

Village of New Haven

Financial Statements

March 31, 2019



Table of Contents

Section	Page
1 List of Elected and Appointed Officials	1 – 1
2 Independent Auditors' Report	2 – 1
3 Management's Discussion and Analysis	3 – 1
4 Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	4 – 1
Statement of Activities	4 – 3
Fund Financial Statements	
Governmental Funds	
Balance Sheet	4 – 4
Reconciliation of Fund Balances of Governmental Funds to Net Position of Governmental Activities	4 – 6
Statement of Revenues, Expenditures and Changes in Fund Balances	4 – 7
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	4 – 9
Proprietary Funds	
Statement of Net Position	4 – 10
Statement of Revenues, Expenses and Changes in Fund Net Position	4 – 12
Statement of Cash Flows	4 – 13
Fiduciary Funds	
Statement of Assets and Liabilities	4 – 15
Notes to the Financial Statements	4 – 16

Section	Page	
5	Required Supplementary Information	
	Budgetary Comparison Schedule	
	General Fund	5 – 1
	Major Street	5 – 3
	Highway Fund	5 – 4
	Fire Fund	5 – 5
6	Other Supplementary Information	
	Nonmajor Governmental Funds	
	Combining Balance Sheet	6 – 1
	Combining Statement of Revenue, Expenditures and Changes in Fund Balance	6 – 2
	Nonmajor Proprietary Funds	
	Combining Statement of Net Position	6 – 3
	Combining Statement of Revenue, Expenses and Changes in Fund Net Position	6 – 4
	Combining Statement of Cash Flows	6 – 5
7	Other Reports	
	Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> – Independent Auditors' Report	7 – 1
	Schedule of Findings and Responses	7 – 3
	Corrective Action Plan	7 – 5

Village of New Haven
List of Elected and Appointed Officials
March 31, 2019

Village Council

Chris Dilbert – President

Jeffrey Rodzik – Treasurer

Heather Mitchell – Clerk

Jessica Belanger – Trustee

Tracy Bonkowski – Trustee

Mark Hasiak – Trustee

Brian Meissen – Trustee

Ann Pridemore – Trustee

Mario Proccoli – Trustee



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Independent Auditors' Report

Members of the Village Council
Village of New Haven
New Haven, Michigan

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of New Haven, 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, of the Village of New Haven, as of March 31, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Deficit Net Position

The Village has an accumulated unrestricted deficit in the Sewer Fund of \$1,038,687 as of March 31, 2019, which has resulted from operating deficits. The deficit and status of the Village's Deficit Elimination Plans that are required by the Michigan Department of Treasury, are disclosed in Note 2. Our opinions are not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the 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 Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of New Haven's basic financial statements. The other supplementary information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplementary information, as identified in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The other supplementary 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 other supplementary information, as identified in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 16, 2019 on our consideration of the Village of New Haven's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village of New Haven's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village of New Haven's internal control over financial reporting and compliance.

Yeo & Yeo, P.C.

Auburn Hills, MI
July 16, 2019

Village of New Haven
Management's Discussion and Analysis
Year Ended March 31, 2019

Our discussion and analysis of the Village of New Haven's financial performance provides an overview of the Village's financial activities for the fiscal year ended March 31, 2019. Please read it in conjunction with the Village's financial statements.

Financial Highlights

As discussed in further detail in this discussion and analysis, the following represents the most significant financial highlights for the year ended March 31, 2019.

Total net position related to the Village's governmental activities is \$8,269,124. The unrestricted portions of net position are \$954,398.

Tax revenues, the Village's largest revenue source, increased by approximately \$56,000 from 2018.

Using this Annual Report

This annual report consists of a series of financial statements. The statement of net position and the statement of activities provide information about the activities of the Village of New Haven as a whole and present a longer-term view of the Village's finances. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year, and whether the taxpayers have funded the full cost of providing governmental services.

The fund financial statements present a short term view; they tell us how the taxpayer's resources were spent during the year, as well as how much is available for future spending. Fund financial statements also report the Village's operations in more detail than the government-wide financial statements by providing information about the Village's most significant funds. The fiduciary fund statements provide financial information about activities for which the Village acts solely as a trustee or agent for the benefit of those outside of the Village.

**Village of New Haven
Management's Discussion and Analysis
Year Ended March 31, 2019**

The Village of New Haven as a Whole

The following table shows, in a condensed format, the statement of net position as of March 31, 2019 and 2018.

	Governmental Activities 2019	Governmental Activities 2018	Business-type Activities 2019	Business-type Activities 2018	Total 2019	Total 2018
Current assets	\$ 3,432,807	\$ 3,313,228	\$ 1,156,530	\$ 1,574,265	\$ 4,589,337	\$ 4,887,493
Internal balances	493,653	743,697	(493,653)	(743,697)	-	-
Restricted assets	-	-	323,871	323,460	323,871	323,460
Capital assets	4,672,916	4,905,907	13,832,896	14,198,652	18,505,812	19,104,559
Deferred outflows	-	-	52,197	55,677	52,197	55,677
Total assets	<u>8,599,376</u>	<u>8,962,832</u>	<u>14,871,841</u>	<u>15,408,357</u>	<u>23,471,217</u>	<u>24,371,189</u>
Current liabilities	54,550	93,111	1,260,349	1,657,630	1,314,899	1,750,741
Noncurrent liabilities	275,702	316,639	8,945,402	9,449,852	9,221,104	9,766,491
Total liabilities	<u>330,252</u>	<u>409,750</u>	<u>10,205,751</u>	<u>11,107,482</u>	<u>10,536,003</u>	<u>11,517,232</u>
Total net position	<u>\$ 8,269,124</u>	<u>\$ 8,553,082</u>	<u>\$ 4,666,090</u>	<u>\$ 4,300,875</u>	<u>\$ 12,935,214</u>	<u>\$ 12,853,957</u>

The Village's net position for governmental activities is \$8,269,124 and \$4,666,090 for business type activities; of these amounts \$954,398 (governmental) and (\$597,472) (business-type) are unrestricted assets.

Village of New Haven
Management's Discussion and Analysis
Year Ended March 31, 2019

	Governmental Activities 2019	Business-type Activities 2019	Governmental Activities 2018	Business-type Activities 2018	Total 2019	Total 2018
Revenue						
Program revenue						
Charges for services	\$ 298,026	\$ 2,700,785	\$ 295,665	\$ 2,629,854	\$ 2,998,811	\$ 2,925,519
Operating grants and contributions	484,450	3,977	444,409	218,895	488,427	663,304
General revenue:						
Property taxes	1,431,908	-	1,375,974	-	1,431,908	1,375,974
State-shared revenue	489,195	-	459,095	-	489,195	459,095
Unrestricted investment earnings	11,135	3,346	10,179	1,970	14,481	12,149
Gain on sale of capital assets	6,014	-	-	-	6,014	-
Miscellaneous revenue & transfers	(161,788)	191,484	(313,496)	331,604	29,696	18,108
Total revenue	<u>2,558,940</u>	<u>2,899,592</u>	<u>2,271,826</u>	<u>3,182,323</u>	<u>5,458,532</u>	<u>5,454,149</u>
Program expenses						
General government	730,649	-	757,771	-	730,649	757,771
Public safety	893,005	-	859,691	-	893,005	859,691
Public works	1,087,902	-	1,025,387	-	1,087,902	1,025,387
Community and economic development	6,386	-	6,358	-	6,386	6,358
Recreation and culture	115,393	-	99,256	-	115,393	99,256
Interest on long-term debt	9,563	-	9,472	-	9,563	9,472
Water, Sewer, Building & Trash	-	2,534,377	-	2,858,894	2,534,377	2,858,894
Total program expenses	<u>2,842,898</u>	<u>2,534,377</u>	<u>2,757,935</u>	<u>2,858,894</u>	<u>5,377,275</u>	<u>5,616,829</u>
Change in net position	<u>\$ (283,958)</u>	<u>\$ 365,215</u>	<u>\$ (486,109)</u>	<u>\$ 323,429</u>	<u>\$ 81,257</u>	<u>\$ (162,680)</u>

**Village of New Haven
Management's Discussion and Analysis
Year Ended March 31, 2019**

Governmental Activities

The Village's total governmental activity revenues increased compared to the prior year, which is attributed primarily to the Village receiving the state shared revenues that the State of Michigan had been withholding as the Village had been behind on filing audit reports in prior years. The Village is now current on its filings with the State.

Business-Type Activities

The Village of New Haven's business-type activities consist of Water Fund, Sewer Fund, Building Fund, and Garbage Fund. The Water and Sewer Funds are major funds.

The Village provides treated water to the Village residents. Water is purchased from City of Detroit. The Village has a revenue bond for recent system wide improvements.

The Village also provides municipal sanitary sewer to its residents. Revenue bonds and general obligation bonds have financed system wide improvements.

Village of New Haven Funds

The fund financial statements provide detailed information about the most significant funds, not the Village of New Haven as a whole. The Village Council creates funds to help manage money for specific purposes as well as show accountability for certain activities, such as State of Michigan Act 51, and Major and Local Street funds for 2019. The Village's major governmental funds are the General Fund, Major Street Fund, Highway Fund, and Fire Fund.

a) **General Fund**

Functions relating to the general governmental activities of the Village, which are financed by property tax levies, by distribution of State revenues, and from fees charged for various municipal activities and services are recorded in the General Fund. The Village increased the fund balance from \$631,321 to \$965,517 at year end.

b) **Fire Fund**

This fund is used to account for the special assessments levied on all real property of the Village collected to operate the Village fire department. The Village increased the fund balance from \$105,168 to \$137,772 at year end.

Village of New Haven
Management's Discussion and Analysis
Year Ended March 31, 2019

c) Major and Local Street Funds

The State of Michigan provides municipalities revenues from gas and weight taxes to reimburse expenditures for the maintenance and construction of the Village's street system. The State requires that these expenditures be segregated into a Major Street component and a Local Street component. The Village uses these funds for maintenance of and improvements to the Village street system, along with contributions from the General Fund. The Village decreased the fund balance of the Major Streets Fund from \$1,020,033 to \$738,164 primarily due to a large street project that was completed in fiscal year 2019.

d) Highway Fund

This fund is used to account for property tax revenue collected to maintain roads and highways. The Village increased the fund balance from \$1,004,040 to \$1,052,883.

General Fund Budgetary Highlights

Over the course of the year, the Village Council and Village administration monitor and amend the budget to account for unanticipated events during the year. Prudent budgeting and continued monitoring of all expenditures reduced the effect of these issues.

Capital Asset and Debt Administration

At the end of 2019 the Village of New Haven has acquired a wide range of capital assets, including land, buildings, equipment, vehicles, land improvements, infrastructure, and water and sewer lines at a cost of \$36,149,284. The book value of the capital assets, net of accumulated depreciation contained in this report, is \$18,505,812 at the end of 2019.

Debt reported in these financial statements is related to the construction of the above-mentioned infrastructure assets and buildings and is reported as a liability on the statement of net position.

Economic Factors and Next Year's Budgets and Rates

The Village needs to continue to monitor its budget very closely. The state-wide Tax Reform Act limits growth in taxable value on any individual property to the lesser of inflation or 5 percent. Because some properties increase by less than inflation, the mathematical result of this is that the total taxable value for the Village will grow less than inflation, before considering new property additions. State revenue-sharing payments increased slightly from the previous year. The Village expects similar revenue-sharing payments next year. The Village also expects similar property tax revenue next year. These factors, coupled with anticipated rising costs, remind the Village Council of the importance of the budget process.

**Village of New Haven
Management's Discussion and Analysis
Year Ended March 31, 2019**

To encourage additional growth the Village has taken advantage of all grant opportunities available. While a financial match is often required of the Village for grant funded projects, the Village has taken a fiscally responsible approach of ensuring adequate funds are available for such projects. In addition, the Village has continued to view economic development as a primary focus. While economic concerns are often left behind in difficult financial times, the Village has taken the approach that without ensuring a solid future tax base the tough times will only continue to exist.

Contacting the Village of New Haven's Management

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the Village of New Haven's finances and to show the Village's accountability for the money it receives. If you have any questions about this report or need additional information, we welcome you to contact the Village at (586) 749-5301.

Village of New Haven
Statement of Net Position
March 31, 2019

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 3,233,093	\$ 928,905	\$ 4,161,998
Receivables			
Taxes	1,987	-	1,987
Customers	35,097	227,625	262,722
Due from other units of government	158,805	-	158,805
Internal balances	493,653	(493,653)	-
Prepaid items	3,825	-	3,825
Restricted assets			
Cash and cash equivalents	-	229,112	229,112
Due from other governments	-	94,759	94,759
Capital assets not being depreciated	976,808	-	976,808
Capital assets, net of accumulated depreciation	<u>3,696,108</u>	<u>13,832,896</u>	<u>17,529,004</u>
Total assets	8,599,376	14,819,644	23,419,020
Deferred outflows of resources			
Deferred loss on refunding	-	52,197	52,197
Total assets and deferred outflows of resources	<u>8,599,376</u>	<u>14,871,841</u>	<u>23,471,217</u>

See Accompanying Notes to the Financial Statements

Village of New Haven
Statement of Net Position
March 31, 2019

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Liabilities			
Accounts payable	\$ 17,360	\$ 129,220	\$ 146,580
Accrued and other liabilities	37,190	31,474	68,664
Checks written against future deposits	-	1,099,655	1,099,655
Noncurrent liabilities			
Due within one year	46,963	506,471	553,434
Due in more than one year	228,739	8,438,931	8,667,670
Total liabilities	<u>330,252</u>	<u>10,205,751</u>	<u>10,536,003</u>
Net Position			
Net investment in capital assets	4,413,962	4,939,691	9,353,653
Restricted for:			
Highway	1,052,883	-	1,052,883
Major streets	738,164	-	738,164
Local streets	746,174	-	746,174
Fire protection	137,772	-	137,772
Drug law enforcement	14,295	-	14,295
Cemetery	149,167	-	149,167
Perpetual care			
Expendable	1,200	-	1,200
Nonspendable	61,109	-	61,109
Debt service	-	229,112	229,112
Capital improvements	-	94,759	94,759
Unrestricted (deficit)	<u>954,398</u>	<u>(597,472)</u>	<u>356,926</u>
 Total net position	 <u>\$ 8,269,124</u>	 <u>\$ 4,666,090</u>	 <u>\$ 12,935,214</u>

See Accompanying Notes to the Financial Statements

Village of New Haven
Statement of Activities
For the Year Ended March 31, 2019

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business-type Activities	Total
Primary government						
Governmental activities						
General government	\$ 730,649	\$ 255,952	\$ 14,068	\$ (460,629)	\$ -	\$ (460,629)
Public safety	893,005	32,074	-	(860,931)	-	(860,931)
Public works	1,087,902	10,000	470,382	(607,520)	-	(607,520)
Community and economic development	6,386	-	-	(6,386)	-	(6,386)
Recreation and culture	115,393	-	-	(115,393)	-	(115,393)
Interest on long-term debt	9,563	-	-	(9,563)	-	(9,563)
Total governmental activities	<u>2,842,898</u>	<u>298,026</u>	<u>484,450</u>	<u>(2,060,422)</u>	<u>-</u>	<u>(2,060,422)</u>
Business-type activities						
Garbage	213,614	201,641	-	-	(11,973)	(11,973)
Building	181,560	245,247	-	-	63,687	63,687
Sewer	1,153,873	1,290,564	3,977	-	140,668	140,668
Water	985,330	963,333	-	-	(21,997)	(21,997)
Total business-type activities	<u>2,534,377</u>	<u>2,700,785</u>	<u>3,977</u>	<u>-</u>	<u>170,385</u>	<u>170,385</u>
Total primary government	<u>\$ 5,377,275</u>	<u>\$ 2,998,811</u>	<u>\$ 488,427</u>	<u>(2,060,422)</u>	<u>170,385</u>	<u>(1,890,037)</u>
General revenues						
Property taxes				1,431,908	-	1,431,908
State shared revenue				489,195	-	489,195
Unrestricted investment earnings				11,135	3,346	14,481
Gain on sale of capital assets				6,014	-	6,014
Miscellaneous				23,212	6,484	29,696
Transfers				(185,000)	185,000	-
Total general revenues and transfers				<u>1,776,464</u>	<u>194,830</u>	<u>1,971,294</u>
Change in net position				(283,958)	365,215	81,257
Net position - beginning of year				<u>8,553,082</u>	<u>4,300,875</u>	<u>12,853,957</u>
Net position - end of year				<u>\$ 8,269,124</u>	<u>\$ 4,666,090</u>	<u>\$ 12,935,214</u>

See Accompanying Notes to the Financial Statements

**Village of New Haven
Governmental Funds
Balance Sheet
March 31, 2019**

	Special Revenue Funds				Nonmajor Governmental Funds	Total Governmental Funds
	General	Major Street	Highway	Fire		
Assets						
Cash and cash equivalents	\$ 871,196	\$ 684,643	\$ 561,176	\$ 158,846	\$ 957,232	\$ 3,233,093
Receivables						
Taxes	1,533	-	454	-	-	1,987
Customers	35,097	-	-	-	-	35,097
Due from other units of government	81,577	54,690	-	-	22,538	158,805
Due from other funds	-	-	493,653	-	-	493,653
Prepaid items	3,825	-	-	-	-	3,825
Total assets	\$ 993,228	\$ 739,333	\$ 1,055,283	\$ 158,846	\$ 979,770	\$ 3,926,460
Liabilities						
Accounts payable	\$ 7,051	\$ 842	\$ 2,400	\$ 1,050	\$ 6,017	\$ 17,360
Accrued and other liabilities	10,550	327	-	20,024	1,808	32,709
Total liabilities	17,601	1,169	2,400	21,074	7,825	50,069
Deferred Inflows of Resources						
Unavailable state shared revenue	10,110	-	-	-	-	10,110

**Village of New Haven
Governmental Funds
Balance Sheet
March 31, 2019**

	Special Revenue Funds				Nonmajor Governmental Funds	Total Governmental Funds
	General	Major Street	Highway	Fire		
Fund Balances						
Non-spendable						
Prepaid items	\$ 3,825	\$ -	\$ -	\$ -	\$ -	\$ 3,825
Restricted for						
Major streets	-	738,164	-	-	-	738,164
Local streets	-	-	-	-	746,174	746,174
Highway	-	-	1,052,883	-	-	1,052,883
Fire protection	-	-	-	137,772	-	137,772
Drug law enforcement	-	-	-	-	14,295	14,295
Cemetery	-	-	-	-	149,167	149,167
Perpetual care						
Expendable	-	-	-	-	1,200	1,200
Nonspendable	-	-	-	-	61,109	61,109
Unassigned	<u>961,692</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>961,692</u>
 Total fund balances	 <u>965,517</u>	 <u>738,164</u>	 <u>1,052,883</u>	 <u>137,772</u>	 <u>971,945</u>	 <u>3,866,281</u>
 Total liabilities, deferred inflows of resources, and fund balances	 <u>\$ 993,228</u>	 <u>\$ 739,333</u>	 <u>\$ 1,055,283</u>	 <u>\$ 158,846</u>	 <u>\$ 979,770</u>	 <u>\$ 3,926,460</u>

See Accompanying Notes to the Financial Statements

Village of New Haven
Governmental Funds
Reconciliation of Fund Balances of Governmental Funds
to Net Position of Governmental Activities
March 31, 2019

Total fund balances for governmental funds	\$ 3,866,281
Total net position for governmental activities in the statement of net position is different because:	
Capital assets net of accumulated depreciation used in governmental activities are not financial resources and therefore are not reported in the funds.	3,696,108
Capital assets not being depreciated used in governmental activities are not financial resources and therefore are not reported in the funds.	976,808
Certain receivables are not available to pay for current period expenditures and, therefore are deferred in the funds.	10,110
Certain liabilities are not due and payable in the current period and are not reported in the funds.	
Accrued interest	(4,481)
Compensated absences	(16,748)
Long-term liabilities applicable to governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities.	<u>(258,954)</u>
Net position of governmental activities	<u>\$ 8,269,124</u>

Village of New Haven
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended March 31, 2019

	Special Revenue Funds				Nonmajor Governmental Funds	Total Governmental Funds
	General	Major Street	Highway	Fire		
Revenues						
Taxes	\$ 931,715	\$ -	\$ 241,483	\$ 234,546	\$ 34,944	\$ 1,442,688
Licenses and permits	52,220	-	-	-	-	52,220
State revenue sharing	741,202	-	-	-	-	741,202
Other state grants	-	318,168	-	-	145,704	463,872
Local contributions	11,998	-	-	-	-	11,998
Charges for services	14,068	-	-	-	25,585	39,653
Fines and forfeitures	27,368	-	-	-	-	27,368
Interest income	1,942	4,606	1,734	-	2,853	11,135
Rental income	189,347	-	-	-	-	189,347
Other revenue	2,728	-	11,779	6,625	98	21,230
Total revenues	1,972,588	322,774	254,996	241,171	209,184	3,000,713

See Accompanying Notes to the Financial Statements

Village of New Haven
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended March 31, 2019

	Special Revenue Funds				Nonmajor Governmental Funds	Total Governmental Funds
	General	Major Street	Highway	Fire		
Expenditures						
Current						
General government	\$ 660,243	\$ -	\$ -	\$ -	\$ 54,376	\$ 714,619
Public safety	651,709	-	-	168,567	-	820,276
Public works	-	237,621	41,330	-	134,938	413,889
Community and economic development	6,420	-	-	-	-	6,420
Recreation and culture	107,594	-	-	-	-	107,594
Capital outlay	-	383,742	164,823	-	-	548,565
Debt service						
Principal retirement	-	-	-	29,918	-	29,918
Interest and fiscal charges	-	-	-	10,082	-	10,082
 Total expenditures	<u>1,425,966</u>	<u>621,363</u>	<u>206,153</u>	<u>208,567</u>	<u>189,314</u>	<u>2,651,363</u>
 Excess (deficiency) of revenues over expenditures	546,622	(298,589)	48,843	32,604	19,870	349,350
Other financing sources (uses)						
Transfers in	-	16,720	-	-	16,720	33,440
Transfers out	(218,440)	-	-	-	-	(218,440)
Sale of fixed assets	6,014	-	-	-	-	6,014
 Total other financing sources and uses	<u>(212,426)</u>	<u>16,720</u>	<u>-</u>	<u>-</u>	<u>16,720</u>	<u>(178,986)</u>
 Net change in fund balance	334,196	(281,869)	48,843	32,604	36,590	170,364
 Fund balance - beginning of year	<u>631,321</u>	<u>1,020,033</u>	<u>1,004,040</u>	<u>105,168</u>	<u>935,355</u>	<u>3,695,917</u>
 Fund balance - end of year	<u>\$ 965,517</u>	<u>\$ 738,164</u>	<u>\$ 1,052,883</u>	<u>\$ 137,772</u>	<u>\$ 971,945</u>	<u>\$ 3,866,281</u>

See Accompanying Notes to the Financial Statements

Village of New Haven
Governmental Funds
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

Net change in fund balances - Total governmental funds	\$ 170,364
Total change in net position reported for governmental activities in the statement of activities is 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.	
Depreciation expense	(740,884)
Capital outlay	507,893
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	
State shared revenue	(252,007)
Property taxes	(10,780)
Expenses are recorded when incurred in the statement of activities.	
Accrued interest	519
Compensated absences	11,019
Repayments of long-term debt	29,918
Change in net position of governmental activities	\$ (283,958)

Village of New Haven
Proprietary Funds
Statement of Net Position
March 31, 2019

	Enterprise Funds			
	Sewer	Water	Nonmajor	Total
Assets				
Current assets				
Cash and cash equivalents	\$ -	\$ 599,279	\$ 329,626	\$ 928,905
Receivables				
Customers	122,478	82,835	22,312	227,625
Total current assets	<u>122,478</u>	<u>682,114</u>	<u>351,938</u>	<u>1,156,530</u>
Noncurrent assets				
Restricted assets				
Cash and cash equivalents	-	229,112	-	229,112
Due from other governments	94,759	-	-	94,759
Capital assets, net of accumulated depreciation	<u>8,515,737</u>	<u>5,317,159</u>	<u>-</u>	<u>13,832,896</u>
Total noncurrent assets	<u>8,610,496</u>	<u>5,546,271</u>	<u>-</u>	<u>14,156,767</u>
Total assets	8,732,974	6,228,385	351,938	15,313,297
Deferred outflows of resources				
Deferred loss on refunding	<u>52,197</u>	<u>-</u>	<u>-</u>	<u>52,197</u>
Total assets and deferred outflows of resources	<u>\$ 8,785,171</u>	<u>\$ 6,228,385</u>	<u>\$ 351,938</u>	<u>\$ 15,365,494</u>

See Accompanying Notes to the Financial Statements

Village of New Haven
Proprietary Funds
Statement of Net Position
March 31, 2019

	Enterprise Funds			
	Sewer	Water	Nonmajor	Total
Liabilities				
Current liabilities				
Accounts payable	\$ 45,032	\$ 65,822	\$ 18,366	\$ 129,220
Accrued and other liabilities	16,478	1,676	13,320	31,474
Checks written against future deposits	1,099,655	-	-	1,099,655
Due to other funds	-	493,653	-	493,653
Current portion of noncurrent liabilities	<u>351,471</u>	<u>155,000</u>	<u>-</u>	<u>506,471</u>
Total current liabilities	1,512,636	716,151	31,686	2,260,473
Noncurrent liabilities				
Long-term debt net of current portion	<u>6,715,955</u>	<u>1,722,976</u>	<u>-</u>	<u>8,438,931</u>
Total liabilities	<u>8,228,591</u>	<u>2,439,127</u>	<u>31,686</u>	<u>10,699,404</u>
Net Position				
Net investment in capital assets	1,500,508	3,439,183	-	4,939,691
Restricted for:				
Debt service	-	229,112	-	229,112
Capital improvements	94,759	-	-	94,759
Unrestricted (deficit)	<u>(1,038,687)</u>	<u>120,963</u>	<u>320,252</u>	<u>(597,472)</u>
Total net position	<u>\$ 556,580</u>	<u>\$ 3,789,258</u>	<u>\$ 320,252</u>	<u>\$ 4,666,090</u>

See Accompanying Notes to the Financial Statements

Village of New Haven
Proprietary Funds
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Year Ended March 31, 2019

	Enterprise Funds			
	Sewer	Water	Nonmajor	Total
Operating revenue				
Customer fees	\$ 1,290,564	\$ 964,572	\$ 446,913	\$ 2,702,049
Other revenue	5,659	800	-	6,459
Total operating revenue	<u>1,296,223</u>	<u>965,372</u>	<u>446,913</u>	<u>2,708,508</u>
Operating expenses				
Personnel services	22,785	109,365	163,856	296,006
Supplies	9,516	8,276	-	17,792
Contractual services	538,278	551,897	222,146	1,312,321
Utilities	8,007	17,030	-	25,037
Repairs and maintenance	22,231	24,105	-	46,336
Other expenses	58,848	72,622	9,172	140,642
Depreciation	214,836	150,920	-	365,756
Total operating expenses	<u>874,501</u>	<u>934,215</u>	<u>395,174</u>	<u>2,203,890</u>
Operating income	<u>421,722</u>	<u>31,157</u>	<u>51,739</u>	<u>504,618</u>
Nonoperating revenue (expenses)				
Interest income	807	-	1,300	2,107
Interest expense	<u>(279,372)</u>	<u>(51,115)</u>	<u>-</u>	<u>(330,487)</u>
Total nonoperating revenues (expenses)	<u>(278,565)</u>	<u>(51,115)</u>	<u>1,300</u>	<u>(328,380)</u>
Income (loss) before capital contributions and transfers	143,157	(19,958)	53,039	176,238
Capital contributions - SAW Grant	3,977	-	-	3,977
Transfers in	<u>185,000</u>	<u>-</u>	<u>-</u>	<u>185,000</u>
Change in net position	332,134	(19,958)	53,039	365,215
Net position - beginning of year	<u>224,446</u>	<u>3,809,216</u>	<u>267,213</u>	<u>4,300,875</u>
Net position - end of year	<u>\$ 556,580</u>	<u>\$ 3,789,258</u>	<u>\$ 320,252</u>	<u>\$ 4,666,090</u>

See Accompanying Notes to the Financial Statements

Village of New Haven
Proprietary Funds
Statement of Cash Flows
For the Year Ended March 31, 2019

	Enterprise Funds			
	Sewer	Water	Nonmajor	Total
Cash flows from operating activities				
Receipts from customers	\$ 1,387,191	\$ 1,522,138	\$ 447,116	\$ 3,356,445
Receipts from other funds	31,615	-	-	31,615
Payments to other funds	(283,124)	(250,000)	(31,615)	(564,739)
Payments to suppliers	(668,859)	(718,756)	(265,234)	(1,652,849)
Payments to employees	(22,785)	(109,365)	(163,856)	(296,006)
Net cash provided (used) by operating activities	<u>444,038</u>	<u>444,017</u>	<u>(13,589)</u>	<u>874,466</u>
Cash flows from noncapital financing activities				
Transfer from other funds	<u>185,000</u>	<u>-</u>	<u>-</u>	<u>185,000</u>
Cash flows from capital and related financing activities				
Capital contributions - SAW Grant	3,977	-	-	3,977
Principal and interest paid on long-term debt	<u>(633,822)</u>	<u>(201,115)</u>	<u>-</u>	<u>(834,937)</u>
Net cash used by capital and related financing activities	<u>(629,845)</u>	<u>(201,115)</u>	<u>-</u>	<u>(830,960)</u>
Cash flows from investing activities				
Interest received	<u>807</u>	<u>-</u>	<u>1,300</u>	<u>2,107</u>
Net change in cash and cash equivalents	-	242,902	(12,289)	230,613
Cash and cash equivalents - beginning of year	<u>-</u>	<u>585,489</u>	<u>341,915</u>	<u>927,404</u>
Cash and cash equivalents - end of year	<u>\$ -</u>	<u>\$ 828,391</u>	<u>\$ 329,626</u>	<u>\$ 1,158,017</u>

See Accompanying Notes to the Financial Statements

Village of New Haven
Proprietary Funds
Statement of Cash Flows
For the Year Ended March 31, 2019

	Enterprise Funds			
	Sewer	Water	Nonmajor	Total
Reconciliation of operating income to net cash provided (used) by operating activities				
Operating income	\$ 421,722	\$ 31,157	\$ 51,739	\$ 504,618
Adjustments to reconcile operating income to net cash from operating activities				
Depreciation expense	214,836	150,920	-	365,756
Changes in assets and liabilities				
Receivables	(27,889)	556,766	203	529,080
Due from other units of government	118,857	-	-	118,857
Due from other funds	31,615	-	-	31,615
Deferred outflows	3,480	-	-	3,480
Accounts payable	(51,528)	(45,189)	(279)	(96,996)
Accrued and other liabilities	16,069	363	(33,637)	(17,205)
Due to other funds	(44)	(250,000)	(31,615)	(281,659)
Checks written against future deposits	(283,080)	-	-	(283,080)
Net cash provided (used) by operating activities	<u>\$ 444,038</u>	<u>\$ 444,017</u>	<u>\$ (13,589)</u>	<u>\$ 874,466</u>
Reconciliation to the statement of net position				
Cash and cash equivalents	\$ -	\$ 599,279	\$ 329,626	\$ 928,905
Restricted cash and cash equivalents	<u>-</u>	<u>229,112</u>	<u>-</u>	<u>229,112</u>
Cash and cash equivalents	<u>\$ -</u>	<u>\$ 828,391</u>	<u>\$ 329,626</u>	<u>\$ 1,158,017</u>

See Accompanying Notes to the Financial Statements

Village of New Haven
Fiduciary Funds
Statement of Assets and Liabilities
March 31, 2019

	<u>Agency Fund</u>
Assets	
Cash and cash equivalents	\$ <u>1,992</u>
Liabilities	
Due to other units of government	\$ <u>1,992</u>

Village of New Haven
Notes to the Financial Statements
March 31, 2019

Note 1 - Summary of Significant Accounting Policies

Reporting entity

The Village of New Haven is governed by an elected seven-member Council, including a President, elected by the citizens of the Village. The accompanying financial statements present the government, entities for which the government is considered to be financially accountable.

Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. *Government 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 certain legally separate *component units* for which the primary government is financially accountable. The Village does not have any component units.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments 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 fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major

individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement focus, basis of accounting, and financial statement presentation

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

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

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Village of New Haven
Notes to the Financial Statements
March 31, 2019

The government reports the following major governmental funds:

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

The Major Street Fund accounts for the maintenance and improvement activities for streets designated as "major" within the Village. Funding is primarily through state shared gas and weight taxes.

The Highway Fund accounts for revenues from property taxes and is used to maintain highways.

The Fire Fund accounts for the Village's fire department expenditures. Expenditures are funded by a special assessment levied on all real property.

The government reports the following major proprietary funds:

The Sewer Fund accounts for the activities of the sewage collection system.

The Water Fund accounts for the activities of the water distribution system.

Additionally, the government reports the following:

The Agency Fund accounts for property tax and other deposits collected on behalf of other units and individuals.

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-in-lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government's proprietary functions and

various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Sewer, Water, Building and Garbage Funds are charges to customers for sales and services. The government also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for Sewer, Water, Building and Garbage 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.

Assets, liabilities, and net position or equity

Deposits and investments – Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. The statement of cash flows includes both restricted and unrestricted cash and cash equivalents. Investments are stated at fair value based on quoted market price. Certificate of deposits are stated at cost which approximates fair value.

Receivables and payables – In general, outstanding balances between funds are reported as "due to/from other funds." Activity

Village of New Haven
Notes to the Financial Statements
March 31, 2019

between funds that is representative of lending/borrowing arrangement outstanding at the end of the fiscal year is referred to as “advances to/from other funds.” Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as “internal balances.”

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. The Village considers all accounts receivable to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded. Property taxes are levied on each July 1st. Taxes are considered delinquent on October 1st, at which time penalties and interest are assessed.

The 2018 taxable valuation of the government totaled \$84,380,289, on which ad valorem taxes consisted of 9.4875 mills for operating purposes. This resulted in \$803,933 for operating expenses, exclusive of any Michigan Tax Tribunal or Board of Review adjustments.

The Village has established a special assessment district consisting of all real property, as approved by the voters, in which 3 mills is levied annually for the operations of the fire department. This resulted in total revenue of \$234,546, exclusive of any Michigan Tax Tribunal or Board of Review adjustments.

In addition, the Village has also established special revenue ad valorem taxes, as approved by the voters, in which 2.85 mills and .4125 mills is levied annually for the highway and cemetery funds, respectively. This resulted in total revenue for the highway fund of \$241,483 and the cemetery fund of \$34,944, exclusive of any Michigan Tax Tribunal or Board of Review adjustments.

Certain payments to vendors reflect costs applicable to future fiscal years. For such payments in governmental funds the Village follows the purchase method, and they therefore are expensed when paid in both entity-wide and fund financial statements.

Restricted assets – Certain revenue bonds of the Enterprise Funds require amounts to be set aside for a bond reserve. An amount of \$229,112 has been classified as restricted cash and cash equivalents in the Water Fund. The Sewer Fund reports \$94,759 in a restricted asset as the Macomb County Department of Public Works has drawn down bond payments to be used on wastewater projects that are in progress. As the project continues, the restricted asset will be used for the projects or applied directly to future bond payments.

Capital assets – Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities column 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 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.

The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. In the case of donations the government values these capital assets at the estimated fair value of the item at the date of its donation.

Village of New Haven
Notes to the Financial Statements
March 31, 2019

Property, plant and equipment are depreciated using the straight-line method over the following useful lives:

	<u>Governmental Funds</u>	<u>Enterprise Funds</u>
Land improvements	10 to 20 years	20 years
Buildings and improvements	7 to 50 years	9 to 50 years
Vehicles	5 to 10 years	
Equipment	5 to 15 years	15 to 20 years
Infrastructure	20 to 30 years	
Sewer System		30 to 50 years
Water System		30 to 50 years

Deferred outflows of resources – A deferred outflow of resources is a consumption of net position by the government that is applicable to a future reporting period. The Village reports deferred outflows for a deferred loss on bond refunding. A deferred loss results from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is amortized using the shorter of the life of the refunded or refunding debt.

Compensated absences – It is the Village’s policy to permit employees to accumulate earned but unused vacation and sick pay benefits. The liability for unpaid accumulated sick leave is time available according to the Village’s union contracts and personnel policies. All vacation pay is accrued when incurred in the government-wide, and proprietary financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Long-term obligations – In the government-wide financial statements, and proprietary fund types in the fund 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 position. Bond premiums and discounts are deferred and amortized over the life of the bonds using

the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize 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.

Deferred inflows of resources – A deferred inflow of resources is an acquisition of net position by the government that is applicable to a future reporting period. For governmental funds this includes unavailable revenue in connection with receivables for revenues that are not considered available to liquidate liabilities of the current period.

Fund equity – In the fund financial statements, governmental funds report fund balance in the following categories:

Non-spendable – assets that are not available in a spendable form.

Restricted – amounts that are legally imposed or otherwise required by external parties to be used for a specific purpose.

Committed – amounts constrained on use imposed by the government’s highest level of decision-making, its council. A fund balance commitment may be established, modified, or rescinded by a resolution of the Village Council.

Assigned – amounts intended to be used for specific purposes, as determined by the Council. Residual amounts in governmental funds other than the general fund are

Village of New Haven
Notes to the Financial Statements
March 31, 2019

automatically assigned by their nature.

Unassigned – all other resources; the remaining fund balances after non-spendable, restrictions, commitments and assignments.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the government's policy is to consider restricted funds spent first.

When an expenditure is incurred for purposes for which committed, assigned, or unassigned amounts could be used, the government's policy is to consider the funds to be spent in the following order: (1) committed, (2) assigned, (3) unassigned.

The Perpetual Care Fund is used to account for resources that are legally restricted to the extent that only earnings, not principal, may be used for the perpetual care of cemetery lots. The permanent fund has both a restricted and non-spendable fund balance. The non-spendable fund balance portion contains the amount of \$61,109 which is placed with the local unit in trust to be invested. The income earned on the investments is closed to restricted fund balance and used only for the perpetual care of cemetery lots.

Upcoming accounting and reporting changes

The Governmental Accounting Standards Board has issued the following Statements:

Statement No. 83, *Certain Asset Retirement Obligations* establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. The requirements of this Statement are effective for the fiscal year ending March 31, 2020.

Statement No. 84, *Fiduciary Activities* improves the guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The focus of the criteria includes the following: (1) is the government controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. The four fiduciary funds that should be reported, in applicable are: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally will report fiduciary activities that are not held in a trust or similar arrangement that meets specific criteria. The requirements of this Statement are effective for the fiscal year ending March 31, 2020.

Statement No. 87, *Leases* is to improve accounting and financial reporting for leases. It establishes a single model for lease accounting based on the foundational principle that leases are financings of a right to use an underlying asset. The effective date is for the fiscal year ending March 31, 2021.

Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements* improves the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The effective date is for the fiscal year ending March 31, 2020.

Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. It requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources

Village of New Haven
Notes to the Financial Statements
March 31, 2019

measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reporting in a business-type activity or enterprise fund. Interest cost incurred before the end of a construction period should be recognized as an expenditure for financial statements prepared using the current financial resources measurement. The effective date is for the fiscal year ending March 31, 2021.

The Village is evaluating the effect these new Statements will have on its financial reporting.

Note 2 - Stewardship, Compliance, and Accountability

Budgetary information

The government is subject to the budgetary control requirements of the Uniform Budgeting Act (P.A. 621 of 1978, as amended). Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General Fund and all Special Revenue Funds. All annual appropriations lapse at fiscal year end.

Prior to March 31, the Village President submits to the Village a proposed operating budget for the fiscal year commencing the following April 1. Public hearings are obtained to obtain taxpayer comments and the budget is approved by council through passage of a motion prior to March 31.

The budget document presents information by fund, activity, department, and line items. The legal level of budgetary control adopted by the governing body is the activity level. The Village Clerk is authorized to transfer budgeted amounts between line items within an activity; however, any revisions that alter the total expenditures of an activity must be approved by the Village.

Amounts encumbered for purchase orders, contracts, etc. are not tracked during the year. Budget appropriations are considered to be spent when goods are received or services rendered.

Excess of expenditures over appropriations

	<u>Appropriations</u>	<u>Actual</u>	<u>Budget Variance</u>
General Fund			
Public safety	\$ 644,589	\$ 651,709	\$ 7,120
Transfers out	218,439	218,440	1
Major Street			
Public works	237,355	237,621	266
Highway Fund			
Public works	40,150	41,330	1,180

Deficit fund net position

The Village of New Haven had an unrestricted deficit in the Sewer Fund of \$1,038,687 as of March 31, 2019. The Village's most recently submitted deficit elimination plan with the State of Michigan has planned to eliminate the deficit by the end of fiscal year 2019, which the Village was unable to accomplish. This plan was rejected by the State of Michigan as the deficit initially occurred in fiscal year 2013 and the five year period to eliminate the deficit has passed as of March 31, 2019. The Village is currently developing a new deficit elimination plan that will be submitted to the State of Michigan after the issuance of the March 31, 2019 audited financial statements.

Village of New Haven
Notes to the Financial Statements
March 31, 2019

Note 3 - Deposits and Investments

At year end the government's deposits and investments were reported in the financial statements in the following categories:

	Cash and Cash Equivalents	Restricted Cash and Cash Equivalents	Total
Governmental activities	\$ 3,233,093	\$ -	\$ 3,233,093
Business-type activities	<u>928,905</u>	<u>229,112</u>	<u>1,158,017</u>
Total primary government	4,161,998	229,112	4,391,110
Fiduciary funds	<u>1,992</u>	<u>-</u>	<u>1,992</u>
Total	<u>\$ 4,163,990</u>	<u>\$ 229,112</u>	<u>\$ 4,393,102</u>

The breakdown between deposits and investments is as follows:

	Primary Government	Fiduciary Funds	Total
Bank deposits (checking and savings accounts, money markets and certificates of deposit)	\$ 4,390,810	\$ 1,992	\$ 4,392,802
Petty cash and cash on hand	<u>300</u>	<u>-</u>	<u>300</u>
Total	<u>\$ 4,391,110</u>	<u>\$ 1,992</u>	<u>\$ 4,393,102</u>

Non-negotiable certificates of deposits that are placed by the depositors directly with financial institutions and that are subject to a penalty if redeemed before maturity are treated as bank deposits. Because non-negotiable certificates of deposit are deposits, no interest rate risk or credit risk disclosures are required, which are limited to investments.

Custodial credit risk - deposits – In the case of deposits, this is the risk that in the event of bank failure, the government's deposits may not be returned to it. The government does not have a policy for custodial credit risk. As of year-end, \$2,817,439 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Note 4 - Deferred Inflows of Resources

At yearend the various components of deferred inflows of resources are as follows:

Primary government

Earned but unavailable revenues

State shared revenue

\$ 10,110

Village of New Haven
Notes to the Financial Statements
March 31, 2019

Note 5 - Capital Assets

Capital assets activity of the primary government for the current year was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 974,704	\$ -	\$ -	\$ 974,704
Construction in progress	<u>1,315,237</u>	<u>2,104</u>	<u>1,315,237</u>	<u>2,104</u>
Total capital assets not being depreciated	<u>2,289,941</u>	<u>2,104</u>	<u>1,315,237</u>	<u>976,808</u>
Capital assets being depreciated				
Land improvements	318,360	-	-	318,360
Infrastructure	11,743,136	1,821,026	-	13,564,162
Buildings, additions and improvements	587,689	-	-	587,689
Machinery and equipment	1,529,423	-	-	1,529,423
Vehicles	<u>462,041</u>	<u>-</u>	<u>-</u>	<u>462,041</u>
Total capital assets being depreciated	<u>14,640,649</u>	<u>1,821,026</u>	<u>-</u>	<u>16,461,675</u>
Less accumulated depreciation for				
Land improvements	221,015	15,918	-	236,933
Infrastructure	10,079,713	597,393	-	10,677,106
Buildings, additions and improvements	324,140	9,411	-	333,551
Machinery and equipment	1,051,390	91,030	-	1,142,420
Vehicles	<u>348,425</u>	<u>27,132</u>	<u>-</u>	<u>375,557</u>
Total accumulated depreciation	<u>12,024,683</u>	<u>740,884</u>	<u>-</u>	<u>12,765,567</u>
Net capital assets being depreciated	<u>2,615,966</u>	<u>1,080,142</u>	<u>-</u>	<u>3,696,108</u>
Governmental activities capital assets, net	<u>\$ 4,905,907</u>	<u>\$ 1,082,246</u>	<u>\$ 1,315,237</u>	<u>\$ 4,672,916</u>

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Capital assets being depreciated				
Land improvements	\$ 42,800	\$ -	\$ -	\$ 42,800
Wells	86,911	-	-	86,911
Buildings, additions and improvements	1,315,280	-	-	1,315,280
Machinery and equipment	92,141	-	-	92,141
Meters	127,908	-	-	127,908
Water system	6,868,150	-	-	6,868,150
Sewer system	<u>10,177,611</u>	<u>-</u>	<u>-</u>	<u>10,177,611</u>
Total capital assets being depreciated	<u>18,710,801</u>	<u>-</u>	<u>-</u>	<u>18,710,801</u>
Less accumulated depreciation for				
Land improvements	31,584	1,931	-	33,515
Wells	86,911	-	-	86,911
Buildings, additions and improvements	757,784	13,777	-	771,561
Machinery and equipment	59,985	4,870	-	64,855
Meters	35,208	4,263	-	39,471
Water system	1,726,766	137,363	-	1,864,129
Sewer system	<u>1,813,911</u>	<u>203,552</u>	<u>-</u>	<u>2,017,463</u>
Total accumulated depreciation	<u>4,512,149</u>	<u>365,756</u>	<u>-</u>	<u>4,877,905</u>
Net capital assets being depreciated	<u>14,198,652</u>	<u>(365,756)</u>	<u>-</u>	<u>13,832,896</u>
Business-type capital assets, net	<u>\$ 14,198,652</u>	<u>\$ (365,756)</u>	<u>\$ -</u>	<u>\$ 13,832,896</u>

Village of New Haven
Notes to the Financial Statements
March 31, 2019

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

Governmental activities	
General government	\$ 19,847
Public safety	77,111
Public works	635,552
Recreation and culture	<u>8,374</u>
Total governmental activities	<u>740,884</u>
Business-type activities	
Sewer	214,836
Water	<u>150,920</u>
Total business-type activities	<u>365,756</u>
Total primary government	<u>\$ 1,106,640</u>

The details for interfund transfers are as follows:

<u>Funds Transferred From</u>	<u>Funds Transferred To</u>	<u>Amount</u>
General Fund	Major Street Fund	\$ 16,720
General Fund	Local Street Fund	16,720
General Fund	Sewer Fund	<u>185,000</u>
		<u>\$ 218,440</u>

Transfers are used to move unrestricted general fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs.

Note 6 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Highway Fund	Water Fund	<u>\$ 493,653</u>

The outstanding balances between funds result mainly from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between funds are made.

Village of New Haven
Notes to the Financial Statements
March 31, 2019

Note 7 - Leases

Operating leases

In October 2006, the Village committed to a lease for its operating facility. The lease expires October 2031 and requires monthly base rent of \$16,500 exclusive of taxes, utilities, insurance, maintenance, and repairs. The Village may exercise an option to purchase the operating facility at any time after October 2008 for \$3,500,000.

Annual cost \$ 198,000

Year ending March 31,

2020	\$ 198,000
2021	198,000
2022	198,000
2023	198,000
2024	198,000
2025 - 2029	990,000
2030 - 2032	<u>495,000</u>
	<u>\$ 2,475,000</u>

Capital lease

The Village has a capital lease for a fire truck. The future minimum lease payments are as follows:

<u>Year ending March 31,</u>	
2020	\$ 40,000
2021	40,000
2022	40,000
2023	40,000
2024	40,000
2025 - 2027	<u>98,791</u>

Total minimum lease payments	298,791
Less amount representing interest	<u>39,837</u>

\$ 258,954

Asset	
Equipment	\$ 360,000
Less accumulated depreciation	<u>90,000</u>
Total	<u>\$ 270,000</u>

Village of New Haven
Notes to the Financial Statements
March 31, 2019

Note 8 - Long-term Debt

The Village issues bonds to provide for the acquisition and construction of major capital projects. General obligation bonds are direct obligations and pledge the full faith and credit of the government. Installment purchase agreements are also general obligations of the government. The Village has a capital lease for a fire truck. Other long-term obligations include compensated absences. Compensated absences are typically liquidated with funds from the General Fund, Sewer Fund and Water Fund.

Long-term obligation activity is summarized as follows:

	Amount of Issue	Maturity Date	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities									
Capital leases	\$ 320,000	2027	3.49%	\$18,157 - \$38,039	\$ 288,872	\$ -	\$ 29,918	\$ 258,954	\$ 30,963
Compensated absences					<u>27,767</u>	<u>5,023</u>	<u>16,042</u>	<u>16,748</u>	<u>16,000</u>
Total governmental activities					<u>\$ 316,639</u>	<u>\$ 5,023</u>	<u>\$ 45,960</u>	<u>\$ 275,702</u>	<u>\$ 46,963</u>

Village of New Haven
Notes to the Financial Statements
March 31, 2019

	Amount of Issue	Maturity Date	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities									
Bonds and notes payable									
State of Michigan Drinking Water Revolving Loan Fund	\$ 3,177,000	2031	2.50%	\$137,976 - \$195,000	\$ 2,027,976	\$ -	\$ 150,000	\$ 1,877,976	\$ 155,000
Limited Tax Obligation Bond issued by Macomb County Wastewater Disposal District	1,112,814	2033	3.75% - 4.25%	32,924 - 82,310	806,625	-	41,154	765,471	41,154
Limited Tax Obligation Bond issued by Macomb County Wastewater Disposal District	8,244	2036	2.00% - 4.25%	265 - 474	6,251	-	284	5,967	292
Limited Tax Obligation Bond issued by Macomb County Wastewater Disposal District	3,868,614	2036	1.00% - 6.35%	124,279 - 222,333	2,933,670	-	133,401	2,800,269	136,821
Limited Tax Obligation Bond issued by Oakland-Macomb Interceptor Drainage District	36,039	2031	2.00% - 4.25%	1,399 - 2,797	25,577	-	1,587	23,990	1,667
Limited Tax Obligation Bond issued by Oakland-Macomb Interceptor Drainage District	140,263	2031	2.00% - 4.25%	6,051 - 8,795	98,920	-	6,509	92,411	6,697
Limited Tax Obligation Bond issued by Macomb County Wastewater Disposal District	321,675	2032	5.00%	10,444 - 26,110	253,267	-	13,577	239,690	14,622
Limited Tax Obligation Bond issued by Oakland-Macomb Interceptor Drainage District	168,603	2034	2.50%	6,769 - 10,535	141,197	-	7,297	133,900	7,463
Oakland-Macomb Interceptor Drain Drainage District: Project 5368-03 (2013 - SRF Project)	367,911	2035	2.00%	16,379 - 22,053	321,569	-	16,068	305,501	16,379
Oakland-Macomb Interceptor Drain Drainage District Drain Bond: Project 2014A	53,794	2035	2.00% - 3.13%	2,268 - 5,763	47,437	-	-	47,437	2,268
Macomb County Wastewater Disposal District Drain Bond: Project 5487	82,537	2035	2.30%	3,180 - 5,183	60,976	-	2,231	58,745	3,565
Macomb County Wastewater Disposal District Drain Bond: Project 5540	21,682	2034	2.00%	964 - 1,904	15,106	-	-	15,106	964
SAW Project 2001-01 2015A	107,603	2037	2.50%	4,182 - 6,779	99,112	-	4,436	94,676	4,436
Macomb County Wastewater Drainage District SRF 5624	34,555	2036	2.50%	1,363 - 2,162	31,829	-	1,410	30,419	1,457
Drainage District Drain Refunding Bonds, Series 2015	1,422,562	2034	3.625% - 5.000%	58,611 - 96,707	1,307,657	-	80,382	1,227,275	80,382
Macomb County Wastewater Drain District 2010 2017 Refunding	604,503	2035	5.00%	22,427 - 48,685	578,931	-	22,427	556,504	22,427
Macomb County Wastewater Drain District Sinkhole 2017A	486,190	2043	5.00%	10,877 - 32,146	477,173	-	10,877	466,296	10,877
Total bonds and notes payable					9,233,273	-	491,640	8,741,633	506,471
Unamortized Bond Premium	243,383				216,579	-	12,810	203,769	-
Total business-type activities					<u>\$ 9,449,852</u>	<u>\$ -</u>	<u>\$ 504,450</u>	<u>\$ 8,945,402</u>	<u>\$ 506,471</u>

Village of New Haven
Notes to the Financial Statements
March 31, 2019

Annual debt service requirements to maturity for the above obligations are as follows:

Year Ending March 31,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2020	\$ 30,963	\$ 9,037	\$ 506,471	\$ 288,808
2021	32,043	7,957	519,656	283,026
2022	33,161	6,839	541,648	265,135
2023	34,319	5,681	549,770	246,621
2024	35,516	4,484	563,105	227,571
2025 - 2029	92,952	5,839	3,104,767	829,177
2030 - 2034	-	-	2,381,769	304,993
2035 - 2039	-	-	465,636	50,849
2040 - 2044	-	-	108,811	12,329
	<u>\$ 258,954</u>	<u>\$ 39,837</u>	<u>\$ 8,741,633</u>	<u>\$ 2,508,509</u>

Deferred Amount on Refunding

The Village has a deferred loss on refunding as follows:

Beginning Balance	Additions	Reductions	Ending Balance
\$ (55,677)	\$ -	\$ (3,480)	\$ (52,197)

Compensated Absences

The Village's employment policies provide for vacation benefits to be earned in varying amounts depending on the employee's years of service. Vacation benefits earned are credited to each employee on a bi-weekly basis. The Village has established a formal policy regarding a maximum of 2 years authorized accumulation of vacation hours per individual union agreement.

The Village's employment policies provide for sick leave benefits to be earned in varying amounts depending on the employee's hours worked and union agreements. Sick leave is earned by all village

employees at the rate of 12 days annually and each day being made available as of the last day of the month. A maximum of 30 days may be accrued.

Note 9 - Risk Management

The Village is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Village has purchased commercial insurance for all claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

Note 10 - Defined Contribution Plan

The Village has a defined contribution plan covering all full-time personnel which requires contributions by the Village. The plan is referred to as "The Village of New Haven Retirement Program" and plan assets are maintained by Municipal Employees' Retirement System. The Village of New Haven is the plan administrator. The plan was developed under authority of Internal Revenue Code Section 401 and any amendments must comply with current laws and regulations as administered by the Internal Revenue Service.

Total compensation of covered employees for the year ended March 31, 2019, amounted to \$139,840. A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specified how contributions to the participants' accounts are to be determined instead of specifying the amount of benefits the individual is to receive. Such benefits depend solely on the amount contributed to the participant's account, the returns earned on investments of those contributions, and forfeitures of other participants' benefits prior to vesting. Contributions to the plan are made by the Village based upon 5 percent of the participant's gross wages. Participants may

Village of New Haven
Notes to the Financial Statements
March 31, 2019

contribute to the plan, at their option, with after-tax dollars. During the year ended March 31, 2019, the Village contributed \$19,088 to the plan.

Note 11 - Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the government expects such amounts, if any, to be immaterial.

Village of New Haven
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended March 31, 2019

	Budgeted Amounts		Actual	Actual Over (Under)
	Original	Final		Final Budget
Revenues				
Taxes				
Property taxes	\$ 856,500	\$ 921,060	\$ 931,715	\$ 10,655
Licenses and permits	55,200	55,200	52,220	(2,980)
State revenue sharing	378,000	672,301	741,202	68,901
Local contributions	11,653	11,653	11,998	345
Charges for services	14,000	14,200	14,068	(132)
Fines and forfeitures	20,000	25,000	27,368	2,368
Interest income	1,200	1,200	1,942	742
Rental income	110,000	175,000	189,347	14,347
Other revenue	2,500	2,728	2,728	-
Sale of fixed assets	285,000	6,014	6,014	-
Total revenues	<u>1,734,053</u>	<u>1,884,356</u>	<u>1,978,602</u>	<u>94,246</u>
Expenditures				
General government				
Village board	14,400	14,400	15,800	1,400
President	14,400	14,400	14,400	-
General government	504,755	477,611	458,477	(19,134)
Clerk	7,500	7,500	7,500	-
Audit	78,000	94,683	94,683	-
Board of review	4,320	4,320	3,900	(420)
Treasurer	2,400	2,400	2,400	-
Buildings and grounds	71,100	63,950	63,083	(867)
Total general government	<u>696,875</u>	<u>679,264</u>	<u>660,243</u>	<u>(19,021)</u>

Village of New Haven
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended March 31, 2019

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
Public safety				
Police	\$ 641,100	\$ 644,589	\$ 651,709	\$ 7,120
Community and economic development				
Planning	6,720	6,720	6,420	(300)
Recreation and culture				
Parks and recreation	102,817	120,141	107,594	(12,547)
Transfers out	-	218,439	218,440	1
Total expenditures	1,447,512	1,669,153	1,644,406	(24,747)
Excess of revenues over expenditures	286,541	215,203	334,196	118,993
Fund balance - beginning of year	631,321	631,321	631,321	-
Fund balance - end of year	\$ 917,862	\$ 846,524	\$ 965,517	\$ 118,993

Village of New Haven
Required Supplementary Information
Budgetary Comparison Schedule
Major Street Fund
For the Year Ended March 31, 2019

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
Revenues				
Other state grants	\$ 270,000	\$ 322,561	\$ 318,168	\$ (4,393)
Interest income	2,500	-	4,606	4,606
Transfers in	-	16,720	16,720	-
Total revenues	<u>272,500</u>	<u>339,281</u>	<u>339,494</u>	<u>213</u>
Expenditures				
Current				
Public works	211,907	237,355	237,621	266
Capital outlay	<u>259,700</u>	<u>383,742</u>	<u>383,742</u>	<u>-</u>
Total expenditures	<u>471,607</u>	<u>621,097</u>	<u>621,363</u>	<u>266</u>
Deficiency of revenues over expenditures	(199,107)	(281,816)	(281,869)	(53)
Fund balance - beginning of year	<u>1,020,033</u>	<u>1,020,033</u>	<u>1,020,033</u>	<u>-</u>
Fund balance - end of year	<u>\$ 820,926</u>	<u>\$ 738,217</u>	<u>\$ 738,164</u>	<u>\$ (53)</u>

Village of New Haven
Required Supplementary Information
Budgetary Comparison Schedule
Highway Fund
For the Year Ended March 31, 2019

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
Revenues				
Taxes	\$ 212,000	\$ 241,161	\$ 241,483	\$ 322
Interest income	2,500	-	1,734	1,734
Other revenue	-	11,779	11,779	-
Total revenues	<u>214,500</u>	<u>252,940</u>	<u>254,996</u>	<u>2,056</u>
Expenditures				
Current				
Public works	49,650	40,150	41,330	1,180
Capital outlay	<u>47,531</u>	<u>164,823</u>	<u>164,823</u>	<u>-</u>
Total expenditures	<u>97,181</u>	<u>204,973</u>	<u>206,153</u>	<u>1,180</u>
Excess of revenues over expenditures	117,319	47,967	48,843	876
Fund balance - beginning of year	<u>1,004,040</u>	<u>1,004,040</u>	<u>1,004,040</u>	<u>-</u>
Fund balance - end of year	<u>\$ 1,121,359</u>	<u>\$ 1,052,007</u>	<u>\$ 1,052,883</u>	<u>\$ 876</u>

Village of New Haven
Required Supplementary Information
Budgetary Comparison Schedule
Fire Fund
For the Year Ended March 31, 2019

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
Revenues				
Taxes	\$ 218,080	\$ 234,523	\$ 234,546	\$ 23
Other revenue	1,600	6,625	6,625	-
Total revenues	<u>219,680</u>	<u>241,148</u>	<u>241,171</u>	<u>23</u>
Expenditures				
Current				
Public safety	166,364	180,934	168,567	(12,367)
Capital outlay	5,000	-	-	-
Debt service				
Principal retirement	31,128	31,128	29,918	(1,210)
Interest and fiscal charges	8,872	8,872	10,082	1,210
Total expenditures	<u>211,364</u>	<u>220,934</u>	<u>208,567</u>	<u>(12,367)</u>
Excess of revenues over expenditures	8,316	20,214	32,604	12,390
Fund balance - beginning of year	<u>105,168</u>	<u>105,168</u>	<u>105,168</u>	<u>-</u>
Fund balance - end of year	<u>\$ 113,484</u>	<u>\$ 125,382</u>	<u>\$ 137,772</u>	<u>\$ 12,390</u>

Village of New Haven
Other Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds
March 31, 2019

	Special Revenue Funds			Permanent Fund	Total Nonmajor Governmental Funds
	Local Street	Drug Law Enforcement	Cemetery	Perpetual Care	
Assets					
Cash and cash equivalents	\$ 731,461	\$ 14,295	\$ 149,167	\$ 62,309	\$ 957,232
Due from other units of government	<u>22,538</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,538</u>
Total assets	<u>\$ 753,999</u>	<u>\$ 14,295</u>	<u>\$ 149,167</u>	<u>\$ 62,309</u>	<u>\$ 979,770</u>
Liabilities					
Accounts payable	\$ 6,017	\$ -	\$ -	\$ -	\$ 6,017
Accrued and other liabilities	<u>1,808</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,808</u>
Total liabilities	<u>7,825</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,825</u>
Fund Balances					
Non-spendable					
Cash and cash equivalents	-	-	-	61,109	61,109
Restricted for					
Local streets	746,174	-	-	-	746,174
Drug law enforcement	-	14,295	-	-	14,295
Cemetery	-	-	149,167	-	149,167
Perpetual care	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,200</u>	<u>1,200</u>
Total fund balances	<u>746,174</u>	<u>14,295</u>	<u>149,167</u>	<u>62,309</u>	<u>971,945</u>
Total liabilities and fund balances	<u>\$ 753,999</u>	<u>\$ 14,295</u>	<u>\$ 149,167</u>	<u>\$ 62,309</u>	<u>\$ 979,770</u>

Village of New Haven
Other Supplementary Information
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended March 31, 2019

	Special Revenue Funds			Permanent Fund	Total Nonmajor Governmental Funds
	Local Street	Drug Law Enforcement	Cemetery	Perpetual Care	
Revenues					
Taxes	\$ -	\$ -	\$ 34,944	\$ -	\$ 34,944
Other state grants	145,704	-	-	-	145,704
Charges for services	-	-	25,585	-	25,585
Interest income	2,338	-	-	515	2,853
Other revenue	-	-	98	-	98
Total revenues	<u>148,042</u>	<u>-</u>	<u>60,627</u>	<u>515</u>	<u>209,184</u>
Expenditures					
Current					
General government	-	-	54,376	-	54,376
Public works	134,938	-	-	-	134,938
Total expenditures	<u>134,938</u>	<u>-</u>	<u>54,376</u>	<u>-</u>	<u>189,314</u>
Excess of revenues over expenditures	13,104	-	6,251	515	19,870
Other financing sources					
Transfers in	16,720	-	-	-	16,720
Net change in fund balance	29,824	-	6,251	515	36,590
Fund balance - beginning of year	<u>716,350</u>	<u>14,295</u>	<u>142,916</u>	<u>61,794</u>	<u>935,355</u>
Fund balance - end of year	<u>\$ 746,174</u>	<u>\$ 14,295</u>	<u>\$ 149,167</u>	<u>\$ 62,309</u>	<u>\$ 971,945</u>

Village of New Haven
Other Supplementary Information
Nonmajor Proprietary Funds
Combining Statement of Net Position
March 31, 2019

	Enterprise Funds		
	Building	Garbage	Total
Assets			
Current assets			
Cash and cash equivalents	\$ 242,703	\$ 86,923	\$ 329,626
Receivables			
Customers	-	22,312	22,312
Total assets	<u>242,703</u>	<u>109,235</u>	<u>351,938</u>
Liabilities			
Current liabilities			
Accounts payable	244	18,122	18,366
Accrued and other liabilities	<u>13,320</u>	<u>-</u>	<u>13,320</u>
Total liabilities	<u>13,564</u>	<u>18,122</u>	<u>31,686</u>
Net Position			
Unrestricted	<u>\$ 229,139</u>	<u>\$ 91,113</u>	<u>\$ 320,252</u>

Village of New Haven
Other Supplementary Information
Nonmajor Proprietary Funds
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
For the Year Ended March 31, 2019

	Enterprise Funds		
	Building	Garbage	Total
Operating revenue			
Customer fees	\$ 245,272	\$ 201,641	\$ 446,913
Operating expenses			
Personnel services	163,856	-	163,856
Contractual services	8,532	213,614	222,146
Other expenses	9,172	-	9,172
Total operating expenses	181,560	213,614	395,174
Operating income (loss)	63,712	(11,973)	51,739
Nonoperating revenue			
Interest income	-	1,300	1,300
Change in net position	63,712	(10,673)	53,039
Net position - beginning of year	165,427	101,786	267,213
Net position - end of year	<u>\$ 229,139</u>	<u>\$ 91,113</u>	<u>\$ 320,252</u>

Village of New Haven
Other Supplementary Information
Nonmajor Proprietary Funds
Combining Statement of Cash Flows
For the Year Ended March 31, 2019

	Enterprise Funds		
	Building	Garbage	Total
Cash flows from operating activities			
Receipts from customers	\$ 245,272	\$ 201,844	\$ 447,116
Payments to other funds	-	(31,615)	(31,615)
Payments to suppliers	(52,851)	(212,383)	(265,234)
Payments to employees	(163,856)	-	(163,856)
	28,565	(42,154)	(13,589)
Cash flows from investing activities			
Interest received	-	1,300	1,300
	-	1,300	1,300
Net change in cash and cash equivalents	28,565	(40,854)	(12,289)
Cash and cash equivalents - beginning of year	214,138	127,777	341,915
	214,138	127,777	341,915
Cash and cash equivalents - end of year	\$ 242,703	\$ 86,923	\$ 329,626
	242,703	86,923	329,626
Reconciliation of operating income to net cash provided (used) by operating activities			
Operating income (loss)	\$ 63,712	\$ (11,973)	\$ 51,739
Adjustments to reconcile operating income to net cash from operating activities			
Changes in assets and liabilities			
Receivables	-	203	203
Accounts payable	(1,510)	1,231	(279)
Accrued and other liabilities	(33,637)	-	(33,637)
Due to other funds	-	(31,615)	(31,615)
	-	(31,615)	(31,615)
Net cash provided (used) by operating activities	\$ 28,565	\$ (42,154)	\$ (13,589)



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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

Independent Auditors' Report

Management and the Village Council
Village of New Haven
New Haven, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of New Haven as of and for the year ended March 31, 2019, and the related notes to the financial statements, which collectively comprise the Village of New Haven's basic financial statements, and have issued our report thereon dated July 16, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Village of New Haven's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Village of New Haven's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village of New Haven's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2019-001 and 2019-002 that we consider to be material weaknesses.

Compliance and Other Matters

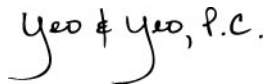
As part of obtaining reasonable assurance about whether Village of New Haven's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, described in the accompanying schedule of findings and responses as item 2019-002.

Village of New Haven's Response to Findings and Corrective Action Plans

Village of New Haven's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. Village of New Haven's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Auburn Hills, MI
July 16, 2019

Village of New Haven
Schedule of Findings and Responses
March 31, 2019

2019-001 – Material Weakness – Audit Adjustment Required

Specific requirement: Management is responsible for reporting reliable financial data in accordance with Generally Accepted Accounting Principles.

Condition: A material journal entry was proposed by the auditors to properly account for the Act 51 revenue accrual. This entry proposed by the auditors was considered material to the Major Street Fund.

Cause: The revenue accrual was posted to incorrect accounts and was not detected or corrected in a timely manner.

Effect: Had the journal entry not been recorded, the financial statements would have been materially misstated.

Recommendation: We recommend the Village reviews funds received after yearend closely to ensure that revenue is being recorded in the proper period and in accordance with Generally Accepted Accounting Principles.

Views of responsible officials: Management indicated that the entry was made in error. See the corrective action plan for additional information.

Corrective action plan: See attached.

Village of New Haven
Schedule of Findings and Responses
March 31, 2019

2019-002, 2018-003, 2017-003, 2016-003, 2015-005, 2014-005 – Material Weakness and Material Noncompliance – Deficit Fund Net Position

Specific requirement: Governments are required to maintain positive unrestricted fund net position.

Condition: As of March 31, 2019, the Village has an unrestricted deficit net position in the Sewer Fund of \$1,038,687. The Village filed a deficit elimination plan with the State of Michigan, however, the plan was denied.

Cause: The deficit is a result of operating losses.

Effect: The Sewer Fund's unrestricted net position is in a deficit and the Village is required to submit a deficit elimination plan.

Recommendation: We recommend that the Village develop a deficit elimination plan and submit it to the State of Michigan as soon as possible. Further, we recommend the Village review the rate structure for sewer charges to determine if the rates are sufficient to support the funds into the future.

Views of responsible officials: Management agrees a deficit elimination plan must be developed and submitted to the State of Michigan.

Corrective action plan: See attached.



Village Of New Haven

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July 16, 2019

Mr. Michael L. Rolka, CPA
Yeo & Yeo CPA's
5300 Bay Road, Suite 100
Saginaw, MI 48064

RE: Audit March 31, 2019

Dear Mr. Rolka,

Please note the following corrective action plans relating to material weaknesses reported in the Village's Audit as of March 31, 2019.

2019-001 – Material Weakness

Corrective action plan: Management has still in employment an office Accountant in an effort to improve the reliability of financial data reports. The need for audit adjustments has steadily declined since implementing this plan. Additionally, the Village will review funds received after year end more closely to ensure that revenue and expenses are being recorded in the proper period and in accordance with Generally Accepted Accounting Principles.

2019-002 – Material Weakness

Corrective action plan: Management agrees a deficit elimination plan must be in place, and has formulated a specific deficit elimination plan. Management believes positive cash flow and net profits will be sufficient to eliminate the deficits within four (4) years. It will continue to submit to the State of Michigan. An analysis of rate structure for sewer charges will be conducted to determine if the rates are sufficient to support the funds in the future.

Thank you for your attention to this matter.

Very Truly Yours,

A handwritten signature in black ink, appearing to read "Chris Dilbert". The signature is written in a cursive, flowing style.

Chris Dilbert, President
Village of New Haven