

**VILLAGE OF CLINTON, MICHIGAN**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2019**  
**WITH**  
**INDEPENDENT AUDITORS' REPORT**

VILLAGE OF CLINTON, MICHIGAN

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Village Council  
Village of Clinton  
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## **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, 2019, 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, Michigan, as of March 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year ended in accordance with accounting principles generally accepted in the United States of America.

## **Report on Summarized Comparative Information**

We have previously audited the Village of Clinton, Michigan's March 31, 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 2, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

## **Other Matters**

### *Required Supplementary Information*

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

### *Other information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Clinton, Michigan'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 12, 2019

**VILLAGE OF CLINTON, MICHIGAN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED MARCH 31, 2019**

As management of the Village of Clinton, Michigan (the Village), we offer readers of the Village's financial statements this narrative overview and analysis of the financial activities of the Village for the fiscal year ended March 31, 2019. We encourage readers to consider the information presented here.

**Financial Highlights**

- ◆ The assets of the Village exceeded its liabilities at the close of the most recent fiscal year by \$13,084,171 (*net position*). Of this amount, \$2,452,855 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- ◆ The Village's total net position increased \$819,085.
- ◆ As of the close of the current year, the Village's governmental funds reported combined ending fund balances of \$5,182,661, an increase of \$379,166; compared with an increase of \$137,395 in the prior year.
- ◆ At the end of the current year, unassigned fund balance for the general fund was \$792,906, or 70% percent of total general fund expenditures.
- ◆ During the year ended March 31, 2019, Michigan South Central Power Agency reported income of \$3,286,660. The Village's proportionate share of the income was \$178,916.

**Overview of the Financial Statements**

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

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

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

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

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

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

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

**VILLAGE OF CLINTON, MICHIGAN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED MARCH 31, 2019**

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

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

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

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

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

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

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

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

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

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

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

**VILLAGE OF CLINTON, MICHIGAN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED MARCH 31, 2019**

**Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Village, assets exceeded liabilities by \$13,084,171 at the close of the most recent fiscal year.

By far the largest portion of the Village of Clinton, Michigan's net position (37 percent) reflects its investment in capital assets (e.g., land, buildings, equipment, infrastructure), less any related debt used to acquire those assets that is still outstanding. The Village uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Village's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**VILLAGE OF CLINTON, MICHIGAN'S NET POSITION**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>2019</b>	<b>2018</b>
<b>Assets:</b>				
Current and other assets	\$ 5,492,878	\$ 2,488,187	\$ 7,981,065	\$ 7,297,251
Capital Assets	2,222,616	4,913,383	7,135,999	7,196,311
Total assets	7,715,494	7,401,570	15,117,064	14,493,562
<b>Deferred outflows of resources</b>	482,701		482,701	232,969
Total assets & deferred outflows	\$ 8,198,195	\$ 7,401,570	\$ 15,599,765	\$ 14,726,531
<b>Liabilities:</b>				
Long term liabilities outstanding	\$ 605,814	\$ 1,634,304	\$ 2,240,118	\$ 2,067,361
Other liabilities	49,059	226,417	275,476	274,620
Total Liabilities	654,873	1,860,721	2,515,594	2,341,981
<b>Deferred inflows of resources</b>				119,464
<b>Net Position:</b>				
Invested in capital assets, net of related debt	2,187,616	2,645,183	4,832,799	4,955,318
Restricted	4,365,885	1,432,632	5,798,517	5,287,147
Unrestricted	989,821	1,463,034	2,452,855	2,022,621
Total Net Position	7,543,322	5,540,849	13,084,171	12,265,086
Total liabilities, deferred inflows and net position	\$ 8,198,195	\$ 7,401,570	\$ 15,599,765	\$ 14,726,531

**VILLAGE OF CLINTON, MICHIGAN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED MARCH 31, 2019**

**VILLAGE OF CLINTON, MICHIGAN'S CHANGE OF NET POSITION**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>2019</u>	<u>2018</u>
<b>Revenues:</b>				
<b>Program revenues:</b>				
Charge for services	\$ 194,410	\$ 4,025,062	\$ 4,219,472	\$ 4,146,165
Operating grants	128,135		128,135	
Capital grants	118,240		118,240	
<b>General revenues:</b>				
Property taxes	728,025		728,025	699,250
Intergovernmental	503,777		503,777	455,646
License fees and fines	71,398		71,398	78,238
Investment earnings	145,461	209,052	354,513	(94,744)
Miscellaneous revenue	282,710	13,464	296,174	109,889
Total revenues	<u>\$ 2,172,156</u>	<u>4,247,578</u>	<u>6,419,734</u>	<u>5,394,444</u>
<b>Expenses:</b>				
General government	387,357		387,357	317,700
Public safety	815,578		815,578	717,101
Culture and recreation	167,952		167,952	183,110
Sanitation	113,105		113,105	114,382
Highways and streets	286,243		286,243	352,374
Interest on long-term debt	10,181		10,181	13,608
Electric		2,828,587	2,828,587	2,833,836
Water		275,387	275,387	281,604
Sewer		753,595	753,595	689,653
Total expenses	<u>1,780,416</u>	<u>3,857,569</u>	<u>5,637,985</u>	<u>5,503,368</u>
Increase (decrease) in net position before transfers	391,740	390,009	781,749	(108,924)
Transfer (to) from component unit	37,336		37,336	38,840
Transfers	60,000	(60,000)		
Change in net position	<u>489,076</u>	<u>330,009</u>	<u>819,085</u>	<u>(70,084)</u>
Net position - beginning of year	<u>7,054,246</u>	<u>5,210,840</u>	<u>12,265,086</u>	<u>12,335,170</u>
Net position - end of year	<u>\$ 7,543,322</u>	<u>\$ 5,540,849</u>	<u>\$ 13,084,171</u>	<u>\$ 12,265,086</u>

An additional portion of the Village's net position (44 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* \$2,452,855 may be used to meet the government's ongoing obligations to citizens and creditors.

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

**VILLAGE OF CLINTON, MICHIGAN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED MARCH 31, 2019**

**Financial Analysis of the Government's Funds**

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

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

As of the end of the current fiscal year, the Village's governmental funds reported combined ending fund balances of \$5,182,661, an increase of \$379,166 in comparison with the prior year. Restricted fund balance of \$4,363,620 is not available for new spending since it already is committed. Permanent (Trusts) fund money \$3,546,943 represents most of the restricted fund balance.

The general fund is the chief operating fund of the Village. At the end of the current fiscal year, unassigned fund balance of the general fund was \$792,906.

The fund balance of the Village of Clinton, Michigan's general fund increased by \$38,368 during the current fiscal year.

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

Unrestricted net position of the utility funds at the end of the year amounted to \$1,463,034. The total increase in net position for the funds was \$330,009.

**Budgetary Highlights**

- The major and local streets funds spent \$174,274 for improvements to Jackson Road. The Village continued to perform chip seal as preventative maintenance on other streets.
- The fire department received gifts and grant funding totaling \$246,375. The capital grant in the amount of \$118,240 was used to purchase new breathing apparatuses for the department.
- The Village increased the water and sewer rates to generate more revenue to help fund the operation, maintenance, debt service, and capital cost of the two utilities. The Village needs to allocate more money for the replacement of the aging water and sewer systems.
- The water fund spent a total of \$204,786 in the year for the construction of a new iron removal plant. This plant is currently classified as construction in process.
- The DDA spent a total of \$147,823 for the purchase of a house on Tecumseh Road with the intent of demolishing the structure for additional parking downtown. As a result, \$10,800 has been capitalized on the balance sheet and \$137,023 is recognized as impairment expense in the statement of activities.

**Capital Asset and Debt Administration**

**Capital assets.** The Village's investment in capital assets for its governmental and business-type activities as of March 31, 2019, amounts to \$7,135,999 (net of accumulated depreciation). This investment in capital assets includes land, buildings and utility systems, machinery and equipment, roads, and other infrastructure. The net decrease in the Village's investment in capital assets for the current fiscal year was \$60,312.

**VILLAGE OF CLINTON, MICHIGAN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED MARCH 31, 2019**

Major capital assets purchased during the current fiscal year were:

Machinery, equipment, and furnishings	\$ 182,047
Utility systems	63,950
Land improvements	27,917
Infrastructure	174,274
Construction in process	204,786

**VILLAGE OF CLINTON, MICHIGAN'S CAPITAL ASSETS**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>2019</u>	<u>2018</u>
<b>Capital Assets:</b>				
Land	\$ 285,152	\$ 235,431	\$ 520,583	\$ 315,797
Land improvements	277,957		277,957	274,443
Buildings	319,078		319,078	348,269
Equipment and furnishings	468,828		468,828	387,895
Infrastructure	871,601		871,601	872,896
Utility systems		4,677,952	4,677,952	4,997,011
Total	<u>\$ 2,222,616</u>	<u>\$ 4,913,383</u>	<u>\$ 7,135,999</u>	<u>\$ 7,196,311</u>

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

**Long-term debt.** At the end of the current fiscal year, the Village had total bonded and note debt outstanding of \$1,585,000.

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

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>2018</u>	<u>2017</u>
General Obligation Bonds	\$ 35,000	\$	\$ 35,000	\$ 70,000
Revenue Bonds		1,550,000	1,550,000	1,755,000
Total	<u>\$ 35,000</u>	<u>\$ 1,550,000</u>	<u>\$ 1,585,000</u>	<u>\$ 1,825,000</u>

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

**Economic Factors and Next Year's Budgets and Rates**

Even though the taxable value of real property increased by one percent, the Village is still concerned about the slow economic recovery in the State of Michigan and the possible negative ramifications on the 2019-20 budget from the State's elimination of personal property taxes. Adjusting for the non-recurring items as discussed in the budgetary highlights section above, the Village has adopted a similar budget to the 2018-19 fiscal year.

**Requests for Information**

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

**VILLAGE OF CLINTON, MICHIGAN  
STATEMENT OF NET POSITION  
MARCH 31, 2019  
WITH COMPARATIVE TOTALS FOR MARCH 31, 2018**

	Governmental Activities	Business-Type Activities	Total		Component Unit Downtown Development Authority
			2019	2018	
<b>ASSETS:</b>					
Cash	\$ 1,163,229	\$ 613,239	\$ 1,776,468	\$ 1,324,375	\$ 102,513
Investments	3,018,590	988,798	4,007,388	4,160,625	
Accounts receivable (net)	77,933	311,616	389,549	313,394	
Prepaid expenses	26,135	22,616	48,751	63,282	
Internal balances	304,930	(304,930)			
Internal balances - advances	718,200	(718,200)			
Internal balances - component unit	(1,588)		(1,588)	(1,588)	1,588
Advance to component units	185,449		185,449	41,031	(185,449)
Inventory		142,416	142,416	142,416	
<b>Restricted assets:</b>					
Investments in joint venture		1,432,632	1,432,632	1,253,716	
<b>Capital assets:</b>					
Assets not subject to depreciation	285,152	235,431	520,583	315,797	
Assets subject to depreciation	1,937,464	4,677,952	6,615,416	6,880,514	304,262
Total assets	7,715,494	7,401,570	15,117,064	14,493,562	222,914
<b>Deferred outflows of resources</b>					
Deferred pension amounts	482,701		482,701	232,969	
Total assets and deferred outflows of resources	\$ 8,198,195	\$ 7,401,570	\$ 15,599,765	\$ 14,726,531	\$ 222,914
<b>LIABILITIES:</b>					
Accounts payable and accrued liabilities	\$ 23,612	\$ 167,864	\$ 191,476	\$ 181,705	\$
Customer deposits		58,553	58,553	54,780	
Accrued sick and vacation pay - current	25,447		25,447	38,135	
<b>Noncurrent liabilities:</b>					
Due within one year	35,000		35,000	35,000	
Net pension liability	531,989		531,989	78,793	
Due in more than one year	38,825	1,634,304	1,673,129	1,953,568	
Total liabilities	654,873	1,860,721	2,515,594	2,341,981	
<b>Deferred inflows of resources</b>					
Deferred pension amounts				119,464	
<b>NET POSITION:</b>					
Invested in capital assets, net of related debt	2,187,616	2,645,183	4,832,799	4,955,318	118,813
<b>Restricted for:</b>					
Investment in joint venture		1,432,632	1,432,632	1,253,716	
Highways and streets	442,648		442,648	342,446	
Public safety	275,732		275,732	145,734	
Culture and recreation	99,704		99,704	72,742	
Debt service	858		858	858	
Permanent funds	3,546,943		3,546,943	3,471,651	
Unrestricted	989,821	1,463,034	2,452,855	2,022,621	104,101
Total net position	7,543,322	5,540,849	13,084,171	12,265,086	222,914
Total liabilities, deferred inflows of resources and net position	\$ 8,198,195	\$ 7,401,570	\$ 15,599,765	\$ 14,726,531	\$ 222,914

See accompanying notes to the financial statements

VILLAGE OF CLINTON, MICHIGAN  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED MARCH 31, 2019  
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED MARCH 31, 2018

Functions/programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position				Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government		Downtown Development Authority	
						Business-Type Activities	Total		
							2019		2018
<b>Governmental activities:</b>									
General government	\$ 387,357	\$	\$	\$	\$(387,357)	\$	\$(387,357)	\$(317,700)	\$
Public safety	815,578	46,770	128,135	118,240	(522,433)		(522,433)	(499,446)	
Culture and recreation	167,952	28,035			(139,917)		(139,917)	(162,310)	
Sanitation	113,105	119,605			6,500		6,500	4,544	
Highways and streets	286,243				(286,243)		(286,243)	(352,374)	
Interest on long-term debt	10,181				(10,181)		(10,181)	(13,608)	
Total governmental activities	1,780,416	194,410	128,135	118,240	(1,339,631)		(1,339,631)	(1,340,894)	
<b>Business-type activities:</b>									
Electric Fund	2,828,587	3,020,036				191,449	191,449	16,785	
Water Fund	275,387	272,897				(2,490)	(2,490)	(24,056)	
Sewer Fund	753,595	732,129				(21,466)	(21,466)	(9,038)	
Total business-type activities	3,857,569	4,025,062				167,493	167,493	(16,309)	
Total government	\$ 5,637,985	\$ 4,219,472	\$ 128,135	\$ 118,240	\$ (1,339,631)	\$ 167,493	\$ (1,172,138)	\$ (1,357,203)	\$
<b>Component unit:</b>									
Downtown development authority	169,129								(169,129)
Total component unit	\$ 169,129								\$ (169,129)
<b>General revenues:</b>									
Property taxes					\$ 728,025	\$	\$ 728,025	\$ 699,250	\$ 64,545
Intergovernmental					503,777		503,777	455,646	
Licenses, fees, and fines					71,398		71,398	78,238	
Investment earnings					145,461	209,052	354,513	(94,744)	
Miscellaneous revenues					282,710	13,464	296,174	109,889	
Intragovernmental transfers					60,000	(60,000)			
Transfer from component unit					37,336		37,336	38,840	(37,336)
Total general revenues and transfers					1,828,707	162,516	1,991,223	1,287,119	27,209
Change in net position					489,076	330,009	819,085	(70,084)	(141,920)
Total net position - beginning					7,054,246	5,210,840	12,265,086	12,335,170	364,834
Total net position - ending					\$ 7,543,322	\$ 5,540,849	\$ 13,084,171	\$ 12,265,086	\$ 222,914

See accompanying notes to the financial statements

**VILLAGE OF CLINTON, MICHIGAN  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
MARCH 31, 2019  
WITH COMPARATIVE TOTALS FOR MARCH 31, 2018**

				<u>Permanent Funds</u>		<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>	
	<u>General</u>	<u>Major Street</u>	<u>Fire Department</u>	<u>Robison Trust</u>	<u>Capital Improvement Tate Park</u>		<u>2019</u>	<u>2018</u>
<b>ASSETS:</b>								
Cash	\$ 517,757	\$ 181,926	\$ 60,914	\$	\$	\$ 136,492	\$ 897,089	\$ 754,779
Investments	299,625		216,292	965,553	1,528,583	8,537	3,018,590	3,156,946
<b>Receivables:</b>								
Accounts (net)	16,020					1,330	17,350	21,415
Due from other funds		303,735				17,804	321,539	319,021
Due from other governmental units	17,941	30,968				11,674	60,583	55,725
Due from component unit								
Advance to other funds				718,200	149,158		867,358	666,930
Advance from component unit				34,212	151,237		185,449	41,031
Accrued interest								
Prepaid expense	15,526	137	8,344			2,128	26,135	34,060
<b>Total assets</b>	<b>\$ 866,869</b>	<b>\$ 516,766</b>	<b>\$ 285,550</b>	<b>\$ 1,717,965</b>	<b>\$ 1,828,978</b>	<b>\$ 177,965</b>	<b>\$ 5,394,093</b>	<b>\$ 5,049,907</b>
<b>LIABILITIES:</b>								
Accounts payable	\$ 9,816	\$	\$ 970	\$	\$	\$ 962	\$ 11,748	\$ 5,870
Accrued expenditures	8,233	373	504			836	9,946	10,046
Deferred revenue								
Due to other funds	16,417					192	16,609	14,091
Due to component unit	1,588						1,588	1,588
Advance from other funds		149,158					149,158	180,937
Accrued sick and vacation pay	22,383						22,383	33,880
<b>Total liabilities</b>	<b>58,437</b>	<b>149,531</b>	<b>1,474</b>			<b>1,990</b>	<b>211,432</b>	<b>246,412</b>
<b>FUND BALANCES:</b>								
Nonspendable	15,526	137	8,344			2,128	26,135	34,060
Restricted		367,098	275,732	1,717,965	1,828,978	173,847	4,363,620	4,019,623
Unassigned	792,906						792,906	749,812
<b>Total fund balance</b>	<b>808,432</b>	<b>367,235</b>	<b>284,076</b>	<b>1,717,965</b>	<b>1,828,978</b>	<b>175,975</b>	<b>5,182,661</b>	<b>4,803,495</b>
<b>Total liabilities &amp; fund balance</b>	<b>\$ 866,869</b>	<b>\$ 516,766</b>	<b>\$ 285,550</b>	<b>\$ 1,717,965</b>	<b>\$ 1,828,978</b>	<b>\$ 177,965</b>	<b>\$ 5,394,093</b>	<b>\$ 5,049,907</b>

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, 2019**  
**WITH COMPARATIVE TOTALS FOR THE YEAR ENDED MARCH 31, 2018**

	<b>2019</b>	<b>2018</b>
Total governmental fund balances	\$ 5,182,661	\$ 4,803,495
Capital assets used in the governmental activities are not financial resources and, therefore, are not reported in the governmental funds:	2,222,616	2,168,655
Accrued interest payable on long term debt is recognized in governmental funds when paid and not when accrued.	(656)	(1,033)
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.	(38,825)	(53,072)
Loan indebtedness is recognized in the governmental funds when paid and not when accrued.	(35,000)	(70,000)
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	467,947	418,462
Internal service fund net capital assets are included in the general capital asset adjustment above.	(206,133)	(246,973)
Net internal service fund position added to governmental activities	261,814	171,489
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	482,701	232,969
Deferred inflows related to the net pension liability	(531,989)	(119,464)
Net pension liability	(531,989)	(78,793)
Net differences	2,360,661	2,250,751
Total net position of governmental activities	\$ 7,543,322	\$ 7,054,246

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, 2019**  
**WITH COMPARATIVE TOTALS FOR THE YEAR ENDED MARCH 31, 2018**

	General	Major Street	Fire Department	Permanent Funds		Total Other Governmental Funds	Total Governmental Funds	
				Robison Trust	Tate Park Capital Improvement		2019	2018
<b>REVENUES:</b>								
Property taxes	\$ 668,184	\$	\$	\$	\$	\$ 59,841	\$ 728,025	\$ 699,250
Intergovernmental revenues	231,703	197,622				74,452	503,777	455,646
Operating grants			128,135				128,135	
Capital grants			118,240				118,240	
Licenses, fees and charges for services	219,038		46,770				265,808	435,619
Rentals	12,770					5,204	17,974	20,778
Interest	5,670	1,967	995	32,405	53,323	608	94,968	59,381
Other	30,165		191,644			394	222,203	35,420
Realized gain (loss) on investment				(3,493)			(3,493)	(6,041)
Unrealized gain (loss) on investment				33,251	20,735		53,986	(2,579)
<b>Total revenues</b>	<b>1,167,530</b>	<b>199,589</b>	<b>485,784</b>	<b>62,163</b>	<b>74,058</b>	<b>140,499</b>	<b>2,129,623</b>	<b>1,697,474</b>
<b>EXPENDITURES:</b>								
<b>Current:</b>								
General government	303,620			4,963	5,301		313,884	333,872
Public safety	586,123		347,442				933,565	702,333
Culture and recreation	122,179					38,534	160,713	142,006
Sanitation	113,105						113,105	114,382
Highways and streets		205,574				75,394	280,968	292,228
<b>Debt service:</b>								
Principal						35,000	35,000	35,000
Interest		8,222				2,336	10,558	14,098
<b>Total expenditures</b>	<b>1,125,027</b>	<b>213,796</b>	<b>347,442</b>	<b>4,963</b>	<b>5,301</b>	<b>151,264</b>	<b>1,847,793</b>	<b>1,633,919</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>42,503</b>	<b>(14,207)</b>	<b>138,342</b>	<b>57,200</b>	<b>68,757</b>	<b>(10,765)</b>	<b>281,830</b>	<b>63,555</b>
<b>Other financing sources (uses):</b>								
Sale of equipment								
Transfers in	70,665	84,800				67,336	222,801	245,609
Transfers out	(74,800)			(40,000)	(10,665)		(125,465)	(171,769)
<b>Total other financing sources (uses)</b>	<b>(4,135)</b>	<b>84,800</b>		<b>(40,000)</b>	<b>(10,665)</b>	<b>67,336</b>	<b>97,336</b>	<b>73,840</b>
Change in fund balances	38,368	70,593	138,342	17,200	58,092	56,571	379,166	137,395
Total fund balances - beginning	770,064	296,642	145,734	1,700,765	1,770,886	119,404	4,803,495	4,666,100
Total fund balances - ending	\$ 808,432	\$ 367,235	\$ 284,076	\$ 1,717,965	\$ 1,828,978	\$ 175,975	\$ 5,182,661	\$ 4,803,495

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, 2019  
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED MARCH 31, 2018**

	2019	2018
Change in fund balances total governmental funds	\$ 379,166	\$ 137,395
<p>Amounts reported for governmental activities in the statement of activities are different because Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This amount of depreciation is more than the capital outlay in the current period.</p>		
Capital outlays amounted to	346,324	248,002
Depreciation amounted to	(292,364)	(337,062)
Net adjustment for capital related activities for the year	53,960	(89,060)
<p>The issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of the principle of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any effect on net position.</p>		
Debt incurred during current year		
Less: principal repayment	35,000	35,000
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
Accrued interest - net	377	490
Accrued long-term sick and vacation pay - net effect	14,247	(3,479)
<p>Internal Service Fund (Equipment Fund) is used by the Village to charge equipment rental to individual funds. The net income (loss) of this activity, adjusted for depreciation and capital outlays above, is reported with governmental activities in the government-wide statements, however, it is reported with the proprietary funds in the fund financial statements.</p>		
	90,326	28,242
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.</p>		
Change in the net pension liability and related deferred amounts	(84,000)	7,767
Change in net position of governmental activities	\$ 489,076	\$ 116,355

See accompanying notes to the financial statements

**VILLAGE OF CLINTON, MICHIGAN**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**MARCH 31, 2019**  
**WITH COMPARATIVE TOTALS FOR MARCH 31, 2018**

	<b>Business-type Activities</b>			<b>Total</b>		<b>Governmental</b>
	<b>Enterprise Funds</b>			<b>Proprietary Funds</b>		<b>Internal</b>
	<b>Electric Fund</b>	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>2019</b>	<b>2018</b>	<b>Service Fund</b>
<b>ASSETS:</b>						
<b>Current assets:</b>						
Cash and cash equivalents	\$ 403,937	\$ 121,530	\$ 87,772	\$ 613,239	\$ 392,281	\$ 266,140
Investments	814,656	45,298	128,844	988,798	1,003,679	
Accounts receivable (net)	243,277	16,594	51,745	311,616	236,254	
Prepaid expenses	13,370	4,782	4,464	22,616	29,222	
Inventory	142,416			142,416	142,416	
<b>Total current assets</b>	<b>1,617,656</b>	<b>188,204</b>	<b>272,825</b>	<b>2,078,685</b>	<b>1,803,852</b>	<b>266,140</b>
<b>Noncurrent assets:</b>						
Investment in joint venture	1,432,632			1,432,632	1,253,716	
<b>Capital assets:</b>						
Land	17,496	3,000	10,149	30,645	30,645	
Buildings	567,248	73,715	5,839,908	6,480,871	6,480,871	
Utility systems	1,822,138	1,407,663	769,452	3,999,253	3,973,218	
Equipment/trucks	1,110,440	126,576	284,611	1,521,627	1,521,661	934,278
Construction in progress		204,786		204,786		
Accumulated depreciation	(3,088,037)	(836,167)	(3,399,595)	(7,323,799)	(6,978,739)	(728,145)
<b>Total capital assets - net</b>	<b>429,285</b>	<b>979,573</b>	<b>3,504,525</b>	<b>4,913,383</b>	<b>5,027,656</b>	<b>206,133</b>
<b>Total noncurrent assets</b>	<b>1,861,917</b>	<b>979,573</b>	<b>3,504,525</b>	<b>6,346,015</b>	<b>6,281,372</b>	<b>206,133</b>
<b>Total assets</b>	<b>\$ 3,479,573</b>	<b>\$ 1,167,777</b>	<b>\$ 3,777,350</b>	<b>\$ 8,424,700</b>	<b>\$ 8,085,224</b>	<b>\$ 472,273</b>
<b>LIABILITIES:</b>						
<b>Current Liabilities:</b>						
Accounts payable	\$ 142,237	\$ 922	\$ 1,912	\$ 145,071	\$ 142,133	\$ 1,262
Accrued expenses	18,192	1,015	3,586	22,793	21,052	
Due to other funds	299,530	5,400		304,930	304,930	
Advance payable to other funds		550,479	167,721	718,200	485,993	
<b>Total current liabilities</b>	<b>459,959</b>	<b>557,816</b>	<b>173,219</b>	<b>1,190,994</b>	<b>954,108</b>	<b>1,262</b>
<b>Current liabilities payable from restricted assets:</b>						
Customer deposits	58,553			58,553	54,780	
<b>Noncurrent liabilities:</b>						
Accrued sick and vacation pay	53,363	9,270	21,671	84,304	110,496	3,064
SRF loan payable			1,550,000	1,550,000	1,755,000	
<b>Total liabilities</b>	<b>571,875</b>	<b>567,086</b>	<b>1,744,890</b>	<b>2,883,851</b>	<b>2,874,384</b>	<b>4,326</b>
<b>NET POSITION:</b>						
Invested in capital assets, net of related debt	429,285	429,094	1,786,804	2,645,183	2,786,663	206,133
Restricted for joint venture	1,432,632			1,432,632	1,253,716	
Unrestricted	1,045,781	171,597	245,656	1,463,034	1,170,461	261,814
<b>Total net position</b>	<b>2,907,698</b>	<b>600,691</b>	<b>2,032,460</b>	<b>5,540,849</b>	<b>5,210,840</b>	<b>467,947</b>
<b>Total liabilities and net position</b>	<b>\$ 3,479,573</b>	<b>\$ 1,167,777</b>	<b>\$ 3,777,350</b>	<b>\$ 8,424,700</b>	<b>\$ 8,085,224</b>	<b>\$ 472,273</b>

See accompanying notes to the financial statements

**VILLAGE OF CLINTON, MICHIGAN**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN NET POSITION**  
**PROPRIETARY FUND**  
**FOR THE YEAR ENDED MARCH 31, 2019**  
**WITH COMPARATIVE TOTALS FOR THE YEAR ENDED MARCH 31, 2018**

	<b>Business-type Activities</b>			<b>Total</b>		<b>Governmental</b>
	<b>Enterprise Funds</b>			<b>Proprietary Funds</b>		<b>Activities</b>
	<b>Electric Fund</b>	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>2019</b>	<b>2018</b>	<b>Internal Service Fund</b>
<b>Operating revenue:</b>						
Metered sales	\$ 2,986,489	\$ 267,665	\$ 718,016	\$ 3,972,170	\$ 3,745,916	\$
Penalties and service charges	33,547	5,232	14,113	52,892	42,868	
Miscellaneous	2,630	275	3,868	6,773	4,307	1,656
Rentals	6,691			6,691	6,068	136,091
<b>Total operating revenues</b>	<b>3,029,357</b>	<b>273,172</b>	<b>735,997</b>	<b>4,038,526</b>	<b>3,799,159</b>	<b>137,747</b>
<b>Operating expenses:</b>						
Light plant	84,525			84,525	86,980	
Purchased power	1,779,857			1,779,857	1,805,437	
Administrative	270,030	52,406	35,399	357,835	320,123	
Electric distribution system	583,659			583,659	605,967	
Water distribution		162,850		162,850	181,012	
Collection system			19,541	19,541	12,974	
Sewer treatment plant			381,060	381,060	334,028	
Depreciation	66,740	38,200	278,071	383,011	381,306	40,841
Professional services	43,776	9,964	6,520	60,260	23,935	
Equipment operation and maintenance						47,421
<b>Total operating expenses</b>	<b>2,828,587</b>	<b>263,420</b>	<b>720,591</b>	<b>3,812,598</b>	<b>3,751,762</b>	<b>88,262</b>
Operating income (loss)	200,770	9,752	15,406	225,928	47,397	49,485
<b>Nonoperating revenues (expenses):</b>						
Income from joint venture	178,916			178,916	(156,292)	
Interest income	12,609	7,874	9,653	30,136	10,787	
Interest expense		(11,967)	(33,004)	(44,971)	(53,331)	
<b>Total nonoperating revenues (expenses)</b>	<b>191,525</b>	<b>(4,093)</b>	<b>(23,351)</b>	<b>164,081</b>	<b>(198,836)</b>	
<b>Net income (loss) before transfers</b>	<b>392,295</b>	<b>5,659</b>	<b>(7,945)</b>	<b>390,009</b>	<b>(151,439)</b>	<b>49,485</b>
Transfers out	(60,000)			(60,000)	(35,000)	
<b>Change in net position</b>	<b>332,295</b>	<b>5,659</b>	<b>(7,945)</b>	<b>330,009</b>	<b>(186,439)</b>	<b>49,485</b>
<b>Total net position - beginning</b>	<b>2,575,403</b>	<b>595,032</b>	<b>2,040,405</b>	<b>5,210,840</b>	<b>5,397,279</b>	<b>418,462</b>
<b>Total net position - ending</b>	<b>\$ 2,907,698</b>	<b>\$ 600,691</b>	<b>\$ 2,032,460</b>	<b>\$ 5,540,849</b>	<b>\$ 5,210,840</b>	<b>\$ 467,947</b>

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, 2019**  
**WITH COMPARATIVE TOTALS FOR THE YEAR ENDED MARCH 31, 2018**

	<u>Business-type Activities</u>			<u>Total</u>		<u>Governmental</u>
	<u>Enterprise Funds</u>					<u>Proprietary Funds</u>
	<u>Electric</u>	<u>Water</u>	<u>Sewer</u>	<u>2019</u>	<u>2018</u>	<u>Service Fund</u>
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>			
<b>Cash flows from operating activities:</b>						
Cash received from customers	\$ 2,960,102	\$ 273,985	\$ 729,077	\$ 3,963,164	\$ 3,827,517	\$
Cash received for interfund services provided						137,597
Cash paid to suppliers and employees	(2,729,844)	(214,229)	(455,774)	(3,399,847)	(3,330,343)	(48,922)
Cash paid for interfund services received	(26,758)	(7,141)	(6,977)	(40,876)	(41,027)	
Net cash provided by (used in) operating activities	<u>203,500</u>	<u>52,615</u>	<u>266,326</u>	<u>522,441</u>	<u>456,147</u>	<u>88,675</u>
<b>Cash flows from noncapital financing activities:</b>						
SRF loan proceeds (payment)			(205,000)	(205,000)	(205,000)	
Transfer from (to) other funds	(60,000)			(60,000)	(35,000)	
Advance proceeds (payment)		247,722	(15,515)	232,207	(19,511)	
Net cash provided by (used in) noncapital financing activities	<u>(60,000)</u>	<u>247,722</u>	<u>(220,515)</u>	<u>(32,793)</u>	<u>(259,511)</u>	
<b>Cash flows from investing activities:</b>						
Purchase of capital assets	(11,684)	(219,137)	(37,915)	(268,736)	(126,398)	
Sale of capital assets						150
Sale (Purchase) of investments	(5,664)	23,048	(2,503)	14,881	(4,018)	
Interest received	12,609	7,874	9,653	30,136	11,054	
Interest expense		(11,967)	(33,004)	(44,971)	(53,331)	
Net cash provided by (used in) investing activities	<u>(4,739)</u>	<u>(200,182)</u>	<u>(63,769)</u>	<u>(268,690)</u>	<u>(172,693)</u>	<u>150</u>
Net increase (decrease) in cash and cash equivalents	138,761	100,155	(17,958)	220,958	23,943	88,825
Cash and cash equivalents at beginning of year	<u>265,176</u>	<u>21,375</u>	<u>105,730</u>	<u>392,281</u>	<u>368,338</u>	<u>177,315</u>
Cash and cash equivalents at end of year	<u>\$ 403,937</u>	<u>\$ 121,530</u>	<u>\$ 87,772</u>	<u>\$ 613,239</u>	<u>\$ 392,281</u>	<u>\$ 266,140</u>

Change in investment in joint venture of \$178,916 is a noncash transaction and does not effect cash flow in Electric Fund.

See accompanying notes to the financial statements

**VILLAGE OF CLINTON, MICHIGAN**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND**  
**RECONCILIATION OF NET OPERATING INCOME (LOSS) TO NET CASH USED IN OPERATING ACTIVITIES**  
**FOR THE YEAR ENDED MARCH 31, 2019**  
**WITH COMPARATIVE TOTALS FOR THE YEAR ENDED MARCH 31, 2018**

	<u>Business-type Activities</u>			<u>Total</u>		<u>Governmental</u>
	<u>Enterprise Funds</u>					<u>Proprietary Funds</u>
	<u>Electric</u>	<u>Water</u>	<u>Sewer</u>	<u>2019</u>	<u>2018</u>	<u>Service Fund</u>
Fund	Fund	Fund			Fund	
Net operating (loss) income	\$ 200,770	\$ 9,752	\$ 15,406	\$ 225,928	\$ 47,397	\$ 49,485
<b>Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities</b>						
Depreciation	66,740	38,200	278,071	383,011	381,306	40,841
(Gain) loss on disposal of capital assets					455	(150)
<b>(Increase) decrease in:</b>						
Receivables	(69,255)	813	(6,920)	(75,362)	27,903	
Prepaid expenses	3,651	1,647	1,308	6,606	(803)	
Inventory					14,141	
<b>Increase (decrease) in:</b>						
Accrued expenses and other liabilities	3,198	922	557	4,677	(16,569)	(310)
Accrued leave	(5,377)	1,281	(22,096)	(26,192)	890	(1,191)
Customer deposits	3,773			3,773	1,427	
Net cash provided by (used in) operating activities	<u>\$ 203,500</u>	<u>\$ 52,615</u>	<u>\$ 266,326</u>	<u>\$ 522,441</u>	<u>\$ 456,147</u>	<u>\$ 88,675</u>

See accompanying notes to the financial statements

**VILLAGE OF CLINTON, MICHIGAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2019**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

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

**Discretely presented component unit.**

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

Separate financial statements for the component unit are not available.

**B. Government-wide and fund financial statements**

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

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

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

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

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

**VILLAGE OF CLINTON, MICHIGAN  
NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2019**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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

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

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

**The government reports the following major governmental funds:**

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

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

Special Revenue – Fire Department Fund is used to account for fire protection services of the Village.

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

**The government reports the following major proprietary funds:**

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

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

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

**Additionally, the government reports the following fund types:**

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

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

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

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

**VILLAGE OF CLINTON, MICHIGAN  
NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2019**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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

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.

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

**1. Cash and investments**

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

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

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

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

**2. Receivables and payables**

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

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

**VILLAGE OF CLINTON, MICHIGAN  
NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2019**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**2. Receivables and payables** (Continued)

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

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

The Village had a general tax millage of 9.50 for 2018. 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.

**3. Inventory**

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

**4. Capital Assets**

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

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

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

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

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

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

**VILLAGE OF CLINTON, MICHIGAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2019**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**5. Compensated absences**

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

**6. Long-term obligations**

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

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

**7. Fund Balance Classification Policies and Procedures**

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

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

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

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

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

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

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

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

**VILLAGE OF CLINTON, MICHIGAN  
NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2019**

**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, 2019, the Village incurred expenditures in the major governmental funds in excess of the amounts appropriated by function as follows:

	Actual	Budget	Variance
<b>General Fund:</b>			
Insurance	20,271	15,600	4,671
Building and zoning inspec	23,489	21,750	1,739
<b>Fire Department:</b>			
Supplies	29,202	25,500	3,702
Professional fees	4,541	700	3,841
Workshops	17,063	10,100	6,963
Insurance	15,292	11,700	3,592
Equipment maintenance	6,681	6,000	681
Capital outlay	156,581	33,100	123,481

**NOTE 3. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and investments**

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

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

The Village is also subject to custodial credit risk, having 76% of investments with Old National Bank, 1% of investments with TLC Community Credit Union, 6% with First Federal Bank of Midwest, 3% with Key Bank, 5% with Comerica Bank, and 9% 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 THE FINANCIAL STATEMENTS  
MARCH 31, 2019**

**NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)**

**Primary Government Deposits**

At year end, the bank value of deposits amounted to \$1,967,226. Of this amount \$250,000 was covered by Federal Depository Insurance and \$1,717,226 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 \$1,776,468, including restricted cash accounts. Of that amount, \$143,399 was in cash and checking accounts; and \$1,633,069 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 \$102,513 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 \$4,007,388 at year end of which \$947,633 is covered by Federal Depository Insurance. Investments consist of:

<u>Certificates of Deposit and Money Market Funds</u>	<u>Balance March 31, 2019</u>
General Fund	\$ 299,625
Fire Fund	216,292
Smith-Kimball Community Center Fund	8,537
Electric Fund	814,656
Sewer Fund	128,844
Water Fund	45,298
<u>Managed Accounts at Old National Bank</u>	<u>Current Yield</u>
Village of Clinton Robison Trust	2.66
John F. Robison Tate Park	2.32
	<u>1,528,583</u>
	<u>\$ 4,007,388</u>

Bond securities in the managed accounts are quality rated AA.

**B. Accounts receivable**

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

	<u>General</u>	<u>Major Streets</u>	<u>Local Streets</u>	<u>Community Center</u>	<u>Electric Fund</u>	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
<b>Accounts Receivable:</b>								
Taxes	\$ 12,899	\$	\$	\$ 1,330	\$	\$	\$	\$ 14,229
Accounts	3,121				243,277	16,594	51,745	314,737
Intergovernmental	17,941	30,968	11,674					60,583
Gross receivables	<u>33,961</u>	<u>30,968</u>	<u>11,674</u>	<u>1,330</u>	<u>243,277</u>	<u>16,594</u>	<u>51,745</u>	<u>389,549</u>
Less: allowance for uncollectible accounts								
Net accounts receivable	<u>\$ 33,961</u>	<u>\$ 30,968</u>	<u>\$ 11,674</u>	<u>\$ 1,330</u>	<u>\$ 243,277</u>	<u>\$ 16,594</u>	<u>\$ 51,745</u>	<u>\$ 389,549</u>

**VILLAGE OF CLINTON, MICHIGAN  
NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2019**

**NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)**

**C. Capital assets**

Capital asset activity for the year ended March 31, 2019 was as follows:

**Primary Government**

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Disposals</b>	<b>Ending Balance</b>
<b>Governmental activities:</b>				
Assets not being depreciated-land	\$ 285,152	\$	\$	\$ 285,152
Capital assets, being depreciated:				
Land improvements	726,506	27,917		754,423
Buildings	1,407,400			1,407,400
Equipment, machinery and furnishings	3,183,040	144,132	11,353	3,315,819
Infrastructure	5,368,954	174,274		5,543,228
Depreciable capital assets	10,685,900	346,323	11,353	11,020,870
<b>Less accumulated depreciation for:</b>				
Land improvements	(452,063)	(24,404)		(476,467)
Buildings	(1,059,131)	(29,190)		(1,088,321)
Equipment, machinery and furnishings	(2,795,145)	(63,199)	(11,353)	(2,846,991)
Infrastructure	(4,496,058)	(175,569)		(4,671,627)
Total accumulated depreciation	(8,802,397)	(292,362)	(11,353)	(9,083,406)
Total net capital assets being depreciated	1,883,503	53,961		1,937,464
Governmental activities net capital assets	<u>\$ 2,168,655</u>	<u>\$ 53,961</u>	<u>\$</u>	<u>\$ 2,222,616</u>
	<b>Beginning Balance</b>	<b>Additions</b>	<b>Disposals</b>	<b>Ending Balance</b>
<b>Business-type activities:</b>				
Assets not being depreciated:				
Land	\$ 30,645	\$	\$	\$ 30,645
Construction in process		204,786		204,786
Total assets not being depreciated	30,645	204,786		235,431
Capital assets, being depreciated:				
Buildings	6,480,871			6,480,871
Equipment	1,521,661	37,915	37,949	1,521,627
Utility systems	3,973,218	26,035		3,999,253
Depreciable capital assets	11,975,750	63,950	37,949	12,001,751
<b>Less accumulated depreciation for:</b>				
Buildings	(3,264,865)	(245,755)		(3,510,620)
Equipment	(1,283,907)	(38,559)	(37,949)	(1,284,517)
Utility systems	(2,429,967)	(98,695)		(2,528,662)
Total accumulated depreciation	(6,978,739)	(383,009)	(37,949)	(7,323,799)
Total net capital assets being depreciated	4,997,011	(319,059)		4,677,952
Business-type activities net capital assets	<u>\$ 5,027,656</u>	<u>\$ (114,273)</u>	<u>\$</u>	<u>\$ 4,913,383</u>

**VILLAGE OF CLINTON, MICHIGAN  
NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2019**

**NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)**

**C. Capital assets (Continued)**

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

<b>Governmental activities:</b>	
General government	\$ 23,389
Public safety	49,702
Culture and recreation	43,854
Highways and streets	175,417
Total depreciation - governmental activities	<u>\$ 292,362</u>
<b>Business-type activities:</b>	
Utility	<u>\$ 98,695</u>
Total depreciation - business-type activities	<u>\$ 98,695</u>

**Discretely presented component unit:**

Capital asset activity for the Downtown Development Authority (DDA) for the year ended March 31, 2019 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Capital assets, being depreciated:				
Land improvements	\$ 584,196	\$ 154,275	\$ 137,022	\$ 601,449
<b>Less accumulated depreciation for:</b>				
Land improvements	<u>(277,784)</u>	<u>(19,403)</u>		<u>(297,187)</u>
DDA net capital assets	<u>\$ 306,412</u>	<u>\$ 134,872</u>	<u>\$ 137,022</u>	<u>\$ 304,262</u>

**DDA impairment loss:**

During March 2019, the DDA purchased a house on Tecumseh Street with the intention of demolishing the structure for additional parking downtown. The cost of the building, including fees and closing costs was \$147,822, of which, the value of the land was estimated to be \$10,800. As a result of this transaction, an impairment loss of \$137,022 is recorded in the DDA expense line of the government-wide statement of activities.

**VILLAGE OF CLINTON, MICHIGAN  
NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2019**

**NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)**

**D. Interfund receivables, payables, and transfers**

**Primary Government**

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

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Fund</u>	<u>Interfund Payable</u>
Major Street	\$ 6,413	General	\$ 6,413
Local Street	3,004	General	3,004
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
	<hr/>		<hr/>
Total	<u>\$ 321,539</u>	Total	<u>\$ 321,539</u>

**Advance to/from other funds:**

Robison Trust	\$ 550,479	Water Fund	\$ 550,479
Robison Trust	167,721	Sewer Fund	167,721
Tate Park Trust	149,158	Major Street	149,158
		Downtown Development	
Tate Park Trust	151,237	Authority	151,237
		Downtown Development	
Robison Trust	34,212	Authority	34,212
	<hr/>		<hr/>
Total	<u>\$ 1,052,807</u>	Total	<u>\$ 1,052,807</u>

**Due to/from Primary Government and Component Unit:**

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

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

**VILLAGE OF CLINTON, MICHIGAN  
NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2019**

**NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)**

**E. Long-term debt**

**Debt related to governmental activities**

The Village has a general obligation debt (2003 General Obligation Limited Bond issue) which funded capital improvements. The original bond issue was \$410,000 with an interest rate at 7% and final maturity at May 1, 2019. Outstanding balance at March 31, 2019 was \$35,000.

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

<u>Year Ending March 31</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 35,000	\$ 788

**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, 2019 was \$1,550,000.

Annual Debt Service requirements to maturity are projected as follows:

<u>Year Ending March 31</u>	<u>Principal</u>	<u>Interest</u>
2020	\$	\$ 12,594
2021	210,000	23,482
2022	215,000	20,029
2023	220,000	16,494
2024	220,000	9,324
2025-2026	685,000	7,474
	<u>\$ 1,550,000</u>	<u>\$ 89,397</u>

The following is a summary of long-term debt transactions of the Village for the year ended March 31, 2019:

	<u>Governmental Activities Bond Issue</u>	<u>Business-type Activities Bond Issue</u>	<u>Accrued Employee Benefits</u>	<u>Total</u>	<u>Due in One Year</u>
Long-term debt at March 31, 2018	\$ 70,000	\$ 1,755,000	\$ 163,568	\$ 1,988,568	\$
Principal payment	(35,000)	(205,000)		(240,000)	35,000
Decrease in accrued employee benefits			(40,439)	(40,439)	
Long-term debt at March 31, 2019	<u>\$ 35,000</u>	<u>\$ 1,550,000</u>	<u>\$ 123,129</u>	<u>\$ 1,708,129</u>	<u>\$ 35,000</u>

**VILLAGE OF CLINTON, MICHIGAN  
NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2019**

**NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)**

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

The Capital Improvement Tate Park Fund has loaned money for road construction to the Major Street Fund in the amount of \$294,130. The outstanding balance of the loan as of March 31, 2019, is \$149,158. 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:

<b>Year Ending March 31</b>	<b>Principal</b>	<b>Interest</b>
2020	\$ 33,306	\$ 6,694
2021	34,907	5,093
2022	36,584	3,415
2023	44,361	1,658
	<b>\$ 149,158</b>	<b>\$ 16,860</b>

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, 2019, is \$34,212. The loan is to be paid over 8 years at an interest rate of 3.00%. The annual debt service requirements are as follows:

<b>Year Ending March 31</b>	<b>Principal Payment</b>	<b>Interest Payment</b>
2020	\$ 7,001	\$ 999
2021	7,213	787
2022	7,431	569
2023	7,655	345
2024	4,912	113
	<b>\$ 34,212</b>	<b>\$ 2,813</b>

The Village has constructed a well (Well No. 5) financed from an advance from the Village of Clinton Robison Trust. As of March 31, 2019, the advance balance was \$550,479.

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 are as follows:

<b>Year Ending March 31</b>	<b>Principal</b>	<b>Interest</b>
2020	15,016	11,384
2021	15,622	10,778
2022	16,253	10,147
2023	16,910	9,490
2024	17,593	8,807
2025-2029	99,220	32,780
2030-2034	369,865	11,052
Total	<b>\$ 550,479</b>	<b>\$ 94,438</b>

**VILLAGE OF CLINTON, MICHIGAN  
NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2019**

**NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)**

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

The Village has performed improvements to the wastewater plant financed from an advance from the Village of Clinton Robison Trust. As of March 31, 2019, the advance balance was \$167,721.

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

<u>Year Ending March 31</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 35,430	\$ 3,459
2021	36,321	2,568
2022	37,235	1,654
2023	<u>58,735</u>	<u>717</u>
Total	<u>\$ 167,721</u>	<u>\$ 8,398</u>

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

**INSURANCE COVERAGE**

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

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

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

Any contingent liabilities under these arrangements are not known.

**NOTE 5. DEFINED BENEFIT PENSION PLAN**

**A. General Information about the Pension Plan**

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

**VILLAGE OF CLINTON, MICHIGAN  
NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2019**

**NOTE 5. DEFINED BENEFIT PENSION PLAN (Continued)**

**B. Summary of Significant Accounting Policies**

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

**Benefits Provided**

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

	<b>2018 Valuation</b>	<b>2017 Valuation</b>
<b>Benefit Multiplier:</b>	2.50% Multiplier (80% Max)	2.50% Multiplier (80% Max)
<b>Normal Retirement Age:</b>	60	60
<b>Vesting:</b>	10 years	10 years
<b>Early Retirement (Unreduced)</b>	0	0
<b>Early Retirement (Reduced)</b>	50/25 55/15	50/25 55/15
<b>Final Average Compensation:</b>	5 years	5 years
<b>Employee Contributions</b>	7.50%	6.25%
<b>Act 88:</b>	Yes (Adopted 12/2/1970)	Yes (Adopted 12/2/1970)

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

	<b>2018 Valuation</b>	<b>2017 Valuation</b>
<b>Benefit Multiplier:</b>	2.50% Multiplier (80% Max)	2.50% Multiplier (80% Max)
<b>Normal Retirement Age:</b>	60	60
<b>Vesting:</b>	10 years	10 years
<b>Early Retirement (Unreduced)</b>	0	0
<b>Early Retirement (Reduced)</b>	50/25 55/15	50/25 55/15
<b>Final Average Compensation:</b>	5 years	5 years
<b>Employee Contributions</b>	7.50%	6.25%
<b>Act 88:</b>	Yes (Adopted 12/2/1970)	Yes (Adopted 12/2/1970)

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

	<b>2018 Valuation</b>	<b>2017 Valuation</b>
<b>Benefit Multiplier:</b>	2.00% Multiplier (No Max)	2.00% Multiplier (No Max)
<b>Normal Retirement Age:</b>	60	60
<b>Vesting:</b>	10 years	10 years
<b>Early Retirement (Unreduced)</b>	0	0
<b>Early Retirement (Reduced)</b>	50/25 55/15	50/25 55/15
<b>Final Average Compensation:</b>	5 years	5 years
<b>Employee Contributions</b>	7.50%	6.25%
<b>Act 88:</b>	Yes (Adopted 12/2/1970)	Yes (Adopted 12/2/1970)

**VILLAGE OF CLINTON, MICHIGAN  
NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2019**

**NOTE 5. DEFINED BENEFIT PENSION PLAN** (Continued)

**Employees Covered by Benefit Terms**

At the December 31, 2018, valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	16
Inactive employees entitled to but not yet receiving benefits	1
Active employees	<u>16</u>
	<u>33</u>

**Contributions**

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

Employer contributions for the calendar year ended December 31, 2018, totaled \$206,763.

**Net Pension Liability**

The employer's net pension liability was measured as of December 31, 2018, 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, 2018 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation: 2.5%

Salary increases: 3.75% in the long-term

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

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

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

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

**VILLAGE OF CLINTON, MICHIGAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2019**

**NOTE 5. DEFINED BENEFIT PENSION PLAN** (Continued)

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

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

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

**Discount Rate**

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

**VILLAGE OF CLINTON, MICHIGAN  
NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2019**

**NOTE 5. DEFINED BENEFIT PENSION PLAN (Continued)**

**Changes in Net Pension Liability**

	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) - (b)</b>
<b>Balances at December 31, 2017</b>	\$ 5,757,533	\$ 5,678,740	\$ 78,793
<b>Changes for the Year</b>			
Service cost	102,309		102,309
Interest on total pension liability	451,727		451,727
Changes in benefits	(2,358)		(2,358)
Difference between expected and actual experience	(57,095)		(57,095)
Changes in assumptions			
Employer contributions		206,763	(206,763)
Employee contributions		69,624	(69,624)
Net investment income		(223,960)	223,960
Benefit payments, including employee refunds	(324,199)	(324,199)	
Administrative expense		(11,042)	11,042
Other changes	(2)		(2)
<b>Net changes</b>	170,382	(282,814)	453,196
<b>Balances as of December 31, 2018</b>	<u>\$ 5,927,915</u>	<u>\$ 5,395,926</u>	<u>\$ 531,989</u>

**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.

	<b>1% Decrease</b>	<b>Current Discount Rate</b>	<b>1% Increase</b>
Net Pension Liability at December 31, 2018	\$ 531,989	\$ 531,989	\$ 531,989
Change in Net Pension Liability	599,010		(516,010)
<b>Net Pension Liability</b>	<u>\$ 1,130,999</u>	<u>\$ 531,989</u>	<u>\$ 15,979</u>

**VILLAGE OF CLINTON, MICHIGAN  
NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2019**

**NOTE 5. DEFINED BENEFIT PENSION PLAN (Continued)**

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

For the year ended December 31, 2018, the employer recognized pension expense of \$303,504. The employer reported deferred outflows and inflows of resources related to pension from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
<b>Differences in experience</b>	\$ 3,055	\$
<b>Excess (Deficit) Investment Returns</b>	411,643	
<b>Contributions subsequent to the measurement date</b>	68,003	
Total	\$ 482,701	\$

Amounts reported as deferred outflows of resources related to pension will be recognized in pension expense for the fiscal years ended March 31 as follows:

2020	\$	228,576
2021		52,250
2022		66,694
2023		135,181
	\$	482,701

**VILLAGE OF CLINTON, MICHIGAN  
NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2019**

**NOTE 6. JOINT VENTURE – MICHIGAN SOUTH CENTRAL POWER AGENCY**

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

<u>Municipality</u>	<u>Percentage Share</u>
Clinton	5.8%
Coldwater	46.5%
Hillsdale	22.7%
Marshall	21.4%
Union City	3.6%
	<u>100.0%</u>

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

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

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

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

As a result, Michigan South Central Power Agency has no long term bond debt at June 30, 2018.

**VILLAGE OF CLINTON, MICHIGAN  
NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2019**

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

A summary of financial information on Michigan South Central Power Agency at June 30, 2018 and 2017 follows:

	<u>2018</u>	<u>2017</u>
Total assets and deferred outflows	\$54,034,645	\$ 58,304,621
Total liabilities and deferred inflows	29,324,373	36,881,009
Net position	24,710,272	21,423,612
Operating revenues	50,272,122	46,570,736
Operating expenses	48,180,598	44,177,174
Income from operations	<u>2,091,524</u>	<u>2,393,562</u>
Investment and miscellaneous income	819,410	295,146
Other income(expense)	(1,909,400)	(4,343,997)
Realized and unrealized gain (loss) on investments	(188,465)	(175,153)
Gain(loss) on disposal of assets	2,473,591	(502,650)
Change in net position	<u>\$ 3,286,660</u>	<u>\$ (2,333,092)</u>

**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 \$1,717,965. 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 \$1,828,978. 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**

Management has evaluated through August 12, 2019. No events have occurred subsequent to March 31, 2019 that would require adjustment to, or disclosure in, the financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION**

**VILLAGE OF CLINTON, MICHIGAN**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGES IN EMPLOYER'S NET PENSION**  
**LIABILITY AND RELATED RATIOS**  
**DECEMBER 31, 2018**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>Total Pension Liability</b>				
Service cost	\$ 102,309	\$ 93,879	\$ 93,732	\$ 87,765
Interest	451,727	430,698	422,694	376,942
Changes of benefit terms	(2,358)	(4,599)	(284)	(4,422)
Difference between expected and actual experience	(57,095)	63,317	56,875	44,728
Changes of assumptions				294,541
Benefit payments including employee refunds	(324,199)	(325,106)	(275,117)	(214,581)
Other	(2)		(12,809)	(3,122)
<b>Net Change in total pension liability</b>	<u>170,382</u>	<u>258,189</u>	<u>285,091</u>	<u>581,851</u>
<b>Total pension liability beginning</b>	<u>5,757,533</u>	<u>5,499,344</u>	<u>5,214,253</u>	<u>4,632,402</u>
<b>Total pension liability ending</b>	<u><u>\$ 5,927,915</u></u>	<u><u>\$ 5,757,533</u></u>	<u><u>\$ 5,499,344</u></u>	<u><u>\$ 5,214,253</u></u>
 <b>Plan Fiduciary Net Position</b>				
Contributions-employer	206,763	163,881	128,680	94,340
Contributions-employee	69,624	55,881	45,000	35,352
Net Investment income	(223,960)	675,928	534,226	(73,081)
Benefit payments including employee refunds	(324,199)	(325,106)	(275,117)	(214,581)
Administrative expense	(11,042)	(10,701)	(10,543)	(10,665)
<b>Net change in plan fiduciary net position</b>	<u>(282,814)</u>	<u>559,883</u>	<u>422,246</u>	<u>(168,635)</u>
<b>Plan fiduciary net position beginning</b>	<u>5,678,740</u>	<u>5,118,857</u>	<u>4,696,611</u>	<u>4,865,246</u>
<b>Plan fiduciary net position ending</b>	<u><u>5,395,926</u></u>	<u><u>5,678,740</u></u>	<u><u>5,118,857</u></u>	<u><u>4,696,611</u></u>
 <b>Employer net pension liability (Asset)</b>	<u><u>\$ 531,989</u></u>	<u><u>\$ 78,793</u></u>	<u><u>\$ 380,487</u></u>	<u><u>\$ 517,642</u></u>
 <b>Plan fiduciary net position as a percentage of the Total pension liability</b>	<u>91%</u>	<u>99%</u>	<u>93%</u>	<u>90%</u>
 <b>Covered Employee Payroll</b>	968,182	909,538	898,796	874,360
<b>Employer's net pension liability as a percentage of covered employee payroll</b>	<u>55%</u>	<u>9%</u>	<u>42%</u>	<u>59%</u>

See independent auditors' report

**VILLAGE OF CLINTON, MICHIGAN  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF EMPLOYER'S CONTRIBUTIONS  
DECEMBER 31, 2018**

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Actuarially determined contributions	\$ 26,845	\$ 20,406	\$ 6,130	\$ 1,026	\$	\$	\$	\$ 18,201	\$ 143,649	\$ 158,035	\$ 135,290
Contributions in relation to the actuarially determined contribution	206,763	163,881	128,680	94,340	69,691	44,827	45,227	83,143	143,649	158,035	135,290
Contribution deficiency (excess)	\$ (179,918)	\$ (143,475)	\$ (122,550)	\$ (93,314)	\$ (69,691)	\$ (44,827)	\$ (45,227)	\$ (64,942)	\$	\$	\$
Covered employee payroll	968,182	909,538	898,796	874,360	548,950	520,734	553,705	509,679	535,947	565,497	680,986
Contributions as a percentage of covered employee payroll	21%	18%	14%	11%	13%	9%	8%	16%	27%	28%	20%

**Notes to Schedule**

Actuarial cost method	Entry Age
Amortization method	Level percentage of payroll, open
Remaining amortization period	23 years
Asset valuation method	5 year smoothed
Inflation	2.50%
Salary Increases	3.75%
Investment rate of return	7.75%
Retirement age	60
Mortality	50% Female/50% Male RP-2014 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, 2019**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES:</b>				
Property taxes	\$ 659,250	\$ 669,250	\$ 668,184	\$ (1,066)
Intergovernmental revenue	223,420	223,420	231,703	8,283
Licenses, fees, and service charges	199,050	213,450	219,038	5,588
Rentals	12,000	12,000	12,770	770
Interest	1,800	7,800	5,670	(2,130)
Other	46,000	46,000	30,165	(15,835)
Total revenues	<u>1,141,520</u>	<u>1,171,920</u>	<u>1,167,530</u>	<u>(4,390)</u>
<b>EXPENDITURES:</b>				
<b>General government:</b>				
Council	15,030	16,330	16,262	68
Administration	76,840	76,840	74,174	2,666
Buildings and grounds	243,840	231,840	182,477	49,363
Planning commission	14,770	14,770	1,929	12,841
Professional service	11,800	11,800	8,507	3,293
Insurance	15,000	15,600	20,271	(4,671)
Total general government	<u>377,280</u>	<u>367,180</u>	<u>303,620</u>	<u>63,560</u>
<b>Public safety:</b>				
Police department	492,760	570,760	562,634	8,126
Building and zoning inspection	18,350	21,750	23,489	(1,739)
Total public safety	<u>511,110</u>	<u>592,510</u>	<u>586,123</u>	<u>6,387</u>
<b>Sanitation:</b>				
Waste collection and disposal	117,000	117,000	113,105	3,895
<b>Culture - recreation</b>				
Parks	101,250	123,250	122,179	1,071
Total culture-recreation	<u>101,250</u>	<u>123,250</u>	<u>122,179</u>	<u>1,071</u>
Total expenditures	<u>1,106,640</u>	<u>1,199,940</u>	<u>1,125,027</u>	<u>74,913</u>
Excess (deficiency) of revenues (under) expenditures	<u>34,880</u>	<u>(28,020)</u>	<u>42,503</u>	<u>70,523</u>
<b>Other financing sources (uses):</b>				
Transfers in	60,000	70,600	70,665	65
Transfers out	(94,880)	(74,880)	(74,800)	80
Total other financing sources (uses)	<u>(34,880)</u>	<u>(4,280)</u>	<u>(4,135)</u>	<u>145</u>
Change in fund balance		(32,300)	38,368	70,668
Total fund balances - beginning			<u>770,064</u>	
Total fund balances - ending			<u>\$ 808,432</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, 2019**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES:</b>				
State gas weight tax	\$ 192,360	\$ 200,360	\$ 197,622	\$ (2,738)
Interest			1,967	1,967
Total revenues	<u>192,360</u>	<u>200,360</u>	<u>199,589</u>	<u>(771)</u>
<b>EXPENDITURES:</b>				
Routine maintenance	214,690	222,690	189,743	32,947
Traffic service	5,050	5,050	4,114	936
Winter maintenance	13,600	13,600	7,917	5,683
Administrative	3,890	3,890	3,800	90
Total expenditures	<u>237,230</u>	<u>245,230</u>	<u>205,574</u>	<u>39,656</u>
Excess (deficiency) of revenues over (under) expenditures	(44,870)	(44,870)	(5,985)	38,885
<b>Other financing sources (uses):</b>				
Debt service	(40,010)	(40,010)	(8,222)	31,788
Transfers in (out)	84,880	84,880	84,800	(80)
Net change in fund balance			70,593	70,593
Total fund balances - beginning			<u>296,642</u>	
Total fund balances - ending			<u>\$ 367,235</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, 2019**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES:</b>				
State gas weight tax	\$ 62,000	\$ 62,000	\$ 74,452	\$ 12,452
Interest			551	551
Total revenues	<u>62,000</u>	<u>62,000</u>	<u>75,003</u>	<u>13,003</u>
<b>EXPENDITURES:</b>				
Routine maintenance	93,020	93,020	46,723	46,297
Traffic service	4,550	4,550	3,818	732
Winter maintenance	10,600	21,600	21,157	443
Administrative	3,910	3,910	3,696	214
Total expenditures	<u>112,080</u>	<u>123,080</u>	<u>75,394</u>	<u>47,686</u>
Excess (deficiency) of revenues over (under) expenditures	(50,080)	(61,080)	(391)	60,689
<b>Other financing sources:</b>				
Transfers in	<u>50,080</u>	<u>50,080</u>	<u>30,000</u>	<u>(20,080)</u>
Net change in fund balance			29,609	40,609
Total fund balances - beginning			<u>45,804</u>	
Total fund balances - ending			<u><u>\$ 75,413</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, 2019**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>EXPENDITURES:</b>				
<b>Debt service:</b>				
Principal	\$ 35,000	\$ 35,000	\$ 35,000	\$
Interest	2,340	2,340	2,336	4
	37,340	37,340	37,336	4
Total expenditures				
Deficiency of revenues under expenditures	(37,340)	(37,340)	(37,336)	4
<b>Other financing sources:</b>				
Transfers in	37,340	37,340	37,336	
	37,340	37,340	37,336	
Net change in fund balance				4
Total fund balances - beginning			858	
Total fund balances - ending			\$ 858	

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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, 2019**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES:</b>				
Miscellaneous	\$ 181,500	\$ 195,600	\$ 191,644	\$ (3,956)
Township contributions	37,600	37,600	46,770	9,170
Operating grants			118,240	118,240
Capital grants			128,135	128,135
Interest	300	300	995	695
	<u>219,400</u>	<u>233,500</u>	<u>485,784</u>	<u>252,284</u>
<b>EXPENDITURES:</b>				
Wages	89,000	89,000	80,454	8,546
Benefits	12,360	12,360	10,459	1,901
Supplies	25,500	25,500	29,202	(3,702)
Professional fees	700	700	4,541	(3,841)
Communications	5,300	5,300	4,334	966
Workshops	10,100	10,100	17,063	(6,963)
Gas and oil	3,000	3,000	2,321	679
Insurance	11,700	11,700	15,292	(3,592)
Utilities	6,500	6,500	6,403	97
Equipment maintenance	6,000	6,000	6,681	(681)
Truck maintenance	15,000	15,000	9,973	5,027
Building maintenance	6,000	6,000	4,138	1,862
Capital outlay	19,000	33,100	156,581	(123,481)
	<u>210,160</u>	<u>224,260</u>	<u>347,442</u>	<u>(123,182)</u>
Excess (deficiency) of revenues (under) expenditures	<u>9,240</u>	<u>9,240</u>	<u>138,342</u>	<u>129,102</u>
Net change in fund balance			138,342	129,102
Total fund balances - beginning			<u>145,734</u>	
Total fund balances - ending			<u><u>\$ 284,076</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, 2019**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES:</b>				
Property taxes	\$ 52,950	\$ 52,950	\$ 59,847	\$ 6,897
Miscellaneous	200	200	388	188
Rentals	6,800	6,800	5,204	(1,596)
Interest	30	30	57	27
Total revenues	<u>59,980</u>	<u>59,980</u>	<u>65,496</u>	<u>5,516</u>
<b>EXPENDITURES:</b>				
Community Center expenses	<u>70,960</u>	<u>76,960</u>	<u>38,534</u>	<u>38,426</u>
Total expenditures	<u>70,960</u>	<u>76,960</u>	<u>38,534</u>	<u>38,426</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(10,980)</u>	<u>(16,980)</u>	<u>26,962</u>	<u>43,942</u>
Net change in fund balance			26,962	43,942
Total fund balances - beginning			<u>72,742</u>	
Total fund balances - ending			<u>\$ 99,704</u>	

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**OTHER SUPPLEMENTARY INFORMATION**

**VILLAGE OF CLINTON, MICHIGAN  
REQUIRED SUPPLEMENTARY INFORMATION  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
MARCH 31, 2019  
WITH COMPARATIVE TOTALS FOR MARCH 31, 2018**

	<b>Debt Service</b>	<b>Local Streets</b>	<b>Community Center Fund</b>	<b>Total Nonmajor Governmental Funds</b>	
				<b>2019</b>	<b>2018</b>
<b>ASSETS:</b>					
Cash	\$ 858	\$ 53,414	\$ 82,220	\$ 136,492	\$ 82,183
Investments			8,537	8,537	8,512
<b>Receivables:</b>					
Accounts			1,330	1,330	1,537
Due from other funds		10,804	7,000	17,804	17,253
Due from other governmental units		11,674		11,674	10,791
Prepaid expense		94	2,034	2,128	2,878
Total assets	<u>\$ 858</u>	<u>\$ 75,986</u>	<u>\$ 101,121</u>	<u>\$ 177,965</u>	<u>\$ 123,154</u>
<b>LIABILITIES:</b>					
Accounts payable	\$	\$	\$ 962	\$ 962	\$ 2,622
Accrued expenditures		381	455	836	936
Due to other funds		192		192	192
Total liabilities		<u>573</u>	<u>1,417</u>	<u>1,990</u>	<u>3,750</u>
<b>FUND BALANCES:</b>					
Nonspendable		94	2,034	2,128	2,878
Restricted	858	75,319	97,670	173,847	116,526
Total fund balance	<u>858</u>	<u>75,413</u>	<u>99,704</u>	<u>175,975</u>	<u>119,404</u>
Total liabilities & fund balance	<u>\$ 858</u>	<u>\$ 75,986</u>	<u>\$ 101,121</u>	<u>\$ 177,965</u>	<u>\$ 123,154</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, 2019**  
**WITH COMPARATIVE TOTALS FOR THE YEAR ENDED MARCH 31, 2018**

	Debt Service	Local Streets	Community Center Fund	Total Nonmajor Governmental Funds	
				2019	2018
<b>REVENUES:</b>					
Property taxes	\$	\$	\$ 59,841	\$ 59,841	\$ 51,979
Intergovernmental revenues		74,452		74,452	58,975
Rentals			5,204	5,204	8,008
Interest		551	57	608	118
Other			394	394	339
Total revenues		75,003	65,496	140,499	119,419
<b>EXPENDITURES:</b>					
<b>Current:</b>					
Culture and recreation			38,534	38,534	57,224
Highways and streets		75,394		75,394	176,782
<b>Debt service:</b>					
Principal	35,000			35,000	35,000
Interest	2,336			2,336	3,832
Total expenditures	37,336	75,394	38,534	151,264	272,838
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(37,336)</b>	<b>(391)</b>	<b>26,962</b>	<b>(10,765)</b>	<b>(153,419)</b>
<b>Other financing sources (uses):</b>					
Transfers in	37,336	30,000		67,336	167,147
Total other financing sources (uses)	37,336	30,000		67,336	167,147
Change in fund balances		29,609	26,962	56,571	13,728
Total fund balances - beginning	858	45,804	72,742	119,404	105,676
Total fund balances - ending	\$ 858	\$ 75,413	\$ 99,704	\$ 175,975	\$ 119,404

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