

VILLAGE OF CLINTON, MICHIGAN

FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2017

**WITH
INDEPENDENT AUDITORS' REPORT**

VILLAGE OF CLINTON, MICHIGAN
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED MARCH 31, 2017

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 Net Position – Proprietary Funds	9
Statement of Revenues, Expenditures and Changes in Net Position – Proprietary Funds	10
Statement of Cash Flows – Proprietary Funds	11
Statement of Cash Flows – Proprietary Fund Reconciliation of Net Operating Loss to Net Cash Used in Operating Activities	12
Notes to Financial Statements	13 – 35
Required Supplementary Information:	
Schedule of Changes in Employer's Net Pension Liability and Related Ratios	36
Schedule of Employer's Contributions	37
<i>Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual:</i>	
General Fund	38
Major Street Fund	39
Local Street Fund	40
Debt Service Fund	41
Fire Fund	42
Community Center Fund	43
Supplementary Information	
Combining and Individual Fund Statements and Schedules:	
<i>Nonmajor Governmental Funds</i>	
Combining Balance Sheet	44
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	45

VILLAGE OF CLINTON, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended March 31, 2017

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, 2017. 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 by \$12,335,170 (*net position*). Of this amount, \$1,863,599 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- ◆ The government's total net position decreased \$1,868,132.
- ◆ As of the close of the current year, the Village of Clinton, Michigan's governmental funds reported combined ending fund balances of \$4,666,100, a decrease of \$16,585; compared with an increase of \$13,661 in the prior year.
- ◆ At the end of the current year, unassigned fund balance for the general fund was \$695,145, or 64% percent of total general fund expenditures.
- ◆ During the year ended March 31, 2017, Michigan South Central Power Agency reported a loss of \$19,901,117. This loss was primarily due to the early retirement of the Endicott facility (Project I), in the amount of \$19.1 million. The Village's proportionate share of the loss was \$1,427,750.

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

Both of the government-wide financial statements distinguish functions of the Village 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. Budgetary comparison statements have been provided for all governmental funds (except the permanent funds) to demonstrate compliance with budget. These schedules can be found on 38 - 43 of this report.

The basic governmental fund financial statements can be found on pages 5 - 8 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 9 - 12 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 13 - 35 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented as supplementary information to the financing statements. Combining statements and individual fund schedules can be found on pages 38 - 45 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 \$12,335,170 at the close of the most recent fiscal year.

By far the largest portion of the Village of Clinton, Michigan's net position (41 percent) reflects its investment in capital assets (e.g., land, buildings, equipment, infrastructure), less any related debt used to acquire those assets that is still outstanding. The Village of Clinton, Michigan uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Village of Clinton, Michigan's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

VILLAGE OF CLINTON, MICHIGAN'S NET POSITION

	Governmental Activities	Business-type Activities	2017	RESTATED 2016
Assets:				
Current and other assets	\$ 5,273,400	\$ 2,416,971	\$ 7,690,371	\$ 9,453,393
Capital Assets	2,257,837	5,283,021	7,540,858	7,988,860
Total Assets & Deferred Outflows	7,531,237	7,699,992	15,231,229	17,442,253
Liabilities:				
Long term liabilities outstanding	535,078	2,069,606	2,604,684	2,970,454
Other liabilities	58,268	233,107	291,375	268,497
Total Liabilities	593,346	2,302,713	2,896,059	3,238,951
Net Position:				
Invested in capital assets, net of related debt	2,292,837	2,817,517	5,110,354	5,363,898
Restricted	3,951,209	1,410,008	5,361,217	6,887,288
Unrestricted	693,845	1,169,754	1,863,599	1,952,116
Total Net Position	\$ 6,937,891	\$ 5,397,279	\$ 12,335,170	\$ 14,203,302

VILLAGE OF CLINTON, MICHIGAN'S CHANGE OF NET POSITION

	Governmental Activities	Business-type Activities	2017	RESTATED 2016
Revenues:				
Program revenues:				
Charge For Services	\$ 359,181	\$ 3,783,616	\$ 4,142,797	\$ 4,117,100
Operating Grants	8,750	-	8,750	\$ 35,000
General Revenues:				
Property taxes	677,854	-	677,854	645,912
Intergovernmental	385,283	-	385,283	377,671
License fees and fines	62,357	-	62,357	60,441
Investment earnings	19,574	(1,422,328)	(1,402,754)	118,243
Miscellaneous revenue	88,006	15,452	103,458	136,866
Total revenues	\$ 1,601,005	2,376,740	3,977,745	5,491,233
Expenses:				
General government	424,101	-	424,101	278,974
Public safety	709,204	-	709,204	811,397
Culture and recreation	296,831	-	296,831	263,296
Sanitation	112,742	-	112,742	114,631
Highways and streets	454,173	-	454,173	267,275
Interest on long-term debt	9,093	-	9,093	19,738
Electric	-	2,885,914	2,885,914	2,987,714
Water	-	329,713	329,713	220,579
Sewer	-	659,306	659,306	687,712
Total expenses	2,006,144	3,874,933	5,881,077	5,651,316
Increase (decrease) in Net Position before transfers	(405,139)	(1,498,193)	(1,903,332)	(160,083)
Transfer (to) from Component Unit	35,200	-	35,200	-
Transfers	17,453	(17,453)	-	36,400
Change in Net Position	(352,486)	(1,515,646)	(1,868,132)	(123,683)
Net Position - beginning of year	7,290,377	6,912,925	14,203,302	14,210,777
Change in pension accounting in Joint Venture	-	-	-	(116,636)
Setup net pension liability at 12/31/2015	-	-	-	232,844
Net Position - end of year	\$ 6,937,891	\$ 5,397,279	\$ 12,335,170	\$ 14,203,302

An additional portion of the Village of Clinton, Michigan's net position (43 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* \$1,863,599 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 \$4,666,100, a decrease of \$16,585 in comparison with the prior year. Restricted fund balance of \$3,937,482 is not available for new spending since it already is committed. Permanent (Trusts) fund money \$3,478,772 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 \$695,145.

The fund balance of the Village of Clinton, Michigan's general fund increased by \$81,734 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 \$1,169,754. The total decrease in net position for the funds was \$1,515,646.

Budgetary Highlights

- A new gazebo costing \$105,190 was constructed in Tate Park with funds from the Tate Park Trust Fund.
- Major Streets spent \$40,643 and Local Streets spent \$93,366 on preventative maintenance.
- The Fire Department purchased a new rescue unit in 2015 for \$178,450. They used reserves and borrowed \$82,000 to pay for the unit. This fiscal year, the department made an extra payment of \$45,000 to help pay off the loan.
- The Sewer plant staff continued making capital improvements to improve the operation and maintenance of the plant.
- The Water Fund spent \$75,121 to clean and resurface the inside of the water tower.

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, 2017, amounts to \$7,540,858 (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 \$448,002. Major capital assets purchased during the current fiscal year were:

Machinery, equipment, and furnishings	\$ 125,930
Utility systems	\$ 75,845
Land improvements	\$ 50,234

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	295,684	-	295,684
Buildings	377,460	-	377,460
Equipment and furnishings	417,708	-	417,708
Infrastructure	881,833	-	881,833
Utility Systems	-	5,252,376	5,252,376
Total	<u>\$ 2,257,837</u>	<u>\$ 5,283,021</u>	<u>\$ 7,540,858</u>

Additional information on the Village of Clinton's capital assets can be found in Note 3 C on pages 21 - 23.

Long-term debt. At the end of the current fiscal year, the Village of Clinton, Michigan had total bonded and note debt outstanding of \$2,065,000.

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	\$ 105,000	\$ -	\$ 105,000
Revenue Bonds	-	1,960,000	1,960,000
Total	<u>\$ 105,000</u>	<u>\$ 1,960,000</u>	<u>\$ 2,065,000</u>

Additional information on the Village of Clinton, Michigan's long-term debt can be found in Note 3. E. on pages 24 - 25 of this report.

Economic Factors and Next Year's Budgets and Rates

Even though the taxable value of real property increased by one percent, the Village is still concerned about the slow economic recovery in the State of Michigan and the possible negative ramifications on the 2017-18 budget from the State's elimination of personal property taxes. Over time, the elimination of personal property taxes may reduce revenue by up to \$42,000.

Requests for Information

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



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Village Council
Village of Clinton
Clinton, Michigan

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village of Clinton, Michigan, as of and for the year ended March 31, 2017, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village of Clinton, as of March 31, 2017, 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, pension funding information, and budgetary comparison information on pages i – vii, 36 – 37, and 38 - 43 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other information

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

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

Lally Group, PC

Jackson, MI

August 21, 2017

VILLAGE OF CLINTON, MICHIGAN
STATEMENT OF NET POSITION
MARCH 31, 2017
WITH COMPARATIVE TOTALS FOR MARCH 31, 2016

	Governmental Activities	Business-Type Activities	Total		Component Unit
			2017	RESTATED 2016	Downtown Development Authority
ASSETS:					
Cash	\$ 842,397	\$ 314,985	\$ 1,157,382	\$ 1,124,933	\$ 100,154
Investments	3,078,211	999,661	4,077,872	4,210,652	-
Accounts Receivable (net)	55,383	264,424	319,807	324,742	17
Prepaid expenses	33,473	28,417	61,890	40,724	-
Internal balances	304,930	(304,930)	-	-	-
Internal balances - advances	505,504	(505,504)	-	-	-
Due from component unit	(1,588)	-	(1,588)	(1,588)	1,588
Advance to component units	47,658	-	47,658	54,152	-
Prepaid supplies	-	156,557	156,557	134,975	-
Restricted assets:					
Cash	-	53,353	53,353	45,285	-
Investments in joint venture	-	1,410,008	1,410,008	2,837,758	-
Capital assets:					
Assets not subject to depreciation	285,152	30,645	315,797	315,797	-
Assets subject to depreciation	1,972,685	5,252,376	7,225,061	7,673,063	325,761
Total assets	7,123,805	7,699,992	14,823,797	16,760,493	427,520
Deferred outflows of resources					
Deferred pension amounts	407,432	-	407,432	681,760	-
Total assets and deferred outflows of resources	<u>\$ 7,531,237</u>	<u>\$ 7,699,992</u>	<u>\$ 15,231,229</u>	<u>\$ 17,442,253</u>	<u>\$ 427,520</u>
LIABILITIES:					
Accounts payable and accrued liabilities	\$ 22,680	\$ 179,754	\$ 202,434	\$ 183,371	\$ -
Deferred revenue	-	-	-	1,000	-
Liabilities payable from restricted assets	-	53,353	53,353	45,285	-
Accrued sick and vacation pay - current	35,588	-	35,588	38,841	-
Advance from primary government	-	-	-	-	47,658
Noncurrent liabilities:					
Due within one year	35,000	205,000	240,000	230,000	-
Net Pension Liability	380,487	-	380,487	517,642	-
Due in more than one year	119,591	1,864,606	1,984,197	2,222,812	-
Total liabilities	593,346	2,302,713	2,896,059	3,238,951	47,658
NET POSITION:					
Invested in capital assets, net of related debt	2,292,837	2,817,517	5,110,354	5,363,898	325,761
Restricted for:					
Investment in joint venture (note 7)	-	1,410,008	1,410,008	2,837,758	-
Highways and streets	292,247	-	292,247	265,878	-
Public safety	109,742	-	109,742	61,814	-
Culture and recreation	69,598	-	69,598	55,720	-
Debt service	850	-	850	833	-
Permanent funds:					
Expendable	-	-	-	-	-
Nonexpendable	3,478,772	-	3,478,772	3,665,285	-
Unrestricted	693,845	1,169,754	1,863,599	1,952,116	54,101
Total net position	6,937,891	5,397,279	12,335,170	14,203,302	379,862
Total liabilities and net position	<u>\$ 7,531,237</u>	<u>\$ 7,699,992</u>	<u>\$ 15,231,229</u>	<u>\$ 17,442,253</u>	<u>\$ 427,520</u>

See accompanying notes to the financial statements

**VILLAGE OF CLINTON, MICHIGAN
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2017
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED MARCH 31, 2016**

Functions/programs	Program Revenues		Net (Expense) Revenue and Changes in Net Position				Component Unit	
	Expenses	Charges for Services	Operating Grants	Primary Government		Total		Downtown Development Authority
				Governmental Activities	Business-Type Activities	2017	RESTATED 2016	
Governmental activities:								
General government	\$ 424,101	\$ -	\$ 8,750	\$ (415,351)	\$ -	\$ (415,351)	\$ (243,974)	\$ -
Public safety	709,204	220,575	-	(488,629)	-	(488,629)	(598,222)	-
Culture and recreation	296,831	20,175	-	(276,656)	-	(276,656)	(247,671)	-
Sanitation	112,742	118,431	-	5,689	-	5,689	3,556	-
Highways and streets	454,173	-	-	(454,173)	-	(454,173)	(267,275)	-
Interest on long term debt	9,093	-	-	(9,093)	-	(9,093)	(19,738)	-
Total governmental activities	<u>2,006,144</u>	<u>359,181</u>	<u>8,750</u>	<u>(1,638,213)</u>	<u>-</u>	<u>(1,638,213)</u>	<u>(1,373,324)</u>	<u>-</u>
Business-type activities:								
Electric Fund	2,885,914	2,943,464	-	-	57,550	57,550	19,668	-
Water Fund	329,713	223,409	-	-	(106,304)	(106,304)	(31,151)	-
Sewer Fund	659,306	616,743	-	-	(42,563)	(42,563)	(114,409)	-
Total business-type activities	<u>3,874,933</u>	<u>3,783,616</u>	<u>-</u>	<u>-</u>	<u>(91,317)</u>	<u>(91,317)</u>	<u>(125,892)</u>	<u>-</u>
Total government	<u>\$ 5,881,077</u>	<u>\$ 4,142,797</u>	<u>\$ 8,750</u>	<u>\$ (1,638,213)</u>	<u>\$ (91,317)</u>	<u>\$ (1,729,530)</u>	<u>\$ (1,499,216)</u>	<u>\$ -</u>
Component Unit:								
Downtown development authority	21,286	-	-	-	-	-	-	(21,286)
Total component unit	<u>\$ 21,286</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (21,286)</u>
General revenues:								
Property taxes				\$ 677,854	\$ -	\$ 677,854	\$ 645,912	\$ 51,567
Intergovernmental				385,283	-	385,283	377,671	-
Licenses, fees, and fines				62,357	-	62,357	60,441	-
Investment earnings				19,574	(1,422,328)	(1,402,754)	118,243	-
Miscellaneous revenues				88,006	15,452	103,458	136,866	-
Intragovernmental transfers				17,453	(17,453)	-	-	-
Transfer from component unit				35,200	-	35,200	36,400	(35,200)
Total general revenues and transfers				<u>1,285,727</u>	<u>(1,424,329)</u>	<u>(138,602)</u>	<u>1,375,533</u>	<u>16,367</u>
Change in net position				(352,486)	(1,515,646)	(1,868,132)	(123,683)	(4,919)
Total net position - beginning - RESTATED				<u>7,290,377</u>	<u>6,912,925</u>	<u>14,203,302</u>	<u>14,210,777</u>	<u>384,781</u>
Cumulative effect of change in pension accounting in joint venture							(116,636)	
Set up pension liability at 12/31/15							232,844	
Total net position - end of year				<u>\$ 6,937,891</u>	<u>\$ 5,397,279</u>	<u>\$ 12,335,170</u>	<u>\$ 14,203,302</u>	<u>\$ 379,862</u>

See accompanying notes to the financial statements

**VILLAGE OF CLINTON, MICHIGAN
BALANCE SHEET
GOVERNMENTAL FUNDS
MARCH 31, 2017
WITH COMPARATIVE TOTALS FOR MARCH 31, 2016**

	<u>Permanent Funds</u>				<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>	
	<u>General</u>	<u>Major Street</u>	<u>Robison Trust</u>	<u>Capital Improvement Tate Park</u>		<u>2017</u>	<u>RESTATED 2016</u>
ASSETS:							
Cash	\$ 437,591	\$ 144,683	\$ -	\$ -	\$ 111,061	\$ 693,335	\$ 615,748
Investments	297,197	-	1,134,414	1,550,745	95,855	3,078,211	3,215,543
Receivables:							
Accounts (net)	19,382	-	-	-	1,442	20,824	21,286
Due from other funds	-	301,322	-	-	17,177	318,499	318,499
Due from other governmental units	-	25,073	-	-	9,460	34,533	35,031
Due from component unit	-	-	-	-	-	-	1,375
Advance to other funds	-	-	534,697	211,258	-	745,955	778,939
Advance from component unit	-	-	47,658	-	-	47,658	54,152
Accrued interest	-	15	-	-	8	23	437
Prepaid expense	19,746	99	-	-	13,628	33,473	21,474
Total assets	<u>\$ 773,916</u>	<u>\$ 471,192</u>	<u>\$ 1,716,769</u>	<u>\$ 1,762,003</u>	<u>\$ 248,631</u>	<u>\$ 4,972,511</u>	<u>\$ 5,062,484</u>
LIABILITIES:							
Accounts payable	4,457	2,520	-	-	2,235	9,212	\$ 320
Accrued expenditures	8,325	395	-	-	1,593	10,313	5,314
Deferred revenue	-	-	-	-	-	-	1,000
Due to other funds	13,377	-	-	-	192	13,569	13,569
Due to component unit	1,588	-	-	-	-	1,588	2,963
Advance from other funds	-	211,258	-	-	29,193	240,451	322,188
Accrued sick and vacation pay	31,278	-	-	-	-	31,278	34,445
Total liabilities	<u>\$ 59,025</u>	<u>\$ 214,173</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,213</u>	<u>\$ 306,411</u>	<u>\$ 379,799</u>
FUND BALANCES:							
Nonspendable	\$ 19,746	\$ 99	\$ -	\$ -	\$ 13,628	\$ 33,473	\$ 21,474
Restricted	-	256,920	1,716,769	1,762,003	201,790	3,937,482	4,041,328
Unassigned	695,145	-	-	-	-	695,145	619,883
Total fund balance	<u>714,891</u>	<u>257,019</u>	<u>1,716,769</u>	<u>1,762,003</u>	<u>215,418</u>	<u>4,666,100</u>	<u>4,682,685</u>
Total liabilities & fund balance	<u>\$ 773,916</u>	<u>\$ 471,192</u>	<u>\$ 1,716,769</u>	<u>\$ 1,762,003</u>	<u>\$ 248,631</u>	<u>\$ 4,972,511</u>	<u>\$ 5,062,484</u>

See accompanying notes to the financial statements

VILLAGE OF CLINTON, MICHIGAN
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
MARCH 31, 2017
WITH COMPARATIVE TOTALS FOR MARCH 31, 2016

	<u>2017</u>	<u>RESTATED 2016</u>
Total governmental fund balances	\$ 4,666,100	\$ 4,682,685
Capital assets used in the governmental activities are not financial resources and, therefore, are not reported in the governmental funds:	2,257,837	2,532,530
Accrued interest payable on long term debt is recognized in governmental funds when paid and not when accrued.	(1,523)	(10,428)
Long-term portion of accrued sick and vacation pay liability is not due and payable in the current period and, therefore, are not reported in the governmental funds.	(49,593)	(42,100)
Loan indebtedness is recognized in the governmental funds when paid and not when accrued.	(105,000)	(135,000)
Internal Service Fund (Equipment Fund) is used by the Village to charge for equipment rental to individual funds. The assets and liabilities of the Equipment Fund are included in governmental activities in the statement of net position. A reconciliation of the adjustments are as follows:		
Internal service fund net position	359,905	307,446
Internal service fund net capital assets are included in the general capital asset adjustment above.	<u>(216,780)</u>	<u>(208,877)</u>
Net internal service fund position added to governmental activities	143,125	98,569
Certain pension-related amounts, such as the net pension liability and deferred amounts, are not due and payable in the current period or do not represent current financial resources, and therefore are not reported in the funds:		
Deferred outflows related to the net pension liability	407,432	681,760
Net pension liability	<u>(380,487)</u>	<u>(517,642)</u>
Net differences	<u>2,271,791</u>	<u>2,607,689</u>
Total net position of governmental activities	<u>\$ 6,937,891</u>	<u>\$ 7,290,374</u>

See accompanying notes to the financial statements

VILLAGE OF CLINTON, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MARCH 31, 2017
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED MARCH 31, 2016

	<u>Permanent Funds</u>				Total Other Governmental Funds	<u>Total Governmental Funds</u>	
	General	Major Street	Robison Trust	Tate Park Capital Improvement		2017	RESTATED 2016
REVENUES:							
Property taxes	\$ 618,160	\$ -	\$ -	\$ -	\$ 59,694	\$ 677,854	\$ 645,912
Intergovernmental revenues	210,220	125,172	-	-	49,891	385,283	377,671
Farmers Market Grant	8,750	-	-	-	-	8,750	35,000
Licenses, fees and charges for services	200,963	-	-	-	-	200,963	194,253
Rentals	13,426	-	-	-	5,821	19,247	18,602
Interest	851	-	46,136	47,672	352	95,011	93,633
Other	19,791	-	-	-	698	20,489	19,186
Townships	-	-	-	-	220,575	220,575	213,175
Realized gain (loss) on investment	-	-	3,661	2,957	-	6,618	2,173
Unrealized gain (loss) on investment	-	-	(34,636)	(47,419)	-	(82,055)	19,916
Total revenues	1,072,161	125,172	15,161	3,210	337,031	1,552,735	1,619,521
EXPENDITURES:							
Current:							
General government	287,076	-	4,950	5,137	-	297,163	272,730
Public safety	494,088	-	-	-	171,994	666,082	882,882
Culture and recreation	195,921	-	-	-	51,594	247,515	193,931
Sanitation	112,742	-	-	-	-	112,742	114,631
Highways and streets	-	95,730	-	-	154,743	250,473	126,377
Debt service:							
Principal	-	-	-	-	30,000	30,000	40,971
Interest	-	11,069	-	-	6,929	17,998	19,738
Total expenditures	1,089,827	106,799	4,950	5,137	415,260	1,621,973	1,651,260
Excess (deficiency) of revenues over (under) expenditures	(17,666)	18,373	10,211	(1,927)	(78,229)	(69,238)	(31,739)
Other financing sources (uses):							
Sale of equipment	-	-	-	-	-	-	9,000
Transfers in	172,250	40,000	-	-	139,050	351,300	167,013
Transfers out	(72,850)	(31,000)	(79,547)	(115,250)	-	(298,647)	(130,613)
Total other financing sources (uses)	99,400	9,000	(79,547)	(115,250)	139,050	52,653	45,400
Change in fund balances	81,734	27,373	(69,336)	(117,177)	60,821	(16,585)	13,661
Total fund balances - beginning of year	633,157	229,646	1,786,105	1,879,180	154,597	4,682,685	4,669,024
Total fund balances - end of year	\$ 714,891	\$ 257,019	\$ 1,716,769	\$ 1,762,003	\$ 215,418	\$ 4,666,100	\$ 4,682,685

See accompanying notes to the financial statements

**VILLAGE OF CLINTON, MICHIGAN
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2017
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED MARCH 31, 2016**

	2017	RESTATED 2016
Change in fund balances total governmental funds	\$ (16,585)	\$ 13,661
Amounts reported for governmental activities in the statement of activities are different because Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This amount of depreciation is more than the capital outlay in the current period.		
Capital outlays amounted to	102,372	202,940
Depreciation amounted to	<u>(377,068)</u>	<u>(333,502)</u>
Net adjustment for capital related activities for the year	(274,696)	(130,562)
The issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of the principle of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any effect on net position.		
Debt incurred during current year		
Less: principal repayment	30,000	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 funds		
Accrued interest - net	8,905	(62)
Accrued long-term sick and vacation pay - net effect	<u>(7,491)</u>	<u>6,247</u>
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.		
	44,554	39,025
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	<u>(137,173)</u>	<u>(68,699)</u>
Change in net position of governmental activities	<u>\$ (352,486)</u>	<u>\$ (99,390)</u>

See accompanying notes to the financial statements

**VILLAGE OF CLINTON, MICHIGAN
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
MARCH 31, 2017
WITH COMPARATIVE TOTALS FOR MARCH 31, 2016**

	Business-type Activities - Enterprise Funds			Total Proprietary Funds		Governmental Activities
	Electric Fund	Water Fund	Sewer Fund	RESTATED		Internal Service Fund
				2017	2016	
ASSETS:						
Current assets:						
Cash and cash equivalents	\$ 212,680	\$ 35,877	\$ 66,428	\$ 314,985	\$ 404,540	\$ 149,062
Investments	806,240	67,820	125,601	999,661	995,109	-
Accounts receivable (net)	196,456	17,521	50,180	264,157	267,511	-
Accrued interest	99	29	139	267	472	3
Prepaid expenses and other assets	16,483	6,320	5,614	28,417	19,250	-
Prepaid supplies	156,557	-	-	156,557	134,975	-
Total current assets	1,388,515	127,567	247,962	1,764,044	1,821,857	149,065
Noncurrent assets:						
Restricted assets:						
Cash	53,353	-	-	53,353	45,285	-
Investment in joint venture	1,410,008	-	-	1,410,008	2,837,758	-
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	1,781,624	1,393,312	769,452	3,944,388	3,868,543	-
Equipment/trucks	1,102,950	130,367	280,521	1,513,838	1,395,559	1,101,691
Less: accumulated depreciation	(2,984,247)	(779,849)	(2,903,765)	(6,667,861)	(6,300,428)	(884,911)
Total capital assets - net	466,211	820,545	3,996,265	5,283,021	5,456,330	216,780
Total, noncurrent assets	1,929,572	820,545	3,996,265	6,746,382	8,339,373	216,780
Total assets	\$ 3,318,087	\$ 948,112	\$ 4,244,227	\$ 8,510,426	\$ 10,161,230	\$ 365,845
LIABILITIES:						
Current Liabilities:						
Accounts payable	\$ 153,894	\$ 2,335	\$ -	\$ 156,229	\$ 158,839	\$ 1,630
Accrued expenses	19,919	979	2,627	23,525	17,216	-
Due to other funds	299,530	5,400	-	304,930	304,930	-
Advance payable to other funds	-	316,629	188,875	505,504	456,751	-
Current portion of SRF loan payable	-	-	205,000	205,000	200,000	-
Total current liabilities	473,343	325,343	396,502	1,195,188	1,137,736	1,630
Current liabilities payable from restricted assets:						
Customer deposits	53,353	-	-	53,353	45,285	-
Noncurrent liabilities:						
Accrued sick and vacation pay	56,339	7,520	45,747	109,606	105,284	4,310
SRF loan payable	-	-	1,755,000	1,755,000	1,960,000	-
Total liabilities	583,035	332,863	2,197,249	3,113,147	3,248,305	5,940
NET POSITION:						
Invested in capital assets, net of related debt	466,211	503,916	1,847,390	2,817,517	2,966,368	216,780
Restricted in joint venture	1,410,008	-	-	1,410,008	2,837,758	-
Unrestricted	858,833	111,333	199,588	1,169,754	1,108,799	143,125
Total net position	2,735,052	615,249	2,046,978	5,397,279	6,912,925	359,905
Total liabilities and net position	\$ 3,318,087	\$ 948,112	\$ 4,244,227	\$ 8,510,426	\$ 10,161,230	\$ 365,845

See accompanying notes to the financial statements

VILLAGE OF CLINTON, MICHIGAN
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED MARCH 31, 2017
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED MARCH 31, 2016

	Business-type Activities - Enterprise Funds			Total Proprietary Funds		Governmental Activities
	Electric Fund	Water Fund	Sewer Fund	2017	RESTATED 2016	Internal Service Fund
Operating revenue:						
Metered sales	\$ 2,913,605	\$ 214,109	\$ 603,763	\$ 3,731,477	\$ 3,715,873	\$ -
Penalties and service charges	29,859	9,300	12,980	52,139	44,774	-
Miscellaneous	9,243	155	38	9,436	3,361	5,667
Rentals	6,016	-	-	6,016	6,105	134,620
Total operating revenues	<u>2,958,723</u>	<u>223,564</u>	<u>616,781</u>	<u>3,799,068</u>	<u>3,770,113</u>	<u>140,287</u>
Operating expenses:						
Light plant	86,877	-	-	86,877	81,602	-
Purchased power	1,936,171	-	-	1,936,171	1,965,191	-
Administrative	242,554	40,447	20,260	303,261	323,440	-
Electric distribution system	533,412	-	-	533,412	603,475	-
Water distribution	-	235,571	-	235,571	125,068	-
Collection system	-	-	24,614	24,614	14,018	-
Sewer treatment plant	-	-	303,850	303,850	323,581	-
Depreciation	59,435	35,462	272,537	367,434	354,329	36,584
Professional services	27,465	5,167	2,945	35,577	53,367	-
Equipment operation and maintenance	-	-	-	-	-	51,244
Total operating expenses	<u>2,885,914</u>	<u>316,647</u>	<u>624,206</u>	<u>3,826,767</u>	<u>3,844,071</u>	<u>87,828</u>
Operating income (loss)	<u>72,809</u>	<u>(93,083)</u>	<u>(7,425)</u>	<u>(27,699)</u>	<u>(73,958)</u>	<u>52,459</u>
Nonoperating revenues (expenses):						
Income from joint venture	(1,427,750)	-	-	(1,427,750)	99,078	-
Interest income	4,240	725	457	5,422	2,521	-
Interest expense	-	(13,066)	(35,100)	(48,166)	(51,934)	-
Total nonoperating revenues (expenses)	<u>(1,423,510)</u>	<u>(12,341)</u>	<u>(34,643)</u>	<u>(1,470,494)</u>	<u>49,665</u>	<u>-</u>
Net income (loss) before transfers	(1,350,701)	(105,424)	(42,068)	(1,498,193)	(24,293)	52,459
Transfers out	(57,000)	-	-	(57,000)	(50,000)	-
Transfers in	-	39,547	-	39,547	50,000	-
Change in net position	<u>(1,407,701)</u>	<u>(65,877)</u>	<u>(42,068)</u>	<u>(1,515,646)</u>	<u>(24,293)</u>	<u>52,459</u>
Total net position - beginning of year	<u>4,142,753</u>	<u>681,126</u>	<u>2,089,046</u>	<u>6,912,925</u>	<u>6,937,218</u>	<u>307,446</u>
Total net position - end of year	<u>\$ 2,735,052</u>	<u>\$ 615,249</u>	<u>\$ 2,046,978</u>	<u>\$ 5,397,279</u>	<u>\$ 6,912,925</u>	<u>\$ 359,905</u>

See accompanying notes to the financial statements

VILLAGE OF CLINTON, MICHIGAN
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS
FOR THE YEAR ENDED MARCH 31, 2017
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED MARCH 31, 2016

	Business-type Activities - Enterprise Funds			Total Proprietary Funds		Governmental Activities
	Electric Fund	Water Fund	Sewer Fund	2017	RESTATED 2016	Internal Service Fund
Cash flows from operating activities:						
Cash received from customers	\$ 2,973,381	\$ 218,045	\$ 610,996	\$ 3,802,422	\$ 3,794,163	\$ 140,287
Cash paid to suppliers and employees	(2,837,207)	(283,271)	(353,514)	(3,473,992)	(3,488,305)	(51,381)
Net cash provided by (used in) operating activities	136,174	(65,226)	257,482	328,430	305,858	88,906
Cash flows from noncapital financing activities:						
SRF loan proceeds (payment)	-	-	(200,000)	(200,000)	(200,000)	-
Transfer from (to) other funds	(57,000)	39,547	-	(17,453)	-	-
Advance proceeds (payment)	-	(13,335)	62,086	48,751	113,972	-
Net cash provided by (used in) noncapital financing activities	(57,000)	26,212	(137,914)	(168,702)	(86,028)	-
Cash flows from investing activities:						
Capital expenditures	(101,954)	-	(92,171)	(194,125)	(73,680)	(44,489)
Interest received	4,253	735	640	5,628	2,521	-
Interest expense	-	(13,066)	(35,100)	(48,166)	(51,934)	-
Net cash provided by (used in) investing activities	(97,701)	(12,331)	(126,631)	(236,663)	(123,093)	(44,489)
Net increase (decrease) in cash and cash equivalents	(18,527)	(51,345)	(7,063)	(76,935)	96,737	44,417
Cash and cash equivalents at beginning of year	1,090,800	155,042	199,092	1,444,934	1,348,197	104,645
Cash and cash equivalents at end of year	<u>\$ 1,072,273</u>	<u>\$ 103,697</u>	<u>\$ 192,029</u>	<u>\$ 1,367,999</u>	<u>\$ 1,444,934</u>	<u>\$ 149,062</u>

Change in investment in joint venture (\$ 1,427,750) is a noncash transaction and does not effect cash flow in Electric Fund.

VILLAGE OF CLINTON, MICHIGAN
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
RECONCILIATION OF NET OPERATING INCOME (LOSS) TO NET CASH USED IN OPERATING ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2017
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED MARCH 31, 2016

	Business-type Activities - Enterprise Funds			Total Proprietary Funds		Governmental Activities
	Electric Fund	Water Fund	Sewer Fund	2017	RESTATED 2016	Internal Service Fund
Net operating (loss) income	\$ 72,809	\$ (93,083)	\$ (7,425)	\$ (27,699)	\$ (73,958)	\$ 52,459
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities						
Depreciation	59,435	35,462	272,537	367,434	354,329	36,584
(Increase) decrease in:						
Receivables	14,658	(5,519)	(5,785)	3,354	18,993	-
Prepaid expenses	(5,178)	(2,174)	(1,813)	(9,165)	(1,522)	-
Prepaid supplies	(21,582)	-	-	(21,582)	(6,019)	-
Increase (decrease) in:						
Accrued expenses and other liabilities	3,472	1,403	(1,177)	3,698	1,154	(53)
Accrued leave	4,492	(1,315)	1,145	4,322	7,824	(84)
Customer deposits	8,068	-	-	8,068	5,057	-
Net cash provided by (used in) operating activities	<u>\$ 136,174</u>	<u>\$ (65,226)</u>	<u>\$ 257,482</u>	<u>\$ 328,430</u>	<u>\$ 305,858</u>	<u>\$ 88,906</u>

See accompanying notes to the financial statements

VILLAGE OF CLINTON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

Discretely presented component unit.

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

Separate financial statements for the component unit are not available.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the 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.

VILLAGE OF CLINTON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

March 31, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

The government reports the following major governmental funds:

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

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

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

The government reports the following major proprietary funds:

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

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

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

VILLAGE OF CLINTON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Additionally, the government reports the following fund types:

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

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

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

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

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

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.

VILLAGE OF CLINTON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

March 31, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

1. Cash and investments

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

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

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

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

2. Receivables and payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of 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 the applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources. The Village has advances from the Village of Clinton Robison Trust to the Water Fund. The Tate Park Capital Improvement Fund has advanced money to Major Street Fund and, Robison Trust has advanced to Downtown Development Authority.

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

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

The Village had a general tax millage of 9.00 for 2016. The Village's maximum allowable millage is 12.50 mills. It also levied .98 mills for the Smith-Kimball Community Center.

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

VILLAGE OF CLINTON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 the government-wide and fund financial statements.

4. Capital Assets

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

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

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

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

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

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

VILLAGE OF CLINTON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Compensated absences

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

6. Long-term obligations

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

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

7. Fund Balance Classification Policies and Procedures

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

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

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

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

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

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

VILLAGE OF CLINTON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

March 31, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

B. Excess of expenditures over appropriations in budgetary funds

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

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

During the year ended March 31, 2017, the Village did not incur any expenditures in the major governmental funds in excess of the amounts appropriated by function.

NOTE 3. DETAILED NOTES ON ALL FUNDS

A. Deposits and investments

The Village limits its exposure to interest rate risk by keeping certificate of deposits at short term maturation, as noted below. However, in the managed accounts at Old National Bank, 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 above FDIC insurance limits.

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

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

VILLAGE OF CLINTON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

March 31, 2017

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and investments (Continued)

Primary Government Deposits

At year end, bank deposits amounted to \$1,408,790. Of this amount \$250,000 was covered by Federal Depository Insurance and \$1,158,790 was uninsured and uncollateralized. At certain times of the year, especially when property taxes are being collected, the Village's uncollateralized deposits increase significantly; as a result, the amounts of uncollateralized deposits at those times were higher. All deposits are with banks located in Michigan as required by statutes.

At year end, bank balances, net of checks written but not cleared, as recorded in the financial statements were \$1,210,735. Of that amount, \$92,195 was in cash and checking and money market accounts; and \$1,118,540 in the general checking account. Such accounts are authorized by statutes.

Component Unit Deposits

The component unit had deposits with a carrying value and an allocated balance of \$100,154 at year end. This account is part of the general checking with Comerica Bank.

Primary Government Investments

The Village had investments with carrying value and bank balance of \$4,077,872 at year end of which \$1,303,694 is covered by Federal Depository Insurance. Investments consist of:

Certificates of Deposit	Balance	MARCH 31, 2017
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
Managed Accounts at Old National Bank	Current Yield	
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	Electric Fund	Water Fund	Sewer Fund	Equipment Fund	Total
Receivables:									
Taxes	\$ 13,192	\$ -	\$ -	\$ 1,442	\$ -	\$ -	\$ -	\$ -	\$ 14,634
Accounts	6,190	-	-	-	196,456	17,521	50,180	-	270,347
Intergovernmental	-	25,073	9,460	-	-	-	-	-	34,533
Accrued Interest	-	15	-	8	99	29	139	3	293
Gross receivables	19,382	25,088	9,460	1,450	196,555	17,550	50,319	3	319,807
Less: allowance for uncollectibles	-	-	-	-	-	-	-	-	-
Net total receivables	<u>\$ 19,382</u>	<u>\$ 25,088</u>	<u>\$ 9,460</u>	<u>\$ 1,450</u>	<u>\$ 196,555</u>	<u>\$ 17,550</u>	<u>\$ 50,319</u>	<u>\$ 3</u>	<u>\$ 319,807</u>

C. Capital assets

Capital asset activity for the year ended March 31, 2017 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	50,234	-	723,905
Buildings	1,407,400	-	-	1,407,400
Equipment, machinery and furnishings	3,274,530	52,138	-	3,326,668
Infrastructure	5,207,221	-	-	5,207,221
Depreciable capital assets	10,562,822	102,372	-	10,665,194
Less accumulated depreciation for:				
Land improvements	(405,137)	(23,084)	-	(428,221)
Buildings	(1,000,749)	(29,191)	-	(1,029,940)
Equipment, machinery and furnishings	(2,752,142)	(156,818)	-	(2,908,960)
Infrastructure	(4,157,413)	(167,975)	-	(4,325,388)
Total accumulated depreciation	(8,315,441)	(377,068)	-	(8,692,509)
Total net capital assets being depreciated	2,247,381	(274,696)	-	1,972,685
Governmental activities net capital assets	<u>\$ 2,532,533</u>	<u>\$ (274,696)</u>	<u>\$ -</u>	<u>\$ 2,257,837</u>

VILLAGE OF CLINTON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2017

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Business-type activities:				
Assets not being depreciated-land	\$ 30,645	\$ -	\$ -	\$ 30,645
Total capital assets, not being depreciated	<u>30,645</u>	<u>-</u>	<u>-</u>	<u>30,645</u>
Capital assets, being depreciated:				
Utility systems	<u>11,726,113</u>	<u>194,124</u>		<u>11,920,237</u>
Depreciable capital assets	<u>11,726,113</u>	<u>194,124</u>	<u>-</u>	<u>11,920,237</u>
Less accumulated depreciation for:				
Utility systems	<u>(6,300,428)</u>	<u>(367,433)</u>	<u>-</u>	<u>(6,667,861)</u>
Total accumulated depreciation	<u>(6,300,428)</u>	<u>(367,433)</u>	<u>-</u>	<u>(6,667,861)</u>
Total net capital assets being depreciated	<u>5,425,685</u>	<u>(173,309)</u>	<u>-</u>	<u>5,252,376</u>
Business-type activities net capital assets	<u>\$ 5,456,330</u>	<u>\$ (173,309)</u>	<u>\$ -</u>	<u>\$ 5,283,021</u>

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

Governmental activities:	
General government	\$ 30,165
Public safety	64,102
Culture and recreation	56,560
Highways and streets	<u>226,241</u>
Total depreciation - governmental activities	<u>\$ 377,068</u>
Business-type activities:	
Utility	<u>\$ 367,433</u>
Total depreciation - business-type activities	<u>\$ 367,433</u>

VILLAGE OF CLINTON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2017

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, 2017 was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Capital assets, being depreciated:				
Land improvements	\$ 584,196	\$ -	\$ -	\$ 584,196
Less accumulated depreciation for:				
Land improvements	(239,004)	(19,431)	-	(258,435)
DDA net capital assets	\$ 345,192	\$ (19,431)	\$ -	\$ 325,761

D. Interfund receivables, payables, and transfers

Primary Government

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

Advance to/from other funds:

Robison Trust	\$ 316,629	Water Fund	\$ 316,629
Robison Trust	188,875	Sewer Fund	188,875
Tate Park Trust	211,258	Major Street	211,258
Robison Trust	29,193	Fire Fund	29,193
Robison Trust	47,658	Downtown Development Authority	47,658
Total	\$ 793,613	Total	\$ 793,613

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

VILLAGE OF CLINTON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2017

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	Water Fund	Debt Retirement	
General	\$ -	\$ -	\$ 72,850	\$ -	\$ -	\$ -	\$ 72,850
Major Street	-	-	31,000	-	-	-	31,000
Downtown Development Authority	-	-	-	-	-	35,200	35,200
Tate Park Capital Investment	115,250	-	-	-	-	-	115,250
Robison Trust	-	40,000	-	-	39,547	-	79,547
Electric	57,000	-	-	-	-	-	57,000
Total	<u>\$ 172,250</u>	<u>\$ 40,000</u>	<u>\$103,850</u>	<u>\$ -</u>	<u>\$ 39,547</u>	<u>\$ 35,200</u>	<u>\$390,847</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, 2017 was \$105,000.

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

Government Activities		
Year Ending March 31,	Principal	Interest
2018	35,000	3,832
2019	35,000	2,336
2020	35,000	788
	<u>\$ 105,000</u>	<u>\$ 6,956</u>

VILLAGE OF CLINTON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2017

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

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, 2017 was \$1,960,000.

Annual Debt Service requirements to maturity are projected as follows:

<u>Year Ending March 31,</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 205,000	\$ 14,259
2019	205,000	12,594
2020	210,000	10,888
2021	215,000	9,141
2022	220,000	7,353
2023-2026	<u>905,000</u>	<u>11,193</u>
	<u>\$ 1,960,000</u>	<u>\$ 65,428</u>

The following is a summary of long-term debt transactions of the Village for the year ended March 31, 2017:

	<u>Primary Government Bond Issue</u>	<u>Business-type Activity Bond Issue</u>	<u>Accrued Employee Benefits</u>	<u>Total</u>	<u>Due in One Year</u>
Long-term debt at March 31, 2016	\$ 135,000	\$ 2,160,000	\$ 202,209	\$ 2,497,209	
Principal payment	(30,000)	(200,000)	-	(230,000)	240,000
Decrease in accrued employee benefits	-	-	(7,420)	(7,420)	
Long-term debt at March 31, 2017	<u>\$ 105,000</u>	<u>\$ 1,960,000</u>	<u>\$ 194,789</u>	<u>\$ 2,259,789</u>	<u>\$ 240,000</u>

VILLAGE OF CLINTON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2017

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

F. Advance (loan) to other funds

The Capital Improvement Tote Park Fund has loaned money for road construction to the Major Street Fund in the amount of \$294,130. The outstanding balance of the loan as of March 31, 2017, is \$211,258. This loan is to be repaid over ten years, with final maturity March 31, 2023. The loan bears interest at a rate of 4.75%. The annual debt service requirements are as follows:

Year Ending March 31	Principal	Interest
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	44,362	1,658
	\$ 211,258	\$ 34,761

The Clinton Robison Trust has loaned the Downtown Development Authority \$58,037 to purchase property (108 Tecumseh Road). The outstanding balance of this loan at March 31, 2017, is \$47,658. The loan is to be paid over 8 years at an interest rate of 3.00%. The annual debt service requirements are as follows:

Payment Date	Principal Payment	Interest Payment
5/1/2017	\$ 2,374	\$ 726
11/1/2017	3,323	677
5/1/2018	3,373	627
11/1/2018	3,423	577
5/1/2019	3,475	525
11/1/2019	3,527	473
5/1/2020	3,580	420
11/1/2020	3,633	367
5/1/2021	3,688	312
11/1/2021	3,743	257
5/1/2022	3,799	201
11/1/2022	3,856	144
5/1/2023	3,914	86
11/1/2023	1,950	27
	\$ 47,658	\$ 5,419

VILLAGE OF CLINTON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2017

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, 2017, the advance balance was \$316,629.

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

<u>Payment Dates</u>	<u>Principal</u>	<u>Interest</u>
5/1/2017	\$ 6,867	\$ 6,333
11/1/2017	7,005	6,195
5/1/2018	7,145	6,055
11/1/2018	7,288	5,912
5/1/2019	7,434	5,766
11/1/2019	7,582	5,618
5/1/2020	7,734	5,466
11/1/2020	7,889	5,311
5/1/2021	8,046	5,154
11/1/2021	8,207	4,993
2022-2026	91,664	40,336
2027-2031	111,738	20,262
2032-2033	<u>38,030</u>	<u>1,531</u>
Total	<u>\$ 316,629</u>	<u>\$ 118,932</u>

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

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

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

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

Any contingent liabilities under these arrangements are not known.

VILLAGE OF CLINTON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

March 31, 2017

NOTE 5. DEFINED BENEFIT PENSION PLAN

A. 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.

B. Summary of Significant Accounting Policies

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

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

	<u>2016 Valuation</u>	<u>2015 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 55/15	50/25 55/15
Final Average Compensation:	5 years	5 years
Employee Contributions	5%	5%
Act 88:	Yes (Adopted 12/2/1970)	Yes (Adopted 12/2/1970)

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

	<u>2016 Valuation</u>	<u>2015 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 55/15	50/25 55/15
Final Average Compensation:	5 years	5 years
Employee Contributions	5%	5%
Act 88:	Yes (Adopted 12/2/1970)	Yes (Adopted 12/2/1970)

VILLAGE OF CLINTON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

March 31, 2016

NOTE 5. DEFINED BENEFIT PENSION PLAN (continued)

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

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

Employees Covered by Benefit Terms

At the December 31st, 2016, valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	17
Inactive employees entitled to but not yet receiving benefits	1
Active employees	<u>15</u>
	<u><u>33</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, 2016 totaled \$128,680.

VILLAGE OF CLINTON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2017

NOTE 5. DEFINED BENEFIT PENSION PLAN (Continued)

Net Pension Liability

The employer's net pension liability was measured as of December 31, 2016, 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, 2016 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation: 2.5%

Salary increases: 3.75% in the long-term

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

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

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

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

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, 2017

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 12/31/15	\$ 5,214,253	\$ 4,696,611	\$ 517,642
Changes for the Year			
Service Cost (entered as a positive number)	93,732	-	93,732
Interest on Total Pension Liability	422,694	-	422,694
Changes in benefits	(284)	-	(284)
Difference between expected and actual experience	56,875	-	56,875
Changes in assumptions	-	-	-
Employer Contributions	-	128,680	(128,680)
Employee Contributions	-	45,000	(45,000)
Net investment income	-	534,226	(534,226)
Benefit payments, including employee refunds	(275,117)	(275,117)	-
Administrative expense (negative number)	-	(10,543)	10,543
Other changes	(12,809)	-	(12,809)
Net changes	285,091	422,246	(137,155)
Balances as of 12/31/16	\$ 5,499,344	\$ 5,118,857	\$ 380,487

VILLAGE OF CLINTON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2017

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 12/31/16	\$ 380,487	\$ 380,487	\$ 380,487
Change in Net Pension Liability	575,230	-	(495,819)
Net Pension Liability	<u>\$ 955,717</u>	<u>\$ 380,487</u>	<u>\$ (115,332)</u>

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

For the year ended December 31, 2016, the employer recognized pension expense of \$137,173. 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	\$ 69,493	-
Differences in assumptions	176,725	-
Excess (Deficit) Investment Returns	161,214	-
Contributions subsequent to the measurement date	-	-
Total	<u>\$ 407,432</u>	<u>\$ -</u>

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

2017	\$ 179,828
2018	179,830
2019	78,048
2020	<u>(30,274)</u>
	<u>\$ 407,432</u>

VILLAGE OF CLINTON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2017

NOTE 6. JOINT VENTURE – MICHIGAN SOUTH CENTRAL POWER AGENCY

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

<u>MUNICIPALITY</u>	<u>PERCENTAGE SHARE</u>
CLINTON	5.9%
COLDWATER	43.3%
HILLSDALE	25.3%
MARSHALL	21.9%
UNION CITY	<u>3.6%</u>
	100.0%

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, 2017

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 an irrevocable trust with an escrow agent to provide for all future debt service on the 2000 and 2004 bonds. As a result the bonds are considered to be defeased and the liabilities for the bonds have been removed from the statement on net assets. The cash flow requirements on the bonds prior to the defeasance were \$14,073,925 through 2012.

As a result, Michigan South Central Power Agency has no long term bond debt at June 30, 2016.

Effective June 1, 2016, the Agency retired and decommissioned its 55 MW Endicott facility (Project I), including ceasing operation of its Fractionized Tire-Derived Fuel facility. The Agency's loss on early retirement was \$19.1 million, of which, the Village of Clinton's share was \$1.1 million.

A summary of financial information on Michigan South Central Power Agency at June 30, 2016 and 2015 follows:

	<u>2016</u>	<u>2015</u>
Total assets and deferred outflows	\$52,025,728	\$ 79,081,401
Total liabilities and deferred inflows	28,269,024	35,423,580
Net Position	23,756,704	43,657,821
Operating revenues	45,913,578	55,638,148
Operating expenses	47,100,857	54,062,121
Income from operations	(1,187,279)	1,576,027
Investment and miscellaneous income	584,469	75,381
Other expense	(280,298)	(118,115)
Realized and unrealized gain (loss) on investments	72,283	(9,022)
Loss on disposal of assets	(19,090,292)	
Change in net position	(19,901,117)	1,524,271

VILLAGE OF CLINTON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

March 31, 2017

NOTE 7. JOINT VENTURE – AMERICAN MUNICIPAL POWER

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

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

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

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

NOTE 8. VILLAGE OF CLINTON – ROBISON TRUST

The Village has created a trust funded by unrestricted gifts from the Estate of John F. Robison \$1,716,769. It is the intent of the Village that all gifts to this trust will be held as endowments with the principal invested permanently and the investment income to be used for the benefit of the Village of Clinton.

NOTE 9. JOHN F. ROBISON TATE PARK TRUST

This trust has been created by the Village to provide a legal entity for handling the restricted gifts from the Estate of John F. Robison \$1,762,003. The donor has restricted the use of these gifts to the operation, improvement, and maintenance of Tate Park. It is the intent of the Village that all gifts to the trust will be held as endowments with the principal invested permanently and the investment income to be used for Tate Park.

NOTE 10. SUBSEQUENT EVENTS

Subsequent events have been evaluated through August 21, 2017, which is the date the financial statements were available to be issued.

NOTE 11. RESTATEMENT

Beginning net assets in the governmental funds have been restated for an account receivable from the State of Michigan for major and local streets distributions. Additionally, the governmental net position has been restated to reflect the capital assets in the equipment fund.

Beginning net position in the proprietary funds have been restated for an account payable to Michigan South Central Power Agency for utility usage.

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

	2016
Total Pension Liability	
Service Cost	93,732
Interest	422,694
Changes of Benefit Terms	(284)
Difference between expected and actual experience	56,875
Changes of assumptions	-
Benefit payments including employee refunds	(275,117)
Other	(12,809)
Net Change in Total Pension Liability	285,091
Total Pension Liability beginning	5,214,253
Total Pension Liability ending	\$ 5,499,344
 Plan Fiduciary Net Position	
Contributions-employer	128,680
Contributions-employee	45,000
Net Investment income	534,226
Benefit payments including employee refunds	(275,117)
Administrative expense	(10,543)
Net Change in Plan Fiduciary Net Position	422,246
Plan Fiduciary Net Position beginning	4,696,611
Plan Fiduciary Net Position ending	5,118,857
 Employer Net Pension Liability (Asset)	\$ 380,487
 Plan Fiduciary Net Position as a percentage of the Total Pension Liability	93%
 Covered Employee Payroll	898,796
Employer's Net Pension Liability as a percentage of covered employee payroll	42%

See independent auditors' report

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

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Actuarial Determined Contributions	\$ 6,130	\$ 1,026	\$ -	\$ -	\$ -	\$ 18,201	\$ 143,649	\$ 158,035	\$ 135,290	\$ 142,464
Contributions in relation to the actuarially determined contribution	128,680	94,340	69,691	44,827	45,227	64,942	143,649	158,035	135,290	142,464
Contribution deficiency (excess)	\$ (122,550)	\$ (93,314)	\$ (69,691)	\$ (44,827)	\$ (45,227)	\$ (46,741)	\$ -	\$ -	\$ -	\$ -
Covered Employee Payroll	898,796	610,360	620,096	548,950	520,734	553,705	509,679	535,947	565,497	680,986
Contributions as a percentage of covered employee payroll	14%	15%	11%	8%	9%	12%	28%	29%	24%	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 auditors' report

VILLAGE OF CLINTON, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE-BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED MARCH 31, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:				
Property taxes	\$ 598,600	\$ 598,600	\$ 618,160	\$ 19,560
Intergovernmental revenue	214,590	214,590	210,220	(4,370)
Farmers Market Grant	17,500	17,500	8,750	(8,750)
Licenses, fees and charges for services	183,500	183,500	200,963	17,463
Rentals	10,500	10,500	13,426	2,926
Interest	750	750	851	101
Other	19,500	19,500	19,791	291
Total revenues	<u>1,044,940</u>	<u>1,044,940</u>	<u>1,072,161</u>	<u>27,221</u>
EXPENDITURES:				
General government:				
Council	17,220	17,220	20,471	(3,251)
Administration	68,650	68,650	63,039	5,611
Buildings and grounds	187,020	187,020	172,386	14,634
Planning Commission	4,010	4,010	3,708	302
Professional service	11,830	11,830	13,328	(1,498)
Insurance	14,000	14,150	14,144	6
Total general government	<u>302,730</u>	<u>302,880</u>	<u>287,076</u>	<u>15,804</u>
Public safety:				
Police department	484,310	484,310	477,895	6,415
Building and zoning inspection	24,120	24,120	16,193	7,927
Total public safety	<u>508,430</u>	<u>508,430</u>	<u>494,088</u>	<u>14,342</u>
Sanitation:				
Waste collection and disposal	118,200	118,200	112,742	5,458
Culture - recreation				
Farmers Market	17,500	17,500	9,707	7,793
Parks	241,220	198,220	186,214	12,006
Total culture-recreation	<u>258,720</u>	<u>215,720</u>	<u>195,921</u>	<u>19,799</u>
Debt Service:				
Principal	16,430	16,430	-	16,430
Interest	3,580	3,580	-	3,580
Total debt service	<u>20,010</u>	<u>20,010</u>	<u>-</u>	<u>20,010</u>
Total expenditures	<u>1,208,090</u>	<u>1,165,240</u>	<u>1,089,827</u>	<u>75,413</u>
Excess (deficiency) of revenues (under) expenditures	<u>(163,150)</u>	<u>(120,300)</u>	<u>(17,666)</u>	<u>102,634</u>
Other financing sources (uses):				
Transfers in	268,000	200,000	172,250	(27,750)
Transfers out	(104,850)	(72,850)	(72,850)	-
Total other financing sources (uses)	<u>163,150</u>	<u>127,150</u>	<u>99,400</u>	<u>(27,750)</u>
Change in fund balance	-	6,850	81,734	74,884
Total fund balances - beginning of year			<u>633,157</u>	
Total fund balances - end of year			<u>\$ 714,891</u>	

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**VILLAGE OF CLINTON, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
MAJOR STREET SPECIAL REVENUE FUND
FOR THE YEAR ENDED MARCH 31, 2017**

	<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	\$ 124,000	\$ 124,000	\$ 125,172	\$ 1,172
Total revenues	<u>124,000</u>	<u>124,000</u>	<u>125,172</u>	<u>1,172</u>
EXPENDITURES:				
Routine maintenance	83,390	83,390	75,881	7,509
Traffic service	5,080	5,080	3,816	1,264
Winter maintenance	11,870	11,870	9,573	2,297
Administrative	<u>6,240</u>	<u>6,640</u>	<u>6,460</u>	<u>180</u>
Total expenditures	<u>106,580</u>	<u>106,980</u>	<u>95,730</u>	<u>11,250</u>
Excess (deficiency) of revenues over (under) expenditures	17,420	17,020	29,442	12,422
Other financing sources (uses):				
Debt service	(40,010)	(40,010)	(11,069)	28,941
Transfers in (out)	<u>9,010</u>	<u>9,010</u>	<u>9,000</u>	<u>(10)</u>
Net change in fund balance	(13,580)	(13,980)	27,373	41,353
Total fund balances - beginning of year			<u>229,646</u>	
Total fund balances - end of year			<u>\$ 257,019</u>	

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**VILLAGE OF CLINTON, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE-BUDGET AND ACTUAL
LOCAL STREET SPECIAL REVENUE FUND
FOR THE YEAR ENDED MARCH 31, 2017**

	<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	\$ 49,000	\$ 51,900	\$ 49,891	\$ (2,009)
Total revenues	<u>49,000</u>	<u>51,900</u>	<u>49,891</u>	<u>(2,009)</u>
EXPENDITURES:				
Routine maintenance	137,200	137,200	134,817	2,383
Traffic service	4,570	4,570	3,831	739
Winter maintenance	8,870	14,070	13,947	123
Administrative	<u>2,210</u>	<u>2,210</u>	<u>2,148</u>	<u>62</u>
Total expenditures	<u>152,850</u>	<u>158,050</u>	<u>154,743</u>	<u>3,307</u>
Excess (deficiency) of revenues over (under) expenditures	(103,850)	(106,150)	(104,852)	1,298
Other financing sources:				
Transfers in	<u>103,850</u>	<u>103,850</u>	<u>103,850</u>	<u>-</u>
Net change in fund balance	-	(2,300)	(1,002)	1,298
Total fund balances - beginning of year			<u>36,230</u>	
Total fund balances - end of year			<u><u>\$ 35,228</u></u>	

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**VILLAGE OF CLINTON, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE-BUDGET AND ACTUAL
DEBT SERVICE FUND
FOR THE YEAR ENDED MARCH 31, 2017**

	<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>5,200</u>	<u>5,200</u>	<u>5,183</u>	<u>17</u>
Total expenditures	<u>35,200</u>	<u>35,200</u>	<u>35,183</u>	<u>17</u>
Deficiency of revenues under expenditures	(35,200)	(35,200)	(35,183)	17
Other financing sources:				
Transfers in	<u>35,200</u>	<u>35,200</u>	<u>35,200</u>	<u>-</u>
Net change in fund balance	-	-	17	17
Total fund balances - beginning of year			<u>833</u>	
Total fund balances - end of year			<u><u>\$ 850</u></u>	

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**VILLAGE OF CLINTON, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE-BUDGET AND ACTUAL
FIRE FUND SPECIAL REVENUE FUND
FOR THE YEAR ENDED MARCH 31, 2017**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:				
Miscellaneous	\$ 500	\$ 500	\$ 698	\$ 198
Township contributions	207,970	207,970	220,575	12,605
Interest	150	150	396	246
Total revenues	<u>208,620</u>	<u>208,620</u>	<u>221,669</u>	<u>13,049</u>
EXPENDITURES:				
Wages	84,000	67,000	67,095	(95)
Benefits	12,580	12,580	5,690	6,890
Supplies	21,030	21,030	18,631	2,399
Professional fees	700	700	587	113
Communications	5,000	5,000	5,206	(206)
Workshops	11,000	11,000	9,240	1,760
Gas and oil	3,000	3,000	1,504	1,496
Insurance	11,700	11,700	10,885	815
Utilities	7,000	7,000	6,105	895
Equipment maintenance	3,000	3,000	6,025	(3,025)
Truck maintenance	14,000	14,000	15,419	(1,419)
Building maintenance	8,000	8,000	10,764	(2,764)
Capital outlay	17,000	17,000	14,843	2,157
Total expenditures	<u>198,010</u>	<u>181,010</u>	<u>171,994</u>	<u>9,016</u>
Excess (deficiency) of revenues (under) expenditures	10,610	27,610	49,675	22,065
Other financing sources (uses):				
Debt service	<u>(10,610)</u>	<u>(50,610)</u>	<u>(1,746)</u>	<u>48,864</u>
Net change in fund balance	-	(23,000)	47,929	70,929
Total fund balances - beginning of year			<u>61,813</u>	
Total fund balances - end of year			<u><u>\$ 109,742</u></u>	

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**VILLAGE OF CLINTON, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE-BUDGET AND ACTUAL
SMITH-KIMBALL COMMUNITY CENTER SPECIAL REVENUE FUND
FOR THE YEAR ENDED MARCH 31, 2017**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:				
Property taxes	\$ 62,000	\$ 62,000	\$ 59,694	\$ (2,306)
Miscellaneous	100	100	-	(100)
Rentals	7,300	7,300	5,821	(1,479)
Interest	60	60	(44)	(104)
Total revenues	<u>69,460</u>	<u>69,460</u>	<u>65,471</u>	<u>(3,989)</u>
EXPENDITURES:				
Community Center expenses	<u>59,460</u>	<u>59,460</u>	<u>51,594</u>	<u>7,866</u>
Total expenditures	<u>59,460</u>	<u>59,460</u>	<u>51,594</u>	<u>7,866</u>
Excess (deficiency) of revenues over (under) expenditures	10,000	10,000	13,877	3,877
Other financing uses:				
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	10,000	10,000	13,877	3,877
Total fund balances - beginning of year			<u>55,721</u>	
Total fund balances - end of year			<u>\$ 69,598</u>	

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VILLAGE OF CLINTON, MICHIGAN
REQUIRED SUPPLEMENTARY INFORMATION
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
MARCH 31, 2017
WITH COMPARATIVE TOTALS FOR MARCH 31, 2016

	Debt Service	Local Street Fund	Fire Fund	Community Center Fund	Total Nonmajor Governmental Funds	
					2017	RESTATED 2016
ASSETS:						
Cash	\$ 850	\$ 18,015	\$ 41,317	\$ 50,879	\$ 111,061	\$ 112,493
Investments	-	-	87,369	8,486	95,855	86,958
Receivables:						
Accounts	-	-	-	1,442	1,442	1,707
Due from other funds	-	10,177	-	7,000	17,177	17,177
Due from other governmental units	-	9,460	-	-	9,460	4,318
Due from component unit	-	-	-	-	-	-
Advance to other funds	-	-	-	-	-	-
Advance from component unit	-	-	-	-	-	-
Accrued interest	-	-	-	8	8	393
Prepaid expense	-	68	10,795	2,765	13,628	8,076
					-	-
Total assets	<u>\$ 850</u>	<u>\$ 37,220</u>	<u>\$ 139,481</u>	<u>\$ 70,580</u>	<u>\$ 248,631</u>	<u>\$ 231,122</u>
LIABILITIES:						
Accounts payable	-	1,960	-	275	2,235	90
Accrued expenditures	-	340	546	707	1,593	455
Deferred revenue	-	-	-	-	-	1,000
Due to other funds	-	192	-	-	192	192
Due to component unit	-	-	-	-	-	-
Advance from other funds	-	-	29,193	-	29,193	82,000
Accrued sick and vacation pay	-	-	-	-	-	-
Total liabilities	<u>\$ -</u>	<u>\$ 2,492</u>	<u>\$ 29,739</u>	<u>\$ 982</u>	<u>\$ 33,213</u>	<u>\$ 83,737</u>
FUND BALANCES:						
Nonspendable	\$ -	\$ 68	\$ 10,795	\$ 2,765	\$ 13,628	\$ 8,076
Restricted	850	35,160	98,947	66,833	201,790	139,309
Committed	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
					-	-
Total fund balance	<u>850</u>	<u>35,228</u>	<u>109,742</u>	<u>69,598</u>	<u>215,418</u>	<u>147,385</u>
					-	-
Total liabilities & fund balance	<u>\$ 850</u>	<u>\$ 37,220</u>	<u>\$ 139,481</u>	<u>\$ 70,580</u>	<u>\$ 248,631</u>	<u>\$ 231,122</u>

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VILLAGE OF CLINTON, MICHIGAN
REQUIRED SUPPLEMENTARY INFORMATION
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MARCH 31, 2017
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED MARCH 31, 2016

	Debt Service	Local Street Fund	Fire	Community Center Fund	Total Nonmajor Governmental Funds	
					2017	RESTATED 2016
REVENUES:						
Property taxes	\$ -	\$ -	\$ -	\$ 59,694	\$ 59,694	\$ 58,870
Intergovernmental revenues	-	49,891	-	-	49,891	49,161
Farmers Market Grant	-	-	-	-	-	-
Licenses, fees and charges for services	-	-	-	-	-	-
Rentals	-	-	-	5,821	5,821	8,265
Interest	-	-	396	(44)	352	472
Other	-	-	698	-	698	10,041
Townships	-	-	220,575	-	220,575	213,175
Realized gain (loss) on investment	-	-	-	-	-	-
Unrealized gain (loss) on investment	-	-	-	-	-	-
Total revenues	-	49,891	221,669	65,471	337,031	339,984
EXPENDITURES:						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	171,994	-	171,994	384,761
Culture and recreation	-	-	-	51,594	51,594	81,248
Sanitation	-	-	-	-	-	-
Highways and streets	-	154,743	-	-	154,743	73,466
Debt service:						
Principal	30,000	-	-	-	30,000	30,000
Interest	5,183	-	1,746	-	6,929	7,013
Total expenditures	35,183	154,743	173,740	51,594	415,260	576,488
Excess (deficiency) of revenues over (under) expenditures	(35,183)	(104,852)	47,929	13,877	(78,229)	(236,504)
Other financing sources (uses):						
Sale of equipment	-	-	-	-	-	9,000
Transfers in	35,200	103,850	-	-	139,050	60,400
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	35,200	103,850	-	-	139,050	69,400
Change in fund balances	17	(1,002)	47,929	13,877	60,821	(167,104)
Total fund balances - beginning of year	833	36,230	61,813	55,721	154,597	314,489
Total fund balances - end of year	\$ 850	\$ 35,228	\$ 109,742	\$ 69,598	\$ 215,418	\$ 147,385

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