Statement of Revenues, Expenditures and	
Changes in Fund Balances	44
<i>Schedules of Revenues, Expenditures and Changes</i>	
<i>in Fund Balance – Budget and Actual:</i>	
Debt Service Fund	45
Local Street	46
Community Center Fund	47

VILLAGE OF CLINTON, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended March 31, 2016

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, 2016. 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 \$14,128,409 (*net position*). Of this amount, \$2,105,363 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- ◆ The government's total net position decreased \$7,475.
- ◆ As of the close of the current year, the Village of Clinton, Michigan's governmental funds reported combined ending fund balances of \$4,663,422, an increase of \$13,661; \$190,743 in comparison with the prior year.
- ◆ At the end of the current year, unassigned fund balance for the general fund was \$619,886, or 62% percent of total general fund expenditures.

Overview of the Financial Statements

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

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

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

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

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

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

The government-wide financial statements can be found on pages 3 – 4 of this report.

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

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

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

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

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

The basic governmental fund financial statements can be found on pages 5 - 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 - 40 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 43 - 47 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Village of Clinton, Michigan, assets exceeded liabilities by \$14,128,409 at the close of the most recent fiscal year.

By far the largest portion of the Village of Clinton, Michigan's net position (36 percent) reflects its investment in capital assets (e.g., land, buildings, equipment, infrastructure), less any related debt used to acquire those assets that is still outstanding. The Village of Clinton, Michigan uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Village of Clinton, Michigan's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

VILLAGE OF CLINTON, MICHIGAN'S NET POSITION

	Governmental Activities	Business-type Activities	2016	2015
Assets:				
Current and other assets	\$ 5,490,906	\$ 3,973,864	\$ 9,464,770	\$ 8,738,944
Capital Assets	2,323,656	5,425,685	7,749,341	8,191,196
Total Assets & Deferred Outflows	<u>7,814,562</u>	<u>9,399,549</u>	<u>17,214,111</u>	<u>16,930,140</u>
Liabilities:				
Long term liabilities outstanding	705,170	2,065,284	2,770,454	2,692,200
Other liabilities	47,158	268,093	315,251	102,056
Total Liabilities	<u>752,328</u>	<u>2,333,377</u>	<u>3,085,705</u>	<u>2,794,256</u>
Net Position:				
Invested in capital assets, net of related debt	2,188,656	2,966,368	5,155,024	5,323,419
Restricted	4,030,264	2,837,758	6,868,022	6,901,237
Unrestricted	843,317	1,262,046	2,105,363	1,911,228
Total Net Position	<u>\$ 7,062,237</u>	<u>\$ 7,066,172</u>	<u>\$ 14,128,409</u>	<u>\$ 14,135,884</u>

VILLAGE OF CLINTON, MICHIGAN'S CHANGE OF NET POSITION

	Governmental Activities	Business-type Activities	2016	2015
Revenues:				
Program revenues:				
Charge For Services	\$ 346,987	\$ 3,770,113	\$ 4,117,100	\$ 4,221,904
Operating Grants	35,000	-	35,000	19,128
General Revenues:				
Property taxes	645,912	-	645,912	623,044
Intergovernmental	377,671	-	377,671	361,766
License fees and fines	60,441	-	60,441	62,478
Investment earnings	115,722	2,521	118,243	188,141
Miscellaneous revenue	37,788	99,078	136,866	426,272
Total revenues	<u>\$ 1,619,521</u>	<u>3,871,712</u>	<u>5,491,233</u>	<u>5,902,733</u>
Expenses:				
General government	278,974	-	278,974	279,033
Public safety	811,397	-	811,397	744,133
Culture and recreation	263,296	-	263,296	206,360
Sanitation	114,631	-	114,631	111,456
Highways and streets	267,275	-	267,275	356,823
Interest on long-term debt	19,738	-	19,738	22,581
Electric	-	2,987,714	2,987,714	3,171,686
Water	-	220,579	220,579	224,156
Sewer	-	687,712	687,712	666,007
Total expenses	<u>1,755,311</u>	<u>3,896,005</u>	<u>5,651,316</u>	<u>5,782,235</u>
Increase (decrease) in Net Position before transfers	(135,790)	(24,293)	(160,083)	120,498
Transfer (to) from Component Unit	-	-	-	(16,250)
Transfers	36,400	-	36,400	-
Change in Net Position	(99,390)	(24,293)	(123,683)	104,248
Net Position - beginning of year	6,928,783	7,207,101	14,135,884	14,031,636
Change in pension accounting in Joint Venture	-	(116,636)	(116,636)	-
Setup net pension liability at 12/31/2015	232,844	-	232,844	-
Net Position - end of year	<u>\$ 7,062,237</u>	<u>\$ 7,066,172</u>	<u>\$ 14,128,409</u>	<u>\$ 14,135,884</u>

An additional portion of the Village of Clinton, Michigan's net position (49 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$2,105,363) may be used to meet the government's ongoing obligations to citizens and creditors.

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

Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the Village of Clinton, Michigan's governmental funds reported combined ending fund balances of \$4,663,422, an increase of \$13,661 in comparison with the prior year. Restricted fund balance \$(4,022,062) is not available for new spending since it already is committed. Permanent (Trusts) fund money \$(3,665,285) represents most of the restricted fund balance.

The general fund is the chief operating fund of the Village of Clinton, Michigan. At the end of the current fiscal year, unassigned fund balance of the general fund was \$619,886.

The fund balance of the Village of Clinton, Michigan's general fund increased by \$29,319 during the current fiscal year.

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

Unrestricted net position of the utility funds at the end of the year amounted to \$1,262,046. The total decrease in net position for the funds was (\$140,929).

Budgetary Highlights

- Amendments were made to the General Fund budget to cover additional expenditures. One of the largest changes was reducing the transfer to Local Streets by \$57,400. The Village also spent an additional \$10,000 in the Parks to pay for engineering related to the new Tate Park Gazebo. Building Inspection costs were up \$9,000 for increased activity.
- Local Street expenditures were down \$50,400 for construction and \$10,000 for professional services because the south alley project was delayed.
- Fire Department spent an additional \$164,000 on a new rescue unit. It was funded with \$9,054 from reserves and \$82,000 from a loan.
- The DDA spent \$20,000 for the razing of the Clinton Local property. It was funded with \$9,054 from reserves and a loan of \$17,235.
- The electric fund sales were down \$205,000 and purchased power costs were down \$350,000 related to cheaper electric prices.

- The Sewer Fund borrowed \$126,780 to fund major plant improvements. The professional Services were up \$30,000 and Capital was up \$70,000.
- The Water Fund did not make the improvements to the inside of the water tower. The transfer from Fund Balance was decreased \$92,100 and the Repairs were decreased \$96,000.
- The Robinson Trust Fund increased its Reserve Fund Transfer by \$66,000 and its Transfer to Sewer by \$126,780 and Transfer to DDA by \$17,235. The Sewer transfer was a loan for the capital improvements and the DDA transfer was a loan for razing the Clinton Local Property.

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, 2016, amounts to \$7,779,986 (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 \$411,210. Major capital assets purchased during the current fiscal year were:

Equipment	168,180
Buildings	34,760

VILLAGE OF CLINTON, MICHIGAN'S CAPITAL ASSETS

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Capital Assets:			
Land	\$ 285,152	\$ 30,645	\$ 315,797
Land Improvements	268,533	-	268,533
Buildings	406,651	-	406,651
Equipment and furnishings	313,512	-	313,512
Infrastructure	1,049,808	-	1,049,808
Utility Systems	-	5,425,685	5,425,685
Total	<u>\$ 2,323,656</u>	<u>\$ 5,456,330</u>	<u>\$ 7,779,986</u>

Additional information on the Village of Clinton's capital assets can be found in Note 3. C.on pages 25 - 27.

Long-term debt. At the end of the current fiscal year, the Village of Clinton, Michigan had total bonded and note debt outstanding of \$2,295,000.

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

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
General Obligation Bonds	\$ 135,000	\$ -	\$ 135,000
Revenue Bonds	-	2,160,000	2,160,000
Total	<u>\$ 135,000</u>	<u>\$ 2,160,000</u>	<u>\$ 2,295,000</u>

Additional information on the Village of Clinton, Michigan's long-term debt can be found in Note 3. E.on pages 28 - 30 of this report.

Economic Factors and Next Year's Budgets and Rates

The Village is still concerned about the slow economic recovery in the State of Michigan and the possible negative ramifications on the 2016-17 budget. To compound matters, the state adopted legislation to systematically eliminate personal property taxes. Over time that could reduce tax revenue by up to \$42,000.

Requests for Information

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



Village Council
Village of Clinton
Clinton, Michigan

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village of Clinton, Michigan, as of and for the year ended March 31, 2016, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Village Council
Village of Clinton
Clinton, Michigan

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village of Clinton, as of March 31, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Pension funding information on pages i – vii and 37 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other information

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

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

Baker, Eaton & Owen

September 12, 2016

**VILLAGE OF CLINTON, MICHIGAN
STATEMENT OF NET POSITION
MARCH 31, 2016
WITH COMPARATIVE TOTALS FOR MARCH 31, 2015**

	Governmental Activities	Business-Type Activities	Total		Component Unit Downtown Development Authority
			2016	2015	
ASSETS:					
Cash	\$ 720,393	\$ 404,540	\$ 1,124,933	\$ 963,305	\$ 93,080
Investments	3,215,543	995,109	4,210,652	4,337,873	-
Receivables (net of allowance for uncollectibles)					
Accounts	21,286	267,511	288,797	320,560	-
Accrued interest	440	472	912	-	17
Prepaid expenses	21,474	19,250	40,724	37,854	-
Internal balances	304,930	(304,930)	-	-	-
Internal balances - advances	456,751	(456,751)	-	-	-
Due from component unit	(1,588)	-	(1,588)	(1,588)	1,588
Advance from Component Units	54,152	-	54,152	40,802	-
Due from governmental units	15,765	-	15,765	15,638	-
Prepaid supplies	-	134,975	134,975	128,956	-
Restricted assets:					
Cash	-	45,285	45,285	40,228	-
Investments in joint venture	-	2,837,758	2,837,758	2,855,315	-
Capital assets:					
Land	285,152	30,645	315,797	315,797	-
Land improvements	268,533	-	268,533	290,989	345,192
Machinery, equipment; and furnishings	313,512	-	313,512	260,371	-
Buildings	406,651	-	406,651	399,923	-
Infrastructure	1,049,808	-	1,049,808	1,217,783	-
Utility Systems	-	5,425,685	5,425,685	5,706,334	-
Total assets	\$ 7,132,802	\$ 9,399,549	\$ 16,532,351	\$ 16,930,140	\$ 439,877
Deferred outflows of resources					
Deferred pension amounts	\$ 681,760	\$ -	\$ 681,760	\$ -	\$ -
LIABILITIES:					
Accounts payable	\$ 2,000	\$ 5,592	\$ 7,592	\$ 11,298	\$ 179
Accrued liabilities	5,314	17,216	22,530	20,265	-
Deferred revenue	1,000	-	1,000	-	-
Liabilities payable from restricted assets	-	45,285	45,285	40,228	-
Interest payable	-	-	-	-	765
Accrued sick and vacation pay - current	38,841	-	38,841	30,265	-
Advance to Primary Government	-	-	-	-	54,152
Noncurrent liabilities:					
Due within one year	30,000	200,000	230,000	236,000	-
Net Pension Liability	517,642	-	517,642	-	-
Due in more than one year	157,528	2,065,284	2,222,812	2,456,200	-
Total liabilities	752,325	2,333,377	3,085,702	2,794,256	55,096
NET POSITION:					
Invested in capital assets, net of related debt	2,188,656	2,966,368	5,155,024	5,323,419	345,192
Restricted for:					
Investment in joint venture (note 7)	-	2,837,758	2,837,758	2,855,315	-
Highways and streets	246,612	-	246,612	143,325	-
Public safety	61,814	-	61,814	214,733	-
Culture and recreation	55,720	-	55,720	73,602	-
Debt service	833	-	833	831	-
Permanent funds:					
Expendable	-	-	-	-	-
Nonexpendable	3,665,285	-	3,665,285	3,613,431	-
Unrestricted	843,317	1,262,046	2,105,363	1,911,228	39,589
Total net position	7,062,237	7,066,172	14,128,409	14,135,884	384,781

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, 2016
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED MARCH 31, 2015**

Functions/programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position				Component Unit
	Expenses	Charges for Services	Operating Grants	Capital Grants	Primary Government			Downtown	
					Governmental Activities	Business-Type Activities	Total	Development Authority	
						2016	2015		
Governmental activities:									
General government	\$ 278,974	\$ -	\$ 35,000	\$ -	\$ (243,974)	\$ -	\$ (243,974)	\$ (259,905)	\$ -
Public safety	811,397	213,175	-	-	(598,222)	-	(598,222)	(534,033)	-
Culture and recreation	263,296	15,625	-	-	(247,671)	-	(247,671)	(193,721)	-
Sanitation	114,631	118,187	-	-	3,556	-	3,556	6,612	-
Highways and streets	267,275	-	-	-	(267,275)	-	(267,275)	(356,823)	-
Interest on long term debt	19,738	-	-	-	(19,738)	-	(19,738)	(22,581)	-
Total governmental activities	1,755,311	346,987	35,000	-	(1,373,324)	-	(1,373,324)	(1,360,451)	-
Business-type activities:									
Electric Fund	2,987,714	3,007,382	-	-	-	19,668	19,668	(6,790)	-
Water Fund	220,579	189,428	-	-	-	(31,151)	(31,151)	(30,541)	-
Sewer Fund	687,712	573,303	-	-	-	(114,409)	(114,409)	(143,421)	-
Total business-type activities	3,896,005	3,770,113	-	-	-	(125,892)	(125,892)	(180,752)	-
Total government	\$ 5,651,316	\$ 4,117,100	\$ 35,000	\$ -	\$ (1,373,324)	\$ (125,892)	\$ (1,499,216)	\$ (1,541,203)	\$ -
Component Unit:									
Downtown development authority	27,428	-	-	-	-	-	-	-	(27,428)
Total component unit	\$ 27,428	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (27,428)
General revenues:									
Property taxes					\$ 645,912	\$ -	\$ 645,912	\$ 623,044	\$ 49,412
Intergovernmental					377,671	-	377,671	361,766	-
Licenses, fees, and fines					60,441	-	60,441	62,478	-
Investment earnings					115,722	2,521	118,243	188,141	-
Miscellaneous revenues					37,788	99,078	136,866	426,272	550
Transfers to component unit					-	-	-	(25,000)	-
Transfer from Downtown Development Authority					36,400	-	36,400	8,750	(36,400)
Total general revenues and transfers					1,273,934	101,599	1,375,533	1,645,451	13,562
Change in net position					(99,390)	(24,293)	(123,683)	104,248	(13,866)
Total net position - beginning of year					6,928,783	7,207,101	14,135,884	14,031,636	398,647
Cumulative effect of a change in pension accounting in joint venture					-	(116,636)	(116,636)	-	-
Setup net pension liability at 12/31/2015					232,844	-	232,844	-	-
Total net position - end of year					\$ 7,062,237	\$ 7,066,172	\$ 14,128,409	\$ 14,135,884	\$ 384,781

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

**VILLAGE OF CLINTON, MICHIGAN
BALANCE SHEET
GOVERNMENTAL FUNDS
MARCH 31, 2016
WITH COMPARATIVE TOTALS FOR MARCH 31, 2015**

	<u>Permanent Funds</u>						<u>Total</u>	
	<u>General</u>	<u>Fire Fund</u>	<u>Major Street</u>	<u>Robison Trust</u>	<u>Capital Improvement Tate Park</u>	<u>Other Governmental Funds</u>	<u>Governmental Funds 2016</u>	<u>2015</u>
ASSETS:								
Cash	\$ 358,383	\$ 51,463	\$ 144,872	\$ -	\$ -	\$ 61,030	\$ 615,748	\$ 583,386
Investments	296,391	86,958	-	1,193,203	1,638,991	-	3,215,543	3,344,424
Receivables:								
Accounts	19,579	-	-	-	-	1,707	21,286	33,144
Due from other funds	-	-	301,322	-	-	17,177	318,499	322,499
Due from other governmental units	-	-	11,447	-	-	4,318	15,765	15,638
Due from component unit	1,375	-	-	-	-	-	1,375	1,375
Advance to other funds	-	-	-	538,751	240,188	-	778,939	610,570
Advance from component unit	-	-	-	54,152	-	-	54,152	40,802
Accrued interest	29	296	15	-	-	97	437	437
Prepaid expense	13,272	6,187	126	-	-	1,889	21,474	20,126
Total assets	<u>\$ 689,029</u>	<u>\$ 144,904</u>	<u>\$ 457,782</u>	<u>\$ 1,786,106</u>	<u>\$ 1,879,179</u>	<u>\$ 86,218</u>	<u>\$ 5,043,218</u>	<u>\$ 4,972,401</u>
LIABILITIES:								
Accounts payable	\$ 227	\$ 90	\$ -	\$ -	\$ -	\$ -	\$ 317	\$ 4,058
Accrued expenditures	4,859	-	-	-	-	455	5,314	3,379
Deferred revenue	-	1,000	-	-	-	-	1,000	-
Due to other funds	13,377	-	-	-	-	192	13,569	17,569
Due to component unit	2,963	-	-	-	-	-	2,963	2,963
Advance from other funds	-	82,000	240,188	-	-	-	322,188	267,792
Accrued sick and vacation pay	34,445	-	-	-	-	-	34,445	26,879
Total liabilities	<u>\$ 55,871</u>	<u>\$ 83,090</u>	<u>\$ 240,188</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 647</u>	<u>\$ 379,796</u>	<u>\$ 322,640</u>
FUND BALANCES:								
Nonspendable	\$ 13,272	\$ 6,187	\$ 126	\$ -	\$ -	\$ 1,889	\$ 21,474	\$ 20,126
Restricted	-	55,627	217,468	1,786,106	1,879,179	83,682	4,022,062	4,038,045
Committed	-	-	-	-	-	-	-	-
Unassigned	619,886	-	-	-	-	-	619,886	591,590
Total fund balance	<u>633,158</u>	<u>61,814</u>	<u>217,594</u>	<u>1,786,106</u>	<u>1,879,179</u>	<u>85,571</u>	<u>4,663,422</u>	<u>4,649,761</u>
Total liabilities & fund balance	<u>\$ 689,029</u>	<u>\$ 144,904</u>	<u>\$ 457,782</u>	<u>\$ 1,786,106</u>	<u>\$ 1,879,179</u>	<u>\$ 86,218</u>	<u>\$ 5,043,218</u>	<u>\$ 4,972,401</u>

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

**VILLAGE OF CLINTON, MICHIGAN
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
MARCH 31, 2016
WITH COMPARATIVE TOTALS FOR MARCH 31, 2015**

	2016	2015
Total governmental fund balances	<u>\$ 4,663,422</u>	<u>\$ 4,649,761</u>
Capital assets used in the governmental activities are not financial resources and, therefore, are not reported in the governmental funds:	2,323,656	2,454,218
Accrued interest payable on long term debt is recognized in governmental funds when paid and not when accrued.	(10,428)	(10,366)
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.	(42,100)	(48,374)
Loan indebtedness are recognized in the governmental funds when paid and not when accrued.	(135,000)	(176,000)
Internal Service Fund (Equipment Fund) is used by the Village to charge for equipment rental to individual funds. The assets and liabilities of the Equipment Fund are included in governmental activities in the statement of net position. Note: The net capital assets (\$212,046) of the Equipment fund are included in the capital asset figure above (\$2,315,257), and not in this adjustment.	98,569	59,544
Certain pension-related amounts, such as the net pension liability and deferred amounts, are not sure and payable in the current period or do not represent current financial resources, and therefore are not reported in the funds:		
Deferred outflows related to the net pension liability	681,760	-
Net pension liability	<u>(517,642)</u>	<u>-</u>
Net differences	<u>2,398,815</u>	<u>2,279,022</u>
Total net position of governmental activities	<u>\$ 7,062,237</u>	<u>\$ 6,928,783</u>

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

VILLAGE OF CLINTON, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MARCH 31, 2016
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED MARCH 31, 2015

	Permanent Funds						Total	
	General	Fire Fund	Major Street	Robison Trust	Tate Park Capital Improvement	Other Governmental Funds	Governmental Funds 2016	2015
REVENUES:								
Property taxes	\$ 587,042	\$ -	\$ -	\$ -	\$ -	\$ 58,870	\$ 645,912	\$ 623,044
Intergovernmental revenues	203,611	-	124,899	-	-	49,161	377,671	361,766
Farmers Market Grant	35,000	-	-	-	-	-	35,000	19,128
Licenses, fees and charges for services	194,253	-	-	-	-	-	194,253	193,185
Rentals	10,337	-	-	-	-	8,265	18,602	18,202
Interest	869	421	-	45,640	46,652	51	93,633	100,376
Other	9,145	9,861	-	-	-	180	19,186	42,354
Townships	-	213,175	-	-	-	-	213,175	210,100
Realized gain (loss) on investment	-	-	-	1,350	823	-	2,173	(7,146)
Unrealized gain (loss) on investment	-	-	-	5,200	14,716	-	19,916	92,789
Total revenues	<u>1,040,257</u>	<u>223,457</u>	<u>124,899</u>	<u>52,190</u>	<u>62,191</u>	<u>116,527</u>	<u>1,619,521</u>	<u>1,653,798</u>
EXPENDITURES:								
Current:								
General government	262,816	-	-	4,865	5,049	-	272,730	281,592
Public safety	498,121	384,761	-	-	-	-	882,882	688,720
Culture and recreation	112,683	-	-	-	-	81,248	193,931	161,106
Sanitation	114,631	-	-	-	-	-	114,631	111,456
Highways and streets	-	-	52,911	-	-	73,466	126,377	195,650
Debt service:								
Principal	10,971	-	-	-	-	30,000	40,971	41,000
Interest	329	615	12,396	-	-	6,398	19,738	22,581
Total expenditures	<u>999,551</u>	<u>385,376</u>	<u>65,307</u>	<u>4,865</u>	<u>5,049</u>	<u>191,112</u>	<u>1,651,260</u>	<u>1,502,105</u>
Excess (deficiency) of revenues over (under) expenditures	<u>40,706</u>	<u>(161,919)</u>	<u>59,592</u>	<u>47,325</u>	<u>57,142</u>	<u>(74,585)</u>	<u>(31,739)</u>	<u>151,693</u>
Other financing sources (uses):								
Sale of equipment	-	9,000	-	-	-	-	9,000	-
Transfers in	66,613	-	40,000	-	-	60,400	167,013	274,719
Transfers out	(78,000)	-	-	(45,106)	(7,507)	-	(130,613)	(235,669)
Total other financing sources (uses)	<u>(11,387)</u>	<u>9,000</u>	<u>40,000</u>	<u>(45,106)</u>	<u>(7,507)</u>	<u>60,400</u>	<u>45,400</u>	<u>39,050</u>
Change in fund balances	29,319	(152,919)	99,592	2,219	49,635	(14,185)	13,661	190,743
Total fund balances - beginning of year	603,839	214,733	118,002	1,783,887	1,829,544	99,756	4,649,761	4,459,018
Total fund balances - end of year	<u>\$ 633,158</u>	<u>\$ 61,814</u>	<u>\$ 217,594</u>	<u>\$ 1,786,106</u>	<u>\$ 1,879,179</u>	<u>\$ 85,571</u>	<u>\$ 4,663,422</u>	<u>\$ 4,649,761</u>

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

VILLAGE OF CLINTON, MICHIGAN
RECONCILIATION OF THE STATEMENT REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2016
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED MARCH 31, 2015

	2016	2015
Change in fund balances total governmental funds	\$ 13,661	\$ 190,743
Amounts reported for governmental activities in the statement of activities are different because Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This amount of depreciation is more than capital outlay in the current period. (Total capital outlay \$202,940 less total depreciation \$(333,502).	(130,562)	(297,303)
This issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of the principle of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these assets. This amount is the net effect of these differences in the treatment of long-term debt.		
Debt incurred during current year		
Less: principal repayment	41,000	41,000
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		
Accrued interest - net	(62)	298
Accrued long-term sick and vacation pay - net effect	6,247	4,819
Internal Service Fund (Equipment Fund) is used by the Village to charge equipment rental to individual funds. The net income (loss) of this activity is reported with governmental activities, adjusted for depreciation and capital outlay.	39,025	32,905
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.		
Change in the net pension liability and related deferred amounts	(68,699)	-
Change in net position of governmental activities	\$ (99,390)	\$ (27,538)

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

VILLAGE OF CLINTON, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED MARCH 31, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:				
Property taxes	\$ 530,000	\$ 587,800	\$ 587,042	\$ (758)
Intergovernmental revenue	208,500	213,500	203,611	(9,889)
Farmers Market Grant	35,000	35,000	35,000	-
Licenses, fees and charges for services	182,100	185,100	194,253	9,153
Rentals	10,500	10,500	10,337	(163)
Interest	900	900	869	(31)
Other	16,000	16,000	9,145	(6,855)
Total revenues	<u>983,000</u>	<u>1,048,800</u>	<u>1,040,257</u>	<u>(8,543)</u>
EXPENDITURES:				
General government:				
Council	12,830	16,830	15,244	1,586
Administration	72,030	72,030	62,552	9,478
Buildings and grounds	155,050	162,050	158,267	3,783
Planning Commission	3,180	5,180	4,560	620
Professional service	11,800	11,800	9,136	2,664
Insurance	16,000	16,000	13,057	2,943
Total general government	<u>270,890</u>	<u>283,890</u>	<u>262,816</u>	<u>21,074</u>
Public safety:				
Police department	466,930	466,930	471,868	(4,938)
Building and zoning inspection	19,070	28,070	26,253	1,817
Total public safety	<u>486,000</u>	<u>495,000</u>	<u>498,121</u>	<u>(3,121)</u>
Sanitation:				
Waste collection and disposal	115,000	115,000	114,631	369
Culture - recreation				
Farmers Market	35,000	35,000	28,864	6,136
Parks	63,430	86,430	83,819	2,611
Total culture-recreation	<u>98,430</u>	<u>121,430</u>	<u>112,683</u>	<u>8,747</u>
Debt Service:				
Principal	11,000	11,000	10,971	29
Interest	670	670	329	341
Total debt service	<u>11,670</u>	<u>11,670</u>	<u>11,300</u>	<u>370</u>
Total expenditures	<u>981,990</u>	<u>1,026,990</u>	<u>999,551</u>	<u>27,439</u>
Excess (deficiency) of revenues (under) expenditures	<u>1,010</u>	<u>21,810</u>	<u>40,706</u>	<u>18,896</u>
Other financing sources (uses):				
Transfers in	50,000	56,190	66,613	10,423
Transfers out	(115,400)	(78,000)	(78,000)	-
Total other financing sources (uses)	<u>(65,400)</u>	<u>(21,810)</u>	<u>(11,387)</u>	<u>10,423</u>
Change in fund balance	(64,390)	-	29,319	29,319
Total fund balances - beginning of year			<u>603,839</u>	
Total fund balances - end of year			<u>\$ 633,158</u>	

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

VILLAGE OF CLINTON, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FIRE FUND SPECIAL REVENUE FUND
FOR THE YEAR ENDED MARCH 31, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:				
Miscellaneous	\$ 500	\$ 9,860	\$ 9,861	\$ 1
Township contributions	206,200	213,670	213,175	(495)
Interest	300	300	421	121
	<u>207,000</u>	<u>223,830</u>	<u>223,457</u>	<u>(373)</u>
Total revenues				
EXPENDITURES:				
Wages	83,000	83,000	85,402	(2,402)
Benefits	13,650	13,650	11,939	1,711
Supplies	19,500	19,500	15,695	3,805
Professional fees	700	700	587	113
Communications	5,000	5,000	3,938	1,062
Workshops	12,000	12,000	8,506	3,494
Gas and oil	4,000	4,000	1,634	2,366
Insurance	14,200	14,200	10,450	3,750
Utilities	8,200	8,200	6,502	1,698
Equipment maintenance	3,000	3,000	1,944	1,056
Truck maintenance	14,000	42,000	41,715	285
Building maintenance	15,300	15,300	17,842	(2,542)
Capital outlay	14,450	178,450	178,607	(157)
	<u>207,000</u>	<u>399,000</u>	<u>384,761</u>	<u>14,239</u>
Total expenditures				
Excess (deficiency) of revenues (under) expenditures	-	(175,170)	(161,304)	13,866
Other financing sources (uses):				
Debt service	-	-	(615)	(615)
Sale of equipment	-	9,000	9,000	-
	<u>-</u>	<u>9,000</u>	<u>9,000</u>	<u>-</u>
Net change in fund balance	-	(166,170)	(152,919)	13,251
Total fund balances - beginning of year			<u>214,733</u>	
Total fund balances - end of year			<u>\$ 61,814</u>	

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

VILLAGE OF CLINTON, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
MAJOR STREET SPECIAL REVENUE FUND
FOR THE YEAR ENDED MARCH 31, 2016

	<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	\$ 97,000	\$ 97,000	\$ 124,899	\$ 27,899
Total revenues	<u>97,000</u>	<u>97,000</u>	<u>124,899</u>	<u>27,899</u>
EXPENDITURES:				
Routine maintenance	74,680	74,680	36,212	38,468
Traffic service	4,900	4,900	3,893	1,007
Winter maintenance	11,480	11,480	6,976	4,504
Administrative	5,940	5,940	5,830	110
Total expenditures	<u>97,000</u>	<u>97,000</u>	<u>52,911</u>	<u>44,089</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	71,988	71,988
Other financing sources (uses):				
Debt service	(40,010)	(40,010)	(12,396)	27,614
Transfers in	40,010	40,010	40,000	(10)
Net change in fund balance	-	-	99,592	99,592
Total fund balances - beginning of year			<u>118,002</u>	
Total fund balances - end of year			<u>\$ 217,594</u>	

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

**VILLAGE OF CLINTON, MICHIGAN
STATEMENT OF NET POSITION
PROPRIETARY FUND
MARCH 31, 2016
WITH COMPARATIVE TOTALS FOR MARCH 31, 2015**

	Business-type Activities - Enterprise Funds			Total		Governmental
	Electric Fund	Water Fund	Sewer Fund	Proprietary Funds 2016	Proprietary Funds 2015	Internal Service Fund
ASSETS:						
Current assets:						
Cash and cash equivalents	\$ 242,945	\$ 87,539	\$ 74,056	\$ 404,540	\$ 314,520	\$ 104,645
Investments	802,571	67,502	125,036	995,109	993,449	-
Receivables						
Accounts	211,114	12,002	44,395	267,511	286,504	-
Accrued interest	111	39	322	472	472	3
Prepaid expenses and other assets	11,305	4,144	3,801	19,250	17,728	-
Prepaid supplies	134,975	-	-	134,975	128,956	-
Total current assets	1,403,021	171,226	247,610	1,821,857	1,741,629	104,648
Noncurrent assets:						
Restricted assets:						
Cash	45,285	-	-	45,285	40,228	-
Investment in joint venture	2,837,758	-	-	2,837,758	2,855,315	-
Capital assets:						
Land	17,496	3,000	10,149	30,645	30,645	-
Buildings	548,388	73,715	5,839,908	6,462,011	6,462,011	-
Utility systems	1,718,129	1,393,312	757,102	3,868,543	3,868,543	-
Equipment/trucks	1,064,492	130,367	200,700	1,395,559	1,321,880	1,057,204
Less: accumulated depreciation	(2,924,813)	(744,387)	(2,631,228)	(6,300,428)	(5,946,100)	(848,327)
Total capital assets - net	423,692	856,007	4,176,631	5,456,330	5,736,979	208,877
Total, noncurrent assets	3,306,735	856,007	4,176,631	8,339,373	8,632,522	208,877
Total assets	\$ 4,709,756	\$ 1,027,233	\$ 4,424,241	\$ 10,161,230	\$ 10,374,151	\$ 313,525
LIABILITIES:						
Current Liabilities:						
Accounts payable	\$ 1,295	\$ 1,506	\$ 2,791	\$ 5,592	\$ 4,768	\$ 1,683
Accrued expenses	15,797	405	1,014	17,216	16,886	-
Due to other funds	299,530	5,400	-	304,930	304,930	-
Advance payable to other funds	-	329,962	126,789	456,751	342,778	-
SRF loan payable	-	-	200,000	200,000	195,000	-
Total current liabilities	316,622	337,273	330,594	984,489	864,362	1,683
Current liabilities payable from restricted						
Customer deposits	45,285	-	-	45,285	40,228	-
Noncurrent liabilities:						
Accrued leave	51,847	8,835	44,602	105,284	97,460	4,396
SRF loan payable	-	-	1,960,000	1,960,000	2,165,000	-
Total liabilities	413,754	346,108	2,335,196	3,095,058	3,167,050	6,079
NET POSITION:						
Invested in capital assets, net of related debt	423,692	526,045	2,016,631	2,966,368	3,034,201	208,877
Restricted in joint venture	2,837,758	-	-	2,837,758	2,855,315	-
Unrestricted	1,034,552	155,080	72,414	1,262,046	1,317,585	98,569
Total net position	\$ 4,296,002	\$ 681,125	\$ 2,089,045	\$ 7,066,172	\$ 7,207,101	\$ 307,446

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

VILLAGE OF CLINTON, MICHIGAN
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED MARCH 31, 2016
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED MARCH 31, 2015

	Business-type Activities - Enterprise Funds			Total Proprietary Funds		Governmental Activities
	Electric Fund	Water Fund	Sewer Fund	2016	2015	Internal Service Fund
Operating revenue:						
Metered sales	\$ 2,969,972	\$ 185,125	\$ 560,776	\$ 3,715,873	\$ 3,813,103	\$ -
Penalties and service charges	28,219	4,074	12,481	44,774	43,397	-
Miscellaneous	3,086	229	46	3,361	18,432	3,049
Rentals	6,105	-	-	6,105	6,165	116,319
Total operating revenues	3,007,382	189,428	573,303	3,770,113	3,881,097	119,368
Operating expenses:						
Light plant	81,602	-	-	81,602	78,327	-
Purchased power	1,965,191	-	-	1,965,191	2,290,265	-
Administrative	257,369	41,614	24,457	323,440	357,263	-
Electric distribution system	603,475	-	-	603,475	442,328	-
Water distribution	-	125,068	-	125,068	136,156	-
Collection system	-	-	14,018	14,018	25,340	-
Sewer treatment plant	-	-	323,581	323,581	310,414	-
Depreciation	59,506	35,462	259,361	354,329	354,550	36,385
Professional services	20,571	4,851	27,945	53,367	25,687	-
Equipment operation and maintenance	-	-	-	-	-	47,127
Total operating expenses	2,987,714	206,995	649,362	3,844,071	4,020,330	83,512
Operating income (loss)	19,668	(17,567)	(76,059)	(73,958)	(139,233)	35,856
Nonoperating revenues (expenses):						
Income from joint venture	99,078	-	-	99,078	365,716	-
Interest income	1,330	566	625	2,521	2,122	-
Interest expense	-	(13,584)	(38,350)	(51,934)	(41,519)	-
Total nonoperating revenues (expenses)	100,408	(13,018)	(37,725)	49,665	326,319	-
Net income (loss) before transfers	120,076	(30,585)	(113,784)	(24,293)	187,086	35,856
Transfers out	(50,000)	-	-	(50,000)	(142,000)	-
Transfers in	-	-	50,000	50,000	86,700	-
Change in net position	70,076	(30,585)	(63,784)	(24,293)	131,786	35,856
Total net position - beginning of year	4,342,562	711,710	2,152,829	7,207,101	7,075,315	271,590
Cumulative effect of a change in pension accounting in joint venture	(116,636)	-	-	(116,636)	-	-
Total net position - end of year	\$ 4,296,002	\$ 681,125	\$ 2,089,045	\$ 7,066,172	\$ 7,207,101	\$ 307,446

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

VILLAGE OF CLINTON, MICHIGAN
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS
FOR THE YEAR ENDED MARCH 31, 2016
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED MARCH 31, 2015

	<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>2016</u>	<u>2015</u>	<u>Service Fund</u>
Cash flows from operating activities:						
Cash received from customers	\$ 3,034,549	\$ 187,932	\$ 571,682	\$ 3,794,163	\$ 3,878,181	\$ 119,368
Cash paid to suppliers and employees	<u>(2,941,772)</u>	<u>(168,173)</u>	<u>(378,360)</u>	<u>(3,488,305)</u>	<u>(3,716,573)</u>	<u>(46,906)</u>
Net cash provided by (used in) operating activities	<u>92,777</u>	<u>19,759</u>	<u>193,322</u>	<u>305,858</u>	<u>161,608</u>	<u>72,462</u>
Cash flows from noncapital financing activities:						
SRF loan proceeds (payment)	-	-	(200,000)	(200,000)	(195,000)	-
Transfer from/to Other Funds	(50,000)	-	50,000	-	(55,300)	-
Payment on advances	-	(12,816)	-	(12,816)	(12,318)	-
Advance Received	<u>-</u>	<u>-</u>	<u>126,789</u>	<u>126,789</u>	<u>-</u>	<u>-</u>
Net cash provided by (used in) noncapital financing activities	<u>(50,000)</u>	<u>(12,816)</u>	<u>(23,211)</u>	<u>(86,027)</u>	<u>(262,618)</u>	<u>-</u>
Cash flows from investing activities:						
Capital expenditures	-	-	(73,680)	(73,680)	(8,761)	(33,216)
Interest received	1,330	566	625	2,521	2,122	-
Interest expense	<u>-</u>	<u>(13,584)</u>	<u>(38,350)</u>	<u>(51,934)</u>	<u>(41,519)</u>	<u>-</u>
Net cash provided by (used in) investing activities	<u>1,330</u>	<u>(13,018)</u>	<u>(111,405)</u>	<u>(123,093)</u>	<u>(48,158)</u>	<u>(33,216)</u>
Net increase (decrease) in cash and cash equivalents	44,107	(6,075)	58,706	96,738	(149,168)	39,246
Cash and cash equivalents at beginning of year	<u>1,046,695</u>	<u>161,116</u>	<u>140,386</u>	<u>1,348,197</u>	<u>1,497,365</u>	<u>65,399</u>
Cash and cash equivalents at end of year	<u>\$ 1,090,802</u>	<u>\$ 155,041</u>	<u>\$ 199,092</u>	<u>\$ 1,444,935</u>	<u>\$ 1,348,197</u>	<u>\$ 104,645</u>

Change in investment in joint venture (\$ 17,557) 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, 2016
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED MARCH 31, 2015**

	Business-type Activities - Enterprise Funds			Total Proprietary Funds		Governmental Activities
	Electric Fund	Water Fund	Sewer Fund	2016	2015	Internal Service Fund
Net operating (loss) income	\$ 19,668	\$ (17,567)	\$ (76,059)	\$ (73,958)	\$ (139,233)	\$ 35,856
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities						
Depreciation	59,506	35,462	259,361	354,329	354,550	36,385
(Increase) decrease in:						
Receivables	22,110	(1,496)	(1,621)	18,993	(558)	-
Prepaid expenses	(926)	(243)	(353)	(1,522)	(85)	-
Prepaid supplies	(6,019)	-	-	(6,019)	(47,894)	-
Increase (decrease) in:						
Accrued expenses and other liabilities	(2,211)	901	2,464	1,154	3,656	(789)
Accrued leave	(4,408)	2,702	9,530	7,824	(4,570)	1,010
Customer deposits	5,057	-	-	5,057	(2,358)	-
Due to other funds	-	-	-	-	(1,900)	-
Net cash provided by (used in) operating activities	<u>\$ 92,777</u>	<u>\$ 19,759</u>	<u>\$ 193,322</u>	<u>\$ 305,858</u>	<u>\$ 161,608</u>	<u>\$ 72,462</u>

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

VILLAGE OF CLINTON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

March 31, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

A. Reporting Entity

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

Discretely presented component unit.

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

Separate financial statements for the component unit are not available.

VILLAGE OF CLINTON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

March 31, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-wide and fund financial statements

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

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

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

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

The government-wide financial statements are reported using the *economic resources, measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

VILLAGE OF CLINTON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The government reports the following major governmental funds:

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

Special Revenue- The Fire Fund & Major Street Fund are used to account for specific revenue that are legally restricted to expenditures for particular purposes.

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

The government reports the following major proprietary funds:

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

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

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

Additionally, the government reports the following fund types:

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

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

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

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

VILLAGE OF CLINTON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

March 31, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Proprietary Funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the utility funds are charges to customers for sales and services. Operating expenses for the funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Village's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Estimates

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

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

1. Cash and investments

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

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

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

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

VILLAGE OF CLINTON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

March 31, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Receivables and payables

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

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

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 2015. The Village's maximum allowable millage is 12.5 mills. It also levied .980 mills for the Smith-Kimball Community Center.

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

3. Prepaid items

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

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

4. Capital Assets

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

VILLAGE OF CLINTON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

March 31, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

5. Compensated absences

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

6. Long-term obligations

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

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

VILLAGE OF CLINTON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

7. Fund Balance Classification Policies and Procedures

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

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

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

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

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

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

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

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

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary information

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

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

VILLAGE OF CLINTON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

March 31, 2016

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

B. Excess of expenditures over appropriations in budgetary funds

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

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

During the year ended March 31, 2016, the Village incurred expenditures in the governmental funds which were in excess of the amounts appropriated, as follows:

	Actual	Budget	Variance
General Fund:			
Public Safety	\$ 471,868	\$ 466,930	\$ 4,938
Fire:			
Wages	85,402	83,000	2,402
Building Maintenance	17,842	15,300	2,542
Capital Outlay	178,607	178,450	157

These additional expenditures were funded by greater than anticipated revenues.

NOTE 3. DETAILED NOTES ON ALL FUNDS

A. Deposits and investments

The Village limits its exposure to interest rate risk keeping certificate of deposits at short term maturation, as noted below. However, in the managed accounts at Old National Bank 80% of the investments are fixed income securities, which are subject to interest rate risk.

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

The Village is also subject to custodial credit risk having 61% of investments with Old National Bank, 5% of investments with TLC Community Credit Union, 4% with First Federal Bank of Midwest, 2% with Key Bank, 24% Comerica Bank, and 3% with Arbor Trust. All demand deposits are with Comerica Bank.

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

VILLAGE OF CLINTON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

March 31, 2016

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

Primary Government

At year end, bank deposits amounted to \$1,177,930. Of this amount \$250,000 was covered by Federal Depository Insurance and \$927,930 was uninsured and uncollateralized. At certain times of the year, especially when property taxes are being collected, the Village's uncollateralized deposits increase significantly; as a result, the amounts of uncollateralized deposits at those times were higher. All deposits are with banks located in Michigan as required by statutes.

A. Deposits and investments

At year end, bank balances, net of checks written but not cleared, as recorded in the financial statements were \$1,226,647. Of that amount, \$136,933 was in cash and checking and money market accounts; and \$1,089,713 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 \$93,080 at year end. This account is part of the J Fund with Comerica Bank with balance of \$93,080.

Primary Government

The Village had investments with carrying value and bank balance of \$4,220,080 at year end of which \$1,353,225 is covered by Federal Depository Insurance. Investments consist of:

<u>Certificates of Deposit</u>	<u>Balance</u> <u>MARCH 31, 2016</u>
General Fund	\$ 145,303
Electric Fund	234,566
Electric Fund	258,943
Fire Fund	36,792
Sewer Fund	125,177
Water Fund	67,793
Electric Fund	209,979
Electric Fund	99,557
General Fund	151,101
Fire Fund	50,208
Smith-Kimball Community Center Fund	8,467
<u>Managed Accounts at Old National Bank</u>	<u>Current Yield</u> <u>Balance</u> <u>MARCH 31, 2016</u>
Village of Clinton Robison Trust	2.76 1,193,203
John F. Robison Tate Park	2.83 1,638,991
	\$ 4,220,080

Bond securities in the managed accounts are quality rated AA.

VILLAGE OF CLINTON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2016

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

B. Receivables

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

	General	Major Streets	Local Streets	Community Center	Fire Fund	Electric Fund	Water Fund	Sewer Fund	Equipment Fund	Total
Receivables:										
Taxes	\$ 15,346	\$ -	\$ -	\$ 1,707	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,053
Accounts	4,233	-	-	-	-	211,114	12,002	44,395	-	271,744
Intergovernmental		11,447	4,318	-	-	-	-	-	-	15,765
Accrued Interest	29	15	-	97	296	111	39	322	3	912
Gross receivables	19,608	11,462	4,318	1,804	296	211,225	12,041	44,717	3	305,474
Less: allowance for uncollectibles	-	-	-	-	-	-	-	-	-	-
Net total receivables	\$ 19,608	\$ 11,462	\$ 4,318	\$ 1,804	\$ 296	\$ 211,225	\$ 12,041	\$ 44,717	\$ 3	\$ 305,474

C. Capital assets

Capital asset activity for the year ended March 31, 2016 was as follows:

Primary Government

	Beginning Balance	Additions	Disposals	Ending Balance
Governmental activities:				
Assets not being depreciated-land	\$ 285,152	\$ -	\$ -	\$ 285,152
Capital assets, being depreciated:				
Land improvements	673,671	-	-	673,671
Buildings	1,372,640	34,760	-	1,407,400
Equipment, machinery and furnishings	2,217,146	168,180	168,000	2,217,326
Infrastructure	5,207,221	-	-	5,207,221
Depreciable capital assets	9,470,678	202,940	168,000	9,505,618
Less accumulated depreciation for:				
Land improvements	(382,682)	(22,456)	-	(405,138)
Buildings	(972,717)	(28,032)	-	(1,000,749)
Equipment, machinery and furnishings	(1,956,775)	(115,039)	(168,000)	(1,903,814)
Infrastructure	(3,989,438)	(167,975)	-	(4,157,413)
Total accumulated depreciation	(7,301,612)	(333,502)	(168,000)	(7,467,114)
Total net capital assets being depreciated	2,169,066	(130,562)	-	2,038,504
Governmental activities net capital assets	\$ 2,454,218	\$ (130,562)	\$ -	\$ 2,323,656

VILLAGE OF CLINTON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

March 31, 2016

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

	Beginning Balance	Additions	Disposals	Ending Balance
Business-type activities:				
Assets not being depreciated-land	\$ 30,645	\$ -	\$ -	\$ 30,645
Total capital assets, not being depreciated	30,645	-	-	30,645
Capital assets, being depreciated:				
Utility systems	11,652,433	73,680		11,726,113
Depreciable capital assets	11,652,433	73,680	-	11,726,113
Less accumulated depreciation for:				
Utility systems	(5,946,100)	(354,328)	-	(6,300,428)
Total accumulated depreciation	(5,946,100)	(354,328)	-	(6,300,428)
Total net capital assets being depreciated	5,706,333	(280,648)	-	5,425,685
Business-type activities net capital assets	\$ 5,736,978	\$ (280,648)	\$ -	\$ 5,456,330

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

Governmental activities:	
General government	\$ 26,680
Public safety	56,695
Culture and recreation	50,025
Highways and streets	200,101
Total depreciation - governmental activities	\$ 333,502
Business-type activities:	
Utility	\$ 354,328
Total depreciation - business-type activities	\$ 354,328

VILLAGE OF CLINTON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

March 31, 2016

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, 2016 was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Capital assets, being depreciated:				
Land improvements	\$ 565,331	\$ 18,866	\$ -	\$ 584,197
Less accumulated depreciation for:				
Land improvements	(220,599)	(18,406)	-	(239,005)
DDA net capital assets	\$ 344,732	\$ 460	\$ -	\$ 345,192

D. Interfund receivables, payables, and transfers

Primary Government

Fund	Interfund Receivable	Fund	Interfund Payable
Local Street	\$ 3,900	Electric	\$ 3,900
Local Street	3,900	Water	3,900
Local Street	2,377	General	2,377
Community Center	7,000	General	7,000
Major Street	295,630	Electric	295,630
Major Street	1,500	Water	1,500
Major Street	4,000	General	4,000
Major Street	192	Local Street	192
Total	\$ 318,499	Total	\$ 318,499

Advance to/from other funds:

Robison Trust	\$ 329,962	Water Fund	\$ 329,962
Robison Trust	126,789	Sewer Fund	126,789
Tate Park Trust	240,188	Major Street	240,188
Robison Trust	82,000	Fire Fund	82,000
Robison Trust	54,152	Downtown Development Authority	54,152
Total	\$ 833,091	Total	\$ 833,091

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

VILLAGE OF CLINTON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2016

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

Due to/from Primary Government and Component Unit:

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

Interfund transfers:

Transfers out:	Transfers In						Total
	General	Major Street	Local Street	Sewer Fund	Equipment Fund	Debt Retirement	
General	\$ -	\$ -	\$ 28,000	\$ 50,000	\$ -	\$ -	\$ 78,000
Downtown Development Authority	-	-	-	-	-	36,400	36,400
Tate Park Capital Investment	7,507	-	-	-	-	-	7,507
Robison Trust	5,106	40,000	-	-	-	-	45,106
Community Center	4,000	-	-	-	-	-	4,000
Electric	50,000	-	-	-	-	-	50,000
Total	<u>\$ 66,613</u>	<u>\$ 40,000</u>	<u>\$ 28,000</u>	<u>\$ 50,000</u>	<u>\$ -</u>	<u>\$ 36,400</u>	<u>\$ 221,013</u>

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

E. Long-term debt

Debt related to governmental activities

The Village has a general obligation debt (2003 General Obligation Limited Bond issue) which funded capital improvements. The original bond issue was \$410,000 with an interest rate at 7% and final maturity at May 1, 2019. Outstanding balance at March 31, 2016 was \$135,000.

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, 2016. Outstanding balance at March 31, 2016 was \$0.

VILLAGE OF CLINTON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2016

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

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

Government Activities		
Year Ending March 31,	Principal	Interest
2017	30,000	5,183
2018	35,000	3,832
2019	35,000	2,336
2020	35,000	788
	\$ 135,000	\$ 12,139

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, 2015 was \$2,160,000.

Annual Debt Service requirements to maturity are projected as follows:

Year Ending March 31,	Principal
2017	200,000
2018	205,000
2019	205,000
2020	210,000
2021	210,000
2022 - 2026	1,130,000
	\$ 2,160,000

VILLAGE OF CLINTON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

March 31, 2016

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, 2016:

	<u>Governmental Activities</u>		<u>Business-type Activity</u>		<u>Total</u>	<u>Due in One Year</u>
	<u>Installment Purchase</u>	<u>Primary Government Bond Issue</u>	<u>Bond Issue</u>	<u>Accrued Employee Benefits</u>		
Long-term debt at March 31, 2015	\$ 11,000	\$ 165,000	\$ 2,360,000	\$ 172,713	\$ 2,708,713	
Principal payment	(11,000)	(30,000)	(200,000)	-	(241,000)	230,000
Decrease in accrued employee benefits	-	-	-	29,496	29,496	
Long-term debt at March 31, 2016	<u>\$ -</u>	<u>\$ 135,000</u>	<u>\$ 2,160,000</u>	<u>\$ 202,209</u>	<u>\$ 2,497,209</u>	<u>\$ 230,000</u>

VILLAGE OF CLINTON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2016

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

F. Advance (loan) to other funds

The Capital Improvement Tate Park Fund has loaned money to the Major Street Fund of \$294,130 for road construction. This loan is to be paid back over ten years, due 03/31/2023 at an interest rate of 4.75%. The annual debt service requirements are as follows:

<u>Year Ending March 31</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 28,931	\$ 11,069
2018	30,321	9,679
2019	31,778	8,222
2020	33,306	6,694
2021	34,907	5,093
2022	36,584	3,415
2023	44,361	1,658
	<u>\$ 240,188</u>	<u>\$ 45,830</u>

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

<u>Payment Date</u>	<u>Interest Payment</u>	<u>Principal Payment</u>
5/1/2016	\$ 730.84	\$ 3,269.16
11/1/2016	774.72	3,225.28
5/1/2017	726.35	3,273.65
11/1/2017	677.24	3,322.76
5/1/2018	627.40	3,372.60
11/1/2018	576.81	3,423.19
5/1/2019	525.46	3,474.54
11/1/2019	473.34	3,526.66
5/1/2020	420.44	3,579.56
11/1/2020	366.75	3,633.25
5/1/2021	312.25	3,687.75
11/1/2021	256.94	3,743.06
5/1/2022	200.79	3,799.21
11/1/2022	143.80	3,856.20
5/1/2023	85.96	3,914.04
11/1/2023	27.25	1,816.57
	<u>\$ 6,926.34</u>	<u>\$ 54,917.48</u>

(includes accrued interest of \$214.63)

VILLAGE OF CLINTON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

March 31, 2016

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

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

The Village has constructed a well (Well No. 5) financed from an advance from the Village of Clinton Robison Trust. As of March 31, 2016, the advance balance was \$329,962.

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

<u>Payment Dates</u>	<u>Principal</u>	<u>Interest</u>
5/1/2016	\$ 6,600.75	\$ 6,599.25
11/1/2016	6,732.77	6,467.23
5/1/2017	6,867.42	6,332.58
11/1/2017	7,004.77	6,195.23
5/1/2018	7,144.87	6,055.13
11/1/2018	7,287.76	5,912.24
5/1/2019	7,433.52	5,766.48
11/1/2019	7,582.19	5,617.81
5/1/2020	7,733.83	5,466.17
11/1/2020	7,888.51	5,311.49
5/1/2021	8,046.28	5,153.72
11/1/2021	8,207.21	4,992.79
5/1/2022	8,371.35	4,828.65
11/1/2022	8,538.78	4,661.22
5/1/2023	8,709.55	4,490.45
11/1/2023	8,883.74	4,316.26
5/1/2024	9,061.42	4,138.58
11/1/2024	9,242.65	3,957.35
5/1/2025	9,427.50	3,772.50
11/1/2025	9,616.05	3,583.95
5/1/2026	9,808.37	3,391.63
11/1/2026	10,004.54	3,195.46
5/1/2027	10,204.63	2,995.37
11/1/2027	10,408.72	2,791.28
5/1/2028	10,616.90	2,583.10
11/1/2028	10,829.23	2,370.77
5/1/2029	11,045.82	2,154.18
11/1/2029	11,266.73	1,933.27
5/1/2030	11,492.07	1,707.93
11/1/2030	11,721.91	1,478.09
5/1/2031	11,956.35	1,243.65
11/1/2031	12,195.48	1,004.52
5/1/2032	12,439.38	760.62
11/1/2032	12,688.17	511.83
5/1/2033	12,903.21	258.06
	<u>\$ 329,962.43</u>	<u>\$ 131,998.84</u>

VILLAGE OF CLINTON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

March 31, 2016

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

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

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

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

Any contingent liabilities under these arrangements are not known.

NOTE 5. DEFINED BENEFIT PENSION PLAN

A. Summary of Significant Accounting Policies

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

B. General Information about the Pension Plan

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

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

	<u>2015 Valuation</u>	<u>2014 Valuation</u>
Benefit Multiplier:	2.50% Multiplier (80% Max)	2.50% Multiplier (80% Max)
Normal Retirement Age:	60	60
Vesting:	10 years	10 years
Early Retirement (Unreduced)	0	0
Early Retirement (Reduced)	50/25	50/25
	55/15	55/15
Final Average Compensation:	5 years	5 years
Employee Contributions	5%	5%
Act 88:	Yes (Adopted 12/2/1970)	Yes (Adopted 12/2/1970)

VILLAGE OF CLINTON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

March 31, 2016

NOTE 5. DEFINED BENEFIT PENSION PLAN (continued)

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

	2015 Valuation	2014 Valuation
Benefit Multiplier:	2.50% Multiplier (80% Max)	2.50% Multiplier (80% Max)
Normal Retirement Age:	60	60
Vesting:	10 years	10 years
Early Retirement (Unreduced)	0	0
Early Retirement (Reduced)	50/25	50/25
	55/15	55/15
Final Average Compensation:	5 years	5 years
Employee Contributions	5%	5%
Act 88:	Yes (Adopted 12/2/1970)	Yes (Adopted 12/2/1970)

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

	2015 Valuation	2014 Valuation
Benefit Multiplier:	2.00% Multiplier (No Max)	0.00%
Normal Retirement Age:	60	0
Vesting:	10 years	0
Early Retirement (Unreduced)	0	0
Early Retirement (Reduced)	50/25	0
	55/15	0
Final Average Compensation:	5 years	0
Employee Contributions	5%	0%
Act 88:	Yes (Adopted 12/2/1970)	0

Employees Covered by Benefit Terms

At the December 31st, 2015, valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	14
Inactive employees entitled to but not yet receiving benefits	3
Active employees	<u>15</u>
	<u><u>32</u></u>

Contributions

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

Employer contributions at December 31, 2015 totaled \$94,340.

VILLAGE OF CLINTON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

March 31, 2016

NOTE 5. DEFINED BENEFIT PENSION PLAN (Continued)

Net Pension Liability

The employer's net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the Net Pension Liability was determined by an annual actuarial valuation as of that date.

Actuarial Assumptions

The total pension liability in the December 31, 2015 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation: 3%-4%

Salary increases: 4.5% in the long-term (1%, 2% and 3% for calendar years 2014, 2015 and 2016, respectively)

Investment rate of return: 8.0%, net of investment expense, including inflation

Although no specific price inflation assumptions are needed for the valuation, the 4.5% long-term wage inflation assumption would be consistent with a price inflation of 3%-4%.

Mortality rates used were based on the 1994 Group Annuity Mortality Table of a 50% Male and 50% Female blend. For disabled retirees, the regular mortality table is used with a 10-year set forward in ages to reflect the higher expected mortality rates of disabled members.

The actuarial assumptions used in valuation were based on the results of the most recent actuarial experience study in 2008. (MERS Retirement Board is currently conducting an actuarial experience study covering the period from January 1, 2009, through December 31, 2013.)

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

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

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

VILLAGE OF CLINTON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

March 31, 2016

NOTE 5. DEFINED BENEFIT PENSION PLAN (Continued)

Discount Rate

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

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 12/31/14	\$ 4,632,402	\$ 4,865,246	\$ (232,844)
Changes for the Year			
Service Cost (entered as a positive number)	87,765	-	87,765
Interest on Total Pension Liability	376,942	-	376,942
Changes in benefits	(4,422)	-	(4,422)
Difference between expected and actual experience	44,728	-	44,728
Changes in assumptions	294,541	-	294,541
Employer Contributions	-	94,340	(94,340)
Employee Contributions	-	35,352	(35,352)
Net investment income	-	(73,081)	73,081
Benefit payments, including employee refunds	(214,581)	(214,581)	-
Administrative expense (negative number)	-	(10,665)	10,665
Other changes	(3,122)	-	(3,122)
Net changes	581,851	(168,635)	750,486
Balances as of 12/31/15	\$ 5,214,253	\$ 4,696,611	\$ 517,642

VILLAGE OF CLINTON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

March 31, 2016

NOTE 5. DEFINED BENEFIT PENSION PLAN (Continued)

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

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Net Pension Liability at 12/31/15	\$ 517,642	\$ 517,642	\$ 517,642
Change in Net Pension Liability	558,969	-	(481,832)
Net Pension Liability	<u>\$ 1,076,611</u>	<u>\$ 517,642</u>	<u>\$ 35,810</u>

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

For the year ended December 31, 2015, the employer recognized pension expense of \$163,066. The employer reported deferred outflows and inflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences in experience	\$ 40,255	-
Differences in assumptions	265,087	-
Excess (Deficit) Investment Returns	376,418	-
Contributions subsequent to the measurement date	-	-
Total	<u>\$ 681,760</u>	<u>\$ -</u>

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

2016	128,031
2017	128,031
2018	128,031
2019	128,031
2020	33,927
2021	33,927
2022	33,927
2023	33,927
<u>2024</u>	<u>33,927</u>

VILLAGE OF CLINTON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2016

NOTE 6. JOINT VENTURE – MICHIGAN SOUTH CENTRAL POWER AGENCY

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

<u>MUNICIPALITY</u>	<u>PERCENTAGE SHARE</u>
CLINTON	6.5%
COLDWATER	40.0%
HILLSDALE	25.5%
MARSHALL	24.0%
UNION CITY	4.0%
	<u>100.00%</u>

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

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

VILLAGE OF CLINTON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

March 31, 2016

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

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

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

As a result, Michigan South Central Power Agency has no long term bond debt at June 30, 2015.

A summary of financial information on Michigan South Central Power Agency at June 30, 2015 and 2014 follows:

	<u>2015</u>	<u>2014</u>
Total assets	\$ 79,081,401	\$ 65,663,613
Total liabilities and deferred inflows	35,423,580	21,735,695
Net Position	43,657,821	43,927,918
Operating revenues	55,638,148	70,037,047
Operating expenses	54,062,121	64,389,944
Income from operations	1,576,027	5,647,103
Investment and miscellaneous income	75,381	72,368
Other expense	(118,115)	(82,433)
Realized and unrealized gain (loss) on investments	(9,022)	(10,645)
Change in net position	1,524,271	5,626,393

VILLAGE OF CLINTON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

March 31, 2016

NOTE 7. JOINT VENTURE – AMERICAN MUNICIPAL POWER

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

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

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

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

The members of the Michigan South Central Power Agency have agreed to cease operations of the Endicott Generating Facility as of May 26, 2016.

NOTE 8. VILLAGE OF CLINTON – ROBISON TRUST

The Village has created a trust funded by unrestricted gifts from the Estate of John F. Robison (\$1,758,256). It is the intent of the Village that all gifts to this trust will be held as endowments with the principal invested permanently and the investment income to be used for the benefit of the Village of Clinton.

NOTE 9. JOHN R. ROBISON TATE PARK TRUST

This trust has been created by the Village to provide a legal entity for handling the restricted gifts from the Estate of John F. Robison (\$1,768,450). The donor has restricted the use of these gifts to the operation, improvement, and maintenance of Tate Park. It is the intent of the Village that all gifts to the trust will be held as endowments with the principal invested permanently and the investment income to be used for Tate Park.

NOTE 10. SUBSEQUENT EVENTS

There is one material subsequent event that could affect the financial condition of The Village. See last paragraph in Note 7.

**VILLAGE OF CLINTON, MICHIGAN
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN EMPLOYER'S NET PENSION LIABILITY AND RELATED
RATIOS
MARCH 31, 2016**

	2015
Total Pension Liability	
Service Cost	87,765
Interest	376,942
Changes of Benefit Terms	(4,422)
Difference between expected and actual experience	44,728
Changes of assumptions	294,541
Benefit payments including employee refunds	(214,581)
Other	(3,122)
Net Change in Total Pension Liability	581,851
Total Pension Liability beginning	4,632,402
Total Pension Liability ending	\$ 5,214,253
Plan Fiduciary Net Position	
Contributions-employer	94,340
Contributions-employee	35,352
Net Investment income	(73,081)
Benefit payments including employee refunds	(214,581)
Administrative expense	(10,665)
Net Change in Plan Fiduciary Net Position	(168,635)
Plan Fiduciary Net Position beginning	4,865,246
Plan Fiduciary Net Position ending	4,696,611
Employer Net Pension Liability (Asset)	\$ 517,642
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	90%
Covered Employee Payroll	874,360
Employer's Net Pension Liability as a percentage of covered employee payroll	59%

See independent auditor's report.

**VILLAGE OF CLINTON, MICHIGAN
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER'S CONTRIBUTIONS
MARCH 31, 2016**

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Actuarial Determined Contributions	\$ 1,026	\$ -	\$ -	\$ -	\$ 18,201	\$ 143,649	\$ 158,035	\$ 135,290	\$ 142,464	\$ 132,744
Contributions in relation to the actuarially determined contribution	94,340	69,691	44,827	45,227	64,942	143,649	158,035	135,290	142,464	132,744
Contribution deficiency (excess)	\$ (93,314)	\$ (69,691)	\$ (44,827)	\$ (45,227)	\$ (46,741)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Employee Payroll	610,360	620,096	548,950	520,734	553,705	509,679	535,947	565,497	680,986	635,424
Contributions as a percentage of covered employee payroll	15%	11%	8%	9%	12%	28%	29%	24%	21%	21%

Notes to Schedule

Actuarial cost method	Entry Age
Amortization method	Level percentage of payroll, open
Remaining amortization period	25 years
Asset valuation method	10 year smoothed
Inflation	3.5%
Salary Increases	4.5%
Investment rate of return	8.0%
Retirement age	Varies depending on plan adoption
Mortality	50% Female/50% Male 1994 Group Annuity Mortality Table

See independent auditor's report.

**VILLAGE OF CLINTON, MICHIGAN
REQUIRED SUPPLEMENTARY INFORMATION
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MARCH 31, 2016
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED MARCH 31, 2015**

	Debt Service	Local Street Fund	Community Center Fund	Total Governmental Funds 2016	Total Nonmajor Governmental Funds 2015
ASSETS					
Cash and cash equivalents	\$ 833	\$ 14,589	\$ 45,608	\$ 61,030	\$ 70,651
Receivables (net of allowance for uncollectibles)					
Property taxes	-	-	1,707	1,707	2,200
Due from other governmental units	-	4,318	-	4,318	4,282
Accrued interest	-	-	97	97	97
Due from other funds	-	10,177	7,000	17,177	21,177
Prepaid expenses and other assets	-	126	1,763	1,889	1,887
Total assets	<u>\$ 833</u>	<u>\$ 29,210</u>	<u>\$ 56,175</u>	<u>\$ 86,218</u>	<u>\$ 100,294</u>
LIABILITIES & FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 136
Consumer deposits	-	-	455	455	210
Due to other funds	-	192	-	192	192
Total liabilities	<u>\$ -</u>	<u>\$ 192</u>	<u>\$ 455</u>	<u>\$ 647</u>	<u>\$ 538</u>
Fund balances:					
Nonspendable		\$ 126	\$ 1,763	\$ 1,889	\$ 1,887
Restricted	833	28,892	53,957	83,682	97,869
Total fund balances	<u>833</u>	<u>29,018</u>	<u>55,720</u>	<u>85,571</u>	<u>99,756</u>
Total liabilities & fund balances	<u>\$ 833</u>	<u>\$ 29,210</u>	<u>\$ 56,175</u>	<u>\$ 86,218</u>	<u>\$ 100,294</u>

See independent auditor's report.

**VILLAGE OF CLINTON, MICHIGAN
REQUIRED SUPPLEMENTARY INFORMATION
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE
NONMAJOR GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED MARCH 31, 2016
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED MARCH 31, 2015**

	Debt Service	Local Street Fund	Community Center Fund	Total Nonmajor Governmental Funds	
				2016	2015
REVENUES:					
Property taxes	\$ -	\$ -	\$ 58,870	\$ 58,870	\$ 46,423
Intergovernmental revenues:					
State gas weight tax	-	49,161	-	49,161	44,275
Interest	-	-	51	51	63
Licenses, fees & charges for services					
Rentals	-	-	8,265	8,265	6,765
Miscellaneous	-	-	180	180	107
Total revenues	<u>\$ -</u>	<u>\$ 49,161</u>	<u>\$ 67,366</u>	<u>\$ 116,527</u>	<u>\$ 97,633</u>
EXPENDITURES:					
Highways and streets	\$ -	\$ 73,466	\$ -	\$ 73,466	\$ 81,754
Debt service:					
Principal	30,000	-	-	30,000	30,000
Interest	6,398	-	-	6,398	7,582
Culture and recreation:					
Community center	-	-	81,248	81,248	47,847
Total expenditures	<u>\$ 36,398</u>	<u>\$ 73,466</u>	<u>\$ 81,248</u>	<u>\$ 191,112</u>	<u>\$ 167,183</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (36,398)</u>	<u>\$ (24,305)</u>	<u>\$ (13,882)</u>	<u>\$ (74,585)</u>	<u>\$ (69,550)</u>
Other financing sources (uses):					
Transfers in	36,400	28,000	(4,000)	60,400	64,270
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>36,400</u>	<u>28,000</u>	<u>(4,000)</u>	<u>60,400</u>	<u>64,270</u>
Net change in fund balances	2	3,695	(17,882)	(14,185)	(5,280)
Fund balances - beginning of year	831	25,323	73,602	99,756	105,036
Fund balances - end of year	<u>\$ 833</u>	<u>\$ 29,018</u>	<u>\$ 55,720</u>	<u>\$ 85,571</u>	<u>\$ 99,756</u>

See independent auditor's report.

**VILLAGE OF CLINTON, MICHIGAN
REQUIRED SUPPLEMENTARY INFORMATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
DEBT SERVICE FUND
FOR THE YEAR ENDED MARCH 31, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:				
Interest	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES:				
Debt service:				
Principal	30,000	30,000	30,000	-
Interest	<u>6,400</u>	<u>6,400</u>	<u>6,398</u>	<u>2</u>
Total expenditures	<u>36,400</u>	<u>36,400</u>	<u>36,398</u>	<u>2</u>
Deficiency of revenues under expenditures	(36,400)	(36,400)	(36,398)	2
Other financing sources:				
Transfers in	<u>36,400</u>	<u>36,400</u>	<u>36,400</u>	<u>-</u>
Net change in fund balance	-	-	2	2
Total fund balances - beginning of year			<u>831</u>	
Total fund balances - end of year			<u>\$ 833</u>	

See independent auditor's report.

**VILLAGE OF CLINTON, MICHIGAN
REQUIRED SUPPLEMENTARY INFORMATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
LOCAL STREET SPECIAL REVENUE FUND
FOR THE YEAR ENDED MARCH 31, 2016**

	<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	\$ 41,000	\$ 49,000	\$ 49,161	\$ 161
Total revenues	<u>41,000</u>	<u>49,000</u>	<u>49,161</u>	<u>161</u>
EXPENDITURES:				
Construction	60,400	-	-	-
Routine maintenance	30,810	54,110	52,612	1,498
Traffic service	4,400	4,400	3,361	1,039
Winter maintenance	8,700	16,400	15,478	922
Administrative	2,090	2,090	2,015	75
Total expenditures	<u>106,400</u>	<u>77,000</u>	<u>73,466</u>	<u>3,534</u>
Excess (deficiency) of revenues over (under) expenditures	(65,400)	(28,000)	(24,305)	3,695
Other financing sources:				
Transfers in	65,400	28,000	28,000	-
Net change in fund balance	-	-	3,695	3,695
Total fund balances - beginning of year			<u>25,323</u>	
Total fund balances - end of year			<u>\$ 29,018</u>	

See independent auditor's report.

**VILLAGE OF CLINTON, MICHIGAN
REQUIRED SUPPLEMENTARY INFORMATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
COMMUNITY CENTER FUND SPECIAL REVENUE FUND
FOR THE YEAR ENDED MARCH 31, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:				
Property taxes	\$ 63,272	\$ 63,272	\$ 58,870	\$ (4,402)
Miscellaneous	100	100	180	80
Rentals	6,200	6,200	8,265	2,065
Interest	60	60	51	(9)
Total revenues	<u>69,632</u>	<u>69,632</u>	<u>67,366</u>	<u>(2,266)</u>
EXPENDITURES:				
Community Center expenses	<u>92,970</u>	<u>92,970</u>	<u>81,248</u>	<u>11,722</u>
Total expenditures	<u>92,970</u>	<u>92,970</u>	<u>81,248</u>	<u>11,722</u>
Excess (deficiency) of revenues over (under) expenditures	(23,338)	(23,338)	(13,882)	9,456
Other financing uses:				
Transfers out	<u>-</u>	<u>-</u>	<u>(4,000)</u>	<u>(4,000)</u>
Net change in fund balance	(23,338)	(23,338)	(17,882)	5,456
Total fund balances - beginning of year			<u>73,602</u>	
Total fund balances - end of year			<u>\$ 55,720</u>	

See independent auditor's report.