

Village of New Haven

Financial Statements

March 31, 2020



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Village of New Haven
List of Elected and Appointed Officials
March 31, 2020

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 Pruccoli – Trustee



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Independent Auditors' Report

Management and 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 (the Village), as of and for the year ended March 31, 2020, 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, as of March 31, 2020, 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 \$709,758 as of March 31, 2020, 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'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 10, 2020 on our consideration of the Village'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'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's internal control over financial reporting and compliance.

Yeo & Yeo, P.C.

Auburn Hills, Michigan
July 10, 2020

Village of New Haven
Management's Discussion and Analysis
Year Ended March 31, 2020

Our discussion and analysis of the Village of New Haven's (the Village) financial performance provides an overview of the Village's financial activities for the fiscal year ended March 31, 2020. 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, 2020.

Total net position related to the Village's governmental activities is \$8,332,419. The unrestricted portions of net position are \$1,096,025.

Tax revenues, the Village's largest revenue source, increased by approximately \$105,000 from 2019.

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 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, 2020**

The Village as a Whole

The following table shows, in a condensed format, the statement of net position as of March 31, 2020 and 2019.

	Governmental Activities 2020	Governmental Activities 2019	Business-type Activities 2020	Business-type Activities 2019	Total 2020	Total 2019
Current assets	\$ 4,099,332	\$ 3,432,807	\$ 961,938	\$ 1,156,530	\$ 5,061,270	\$ 4,589,337
Internal balances	243,653	493,653	(243,653)	(493,653)	-	-
Restricted assets	-	-	272,935	323,871	272,935	323,871
Capital assets	4,299,380	4,672,916	13,495,137	13,832,896	17,794,517	18,505,812
Deferred outflows	-	-	48,717	52,197	48,717	52,197
Total assets	<u>8,642,365</u>	<u>8,599,376</u>	<u>14,535,074</u>	<u>14,871,841</u>	<u>23,177,439</u>	<u>23,471,217</u>
Current liabilities	112,310	101,513	1,441,358	1,766,820	1,553,668	1,868,333
Noncurrent liabilities	197,636	228,739	7,859,931	8,438,931	8,057,567	8,667,670
Deferred inflows	-	-	68,015	-	68,015	-
Total liabilities	<u>309,946</u>	<u>330,252</u>	<u>9,369,304</u>	<u>10,205,751</u>	<u>9,679,250</u>	<u>10,536,003</u>
Total net position	<u>\$ 8,332,419</u>	<u>\$ 8,269,124</u>	<u>\$ 5,165,770</u>	<u>\$ 4,666,090</u>	<u>\$ 13,498,189</u>	<u>\$ 12,935,214</u>

The Village's net position for governmental activities is \$8,332,419 and \$5,165,770 for business-type activities; of these amounts \$1,096,025 (governmental) and (\$188,216) (business-type) are unrestricted assets.

**Village of New Haven
Management's Discussion and Analysis
Year Ended March 31, 2020**

	Governmental Activities 2020	Governmental Activities 2019	Business-type Activities 2020	Business-type Activities 2019	Total 2020	Total 2019
Revenue						
Program revenue						
Charges for services	\$ 263,918	\$ 298,026	\$ 2,892,123	\$ 2,700,785	\$ 3,156,041	\$ 2,998,811
Operating grants and contributions	487,594	484,450	-	3,977	487,594	488,427
General revenue:						
Property taxes	1,536,177	1,431,908	-	-	1,536,177	1,431,908
State-shared revenue	498,107	489,195	-	-	498,107	489,195
Unrestricted investment earnings	12,556	11,135	3,951	3,346	16,507	14,481
Gain on sale of capital assets	9,867	6,014	-	-	9,867	6,014
Miscellaneous revenue	31,791	23,212	16,333	6,484	48,124	29,696
Total revenue	<u>2,840,010</u>	<u>2,743,940</u>	<u>2,912,407</u>	<u>2,714,592</u>	<u>5,752,417</u>	<u>5,458,532</u>
Program expenses						
General government	684,973	730,649	-	-	684,973	730,649
Public safety	924,648	893,005	-	-	924,648	893,005
Public works	826,030	1,087,902	-	-	826,030	1,087,902
Community and economic development	4,024	6,386	-	-	4,024	6,386
Recreation and culture	143,516	115,393	-	-	143,516	115,393
Interest on long-term debt	8,524	9,563	-	-	8,524	9,563
Water, Sewer, Building & Trash	-	-	2,597,727	2,534,377	2,597,727	2,534,377
Total program expenses	<u>2,591,715</u>	<u>2,842,898</u>	<u>2,597,727</u>	<u>2,534,377</u>	<u>5,189,442</u>	<u>5,377,275</u>
Transfers	<u>(185,000)</u>	<u>(185,000)</u>	<u>185,000</u>	<u>185,000</u>	<u>-</u>	<u>-</u>
Change in net position	<u>\$ 63,295</u>	<u>\$ (283,958)</u>	<u>\$ 499,680</u>	<u>\$ 365,215</u>	<u>\$ 562,975</u>	<u>\$ 81,257</u>

**Village of New Haven
Management's Discussion and Analysis
Year Ended March 31, 2020**

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, Sewer and Building 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 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 2020. 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 \$965,517 to \$1,093,371 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 \$137,772 to \$182,335 at year end.

**Village of New Haven
Management's Discussion and Analysis
Year Ended March 31, 2020**

c) Major 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 increased the fund balance of the Major Streets Fund from \$738,164 to \$802,104 at year end.

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 \$1,052,883 to \$1,208,037 at year end.

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 2020 the Village 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 \$36,354,335. The book value of the capital assets, net of accumulated depreciation contained in this report, is \$17,794,517 at the end of 2020.

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.

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

**Village of New Haven
Management's Discussion and Analysis
Year Ended March 31, 2020**

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'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, 2020

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 3,873,927	\$ 707,720	\$ 4,581,647
Receivables			
Taxes	1,671	-	1,671
Customers	49,596	237,729	287,325
Due from other units of government	170,313	-	170,313
Internal balances	243,653	(243,653)	-
Prepaid items	3,825	16,489	20,314
Restricted assets			
Cash and cash equivalents	-	229,215	229,215
Due from other governments	-	43,720	43,720
Capital assets not being depreciated	974,704	-	974,704
Capital assets, net of accumulated depreciation	<u>3,324,676</u>	<u>13,495,137</u>	<u>16,819,813</u>
Total assets	<u>8,642,365</u>	<u>14,486,357</u>	<u>23,128,722</u>
Deferred outflows of resources			
Deferred loss on refunding	<u>-</u>	<u>48,717</u>	<u>48,717</u>

Village of New Haven
Statement of Net Position
March 31, 2020

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Liabilities			
Accounts payable	\$ 7,423	\$ 36,432	\$ 43,855
Accrued and other liabilities	45,844	33,524	79,368
Checks written against future deposits	-	836,545	836,545
Noncurrent liabilities			
Due within one year	59,043	534,857	593,900
Due in more than one year	197,636	7,859,931	8,057,567
Total liabilities	<u>309,946</u>	<u>9,301,289</u>	<u>9,611,235</u>
Deferred inflows of resources			
Deferred gain on refunding	<u>-</u>	<u>68,015</u>	<u>68,015</u>
Net Position			
Net investment in capital assets	4,071,389	5,081,051	9,152,440
Restricted for:			
Highway	1,208,037	-	1,208,037
Major streets	802,104	-	802,104
Local streets	723,510	-	723,510
Fire protection	182,335	-	182,335
Drug law enforcement	14,295	-	14,295
Cemetery	171,553	-	171,553
Perpetual care			
Expendable	2,062	-	2,062
Nonspendable	61,109	-	61,109
Debt service	-	229,215	229,215
Capital improvements	-	43,720	43,720
Unrestricted (deficit)	1,096,025	(188,216)	907,809
Total net position	<u>\$ 8,332,419</u>	<u>\$ 5,165,770</u>	<u>\$ 13,498,189</u>

See Accompanying Notes to the Financial Statements

Village of New Haven
Statement of Activities
For the Year Ended March 31, 2020

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Functions/Programs						
Primary government						
Governmental activities						
General government	\$ 684,973	\$ 223,792	\$ 24,517	\$ (436,664)	\$ -	\$ (436,664)
Public safety	924,648	28,926	-	(895,722)	-	(895,722)
Public works	826,030	11,200	463,077	(351,753)	-	(351,753)
Community and economic development	4,024	-	-	(4,024)	-	(4,024)
Recreation and culture	143,516	-	-	(143,516)	-	(143,516)
Interest on long-term debt	8,524	-	-	(8,524)	-	(8,524)
Total governmental activities	<u>2,591,715</u>	<u>263,918</u>	<u>487,594</u>	<u>(1,840,203)</u>	<u>-</u>	<u>(1,840,203)</u>
Business-type activities						
Garbage	208,745	217,471	-	-	8,726	8,726
Building	256,788	253,602	-	-	(3,186)	(3,186)
Sewer	1,196,943	1,382,942	-	-	185,999	185,999
Water	935,251	1,038,108	-	-	102,857	102,857
Total business-type activities	<u>2,597,727</u>	<u>2,892,123</u>	<u>-</u>	<u>-</u>	<u>294,396</u>	<u>294,396</u>
Total primary government	<u>\$ 5,189,442</u>	<u>\$ 3,156,041</u>	<u>\$ 487,594</u>	<u>(1,840,203)</u>	<u>294,396</u>	<u>(1,545,807)</u>
General revenues						
Property taxes				1,536,177	-	1,536,177
State shared revenue				498,107	-	498,107
Unrestricted investment earnings				12,556	3,951	16,507
Gain on sale of capital assets				9,867	-	9,867
Miscellaneous				31,791	16,333	48,124
Transfers				(185,000)	185,000	-
Total general revenues and transfers				<u>1,903,498</u>	<u>205,284</u>	<u>2,108,782</u>
Change in net position				63,295	499,680	562,975
Net position - beginning of year				<u>8,269,124</u>	<u>4,666,090</u>	<u>12,935,214</u>
Net position - end of year				<u>\$ 8,332,419</u>	<u>\$ 5,165,770</u>	<u>\$ 13,498,189</u>

See Accompanying Notes to the Financial Statements

Village of New Haven
Governmental Funds
Balance Sheet
March 31, 2020

	Special Revenue Funds				Nonmajor Governmental Funds	Total Governmental Funds
	General	Major Street	Highway	Fire		
Assets						
Cash and cash equivalents	\$ 1,005,719	\$ 747,983	\$ 967,048	\$ 201,907	\$ 951,270	\$ 3,873,927
Receivables						
Taxes	1,240	-	431	-	-	1,671
Customers	49,596	-	-	-	-	49,596
Due from other units of government	88,649	57,834	-	-	23,830	170,313
Due from other funds	-	-	243,653	-	-	243,653
Prepaid items	3,825	-	-	-	-	3,825
Total assets	<u>\$ 1,149,029</u>	<u>\$ 805,817</u>	<u>\$ 1,211,132</u>	<u>\$ 201,907</u>	<u>\$ 975,100</u>	<u>\$ 4,342,985</u>
Liabilities						
Accounts payable	\$ 3,234	\$ 333	\$ 3,095	\$ 612	\$ 149	\$ 7,423
Accrued and other liabilities	17,114	3,380	-	18,960	2,422	41,876
Total liabilities	<u>20,348</u>	<u>3,713</u>	<u>3,095</u>	<u>19,572</u>	<u>2,571</u>	<u>49,299</u>
Deferred Inflows of Resources						
Unavailable property tax revenue	<u>35,310</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,310</u>

See Accompanying Notes to the Financial Statements

Village of New Haven
Governmental Funds
Balance Sheet
March 31, 2020

	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	-	802,104	-	-	-	802,104
Local streets	-	-	-	-	723,510	723,510
Highway	-	-	1,208,037	-	-	1,208,037
Fire protection	-	-	-	182,335	-	182,335
Drug law enforcement	-	-	-	-	14,295	14,295
Cemetery	-	-	-	-	171,553	171,553
Expendable	-	-	-	-	2,062	2,062
Nonspendable	-	-	-	-	61,109	61,109
Unassigned	<u>1,089,546</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,089,546</u>
Total fund balances	<u>1,093,371</u>	<u>802,104</u>	<u>1,208,037</u>	<u>182,335</u>	<u>972,529</u>	<u>4,258,376</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,149,029</u>	<u>\$ 805,817</u>	<u>\$ 1,211,132</u>	<u>\$ 201,907</u>	<u>\$ 975,100</u>	<u>\$ 4,342,985</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, 2020

Total fund balances for governmental funds \$ 4,258,376

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. 3,324,676

Capital assets not being depreciated used in governmental activities are not financial resources and therefore are not reported in the funds. 974,704

Certain receivables are not available to pay for current period expenditures and, therefore are deferred in the funds. 35,310

Certain liabilities are not due and payable in the current period and are not reported in the funds.

Accrued interest	(3,968)
Compensated absences	(28,688)

Long-term liabilities applicable to governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. (227,991)

Net position of governmental activities **\$ 8,332,419**

Village of New Haven
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended March 31, 2020

	Special Revenue Funds				Nonmajor Governmental Funds	Total Governmental Funds
	General	Major Street	Highway	Fire		
Revenues						
Taxes	\$ 948,146	\$ -	\$ 261,680	\$ 253,173	\$ 37,868	\$ 1,500,867
Licenses and permits	56,300	-	-	-	-	56,300
State revenue sharing	508,217	-	-	-	-	508,217
Other state grants	-	323,106	-	-	133,131	456,237
Local contributions	24,426	-	-	-	-	24,426
Charges for services	24,517	-	-	-	24,598	49,115
Fines and forfeitures	27,741	-	-	-	-	27,741
Interest income	2,138	4,997	1,990	-	3,431	12,556
Rental income	154,009	-	-	-	-	154,009
Other revenue	4,475	5,755	-	5,245	-	15,475
Total revenues	1,749,969	333,858	263,670	258,418	199,028	2,804,943

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, 2020

	Special Revenue Funds				Nonmajor Governmental Funds	Total Governmental Funds
	General	Major Street	Highway	Fire		
Expenditures						
Current						
General government	\$ 623,073	\$ -	\$ -	\$ -	\$ 40,080	\$ 663,153
Public safety	679,802	-	-	173,855	-	853,657
Public works	-	193,545	42,756	-	131,334	367,635
Community and economic development	4,000	-	-	-	-	4,000
Recreation and culture	134,747	-	-	-	-	134,747
Capital outlay	5,360	76,373	65,760	-	27,030	174,523
Debt service						
Principal retirement	-	-	-	30,963	-	30,963
Interest and fiscal charges	-	-	-	9,037	-	9,037
Total expenditures	<u>1,446,982</u>	<u>269,918</u>	<u>108,516</u>	<u>213,855</u>	<u>198,444</u>	<u>2,237,715</u>
Excess (deficiency) of revenues over expenditures	302,987	63,940	155,154	44,563	584	567,228
Other financing sources (uses)						
Transfers out	(185,000)	-	-	-	-	(185,000)
Sale of fixed assets	9,867	-	-	-	-	9,867
Total other financing sources and uses	<u>(175,133)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(175,133)</u>
Net change in fund balance	127,854	63,940	155,154	44,563	584	392,095
Fund balance - beginning 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>
Fund balance - end of year	<u>\$ 1,093,371</u>	<u>\$ 802,104</u>	<u>\$ 1,208,037</u>	<u>\$ 182,335</u>	<u>\$ 972,529</u>	<u>\$ 4,258,376</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, 2020

Net change in fund balances - Total governmental funds \$ 392,095

Total change in net position reported for governmental activities in the statement of activities is difference 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	(548,756)
Capital outlay	175,220

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.

State shared revenue	(10,110)
Property taxes	35,310

Expenses are recorded when incurred in the statement of activities.

Accrued interest	513
Compensated absences	(11,940)
Repayments of long-term debt	<u>30,963</u>

Change in net position of governmental activities **\$ 63,295**

Village of New Haven
Proprietary Funds
Statement of Net Position
March 31, 2020

	Enterprise Funds				Total
	Sewer	Water	Building	Nonmajor Garbage	
Assets					
Current assets					
Cash and cash equivalents	\$ -	\$ 397,222	\$ 249,633	\$ 60,865	\$ 707,720
Receivables					
Customers	128,336	85,416	-	23,977	237,729
Prepaid items	-	-	-	16,489	16,489
Total current assets	<u>128,336</u>	<u>482,638</u>	<u>249,633</u>	<u>101,331</u>	<u>961,938</u>
Noncurrent assets					
Restricted assets					
Cash and cash equivalents	-	229,215	-	-	229,215
Due from other governments	43,720	-	-	-	43,720
Capital assets, net of accumulated depreciation	<u>8,300,901</u>	<u>5,190,638</u>	<u>3,598</u>	<u>-</u>	<u>13,495,137</u>
Total noncurrent assets	<u>8,344,621</u>	<u>5,419,853</u>	<u>3,598</u>	<u>-</u>	<u>13,768,072</u>
Total assets	<u>8,472,957</u>	<u>5,902,491</u>	<u>253,231</u>	<u>101,331</u>	<u>14,730,010</u>
Deferred outflows of resources					
Deferred loss on refunding	<u>48,717</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>48,717</u>

See Accompanying Notes to the Financial Statements

Village of New Haven
Proprietary Funds
Statement of Net Position
March 31, 2020

	Enterprise Funds				Total
	Sewer	Water	Building	Nonmajor Garbage	
Liabilities					
Current liabilities					
Accounts payable	\$ 391	\$ 36,041	\$ -	\$ -	\$ 36,432
Accrued and other liabilities	1,158	5,123	27,243	-	33,524
Checks written against future deposits	836,545	-	-	-	836,545
Due to other funds	-	243,653	-	-	243,653
Current portion of noncurrent liabilities	<u>374,857</u>	<u>160,000</u>	<u>-</u>	<u>-</u>	<u>534,857</u>
Total current liabilities	1,212,951	444,817	27,243	-	1,685,011
Noncurrent liabilities					
Long-term debt net of current portion	<u>6,296,955</u>	<u>1,562,976</u>	<u>-</u>	<u>-</u>	<u>7,859,931</u>
Total liabilities	<u>7,509,906</u>	<u>2,007,793</u>	<u>27,243</u>	<u>-</u>	<u>9,544,942</u>
Deferred inflows of resources					
Deferred gain on refunding	<u>68,015</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>68,015</u>
Net Position					
Net investment in capital assets	1,609,791	3,467,662	3,598	-	5,081,051
Restricted for:					
Debt service	-	229,215	-	-	229,215
Capital improvements	43,720	-	-	-	43,720
Unrestricted (deficit)	<u>(709,758)</u>	<u>197,821</u>	<u>222,390</u>	<u>101,331</u>	<u>(188,216)</u>
Total net position	<u>\$ 943,753</u>	<u>\$ 3,894,698</u>	<u>\$ 225,988</u>	<u>\$ 101,331</u>	<u>\$ 5,233,785</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, 2020

	Enterprise Funds				Total
	Sewer	Water	Building	Nonmajor Garbage	
Operating revenue					
Customer fees	\$ 1,382,942	\$ 1,039,156	\$ 253,637	\$ 217,471	\$ 2,893,206
Other revenue	14,763	1,535	-	-	16,298
Total operating revenue	<u>1,397,705</u>	<u>1,040,691</u>	<u>253,637</u>	<u>217,471</u>	<u>2,909,504</u>
Operating expenses					
Personnel services	32,221	110,827	241,752	-	384,800
Supplies	14,826	119,578	-	-	134,404
Contractual services	594,240	368,047	1,558	208,668	1,172,513
Utilities	8,711	18,708	-	-	27,419
Repairs and maintenance	1,646	45,792	-	-	47,438
Other expenses	58,960	72,302	13,151	-	144,413
Depreciation	214,836	152,427	327	-	367,590
Total operating expenses	<u>925,440</u>	<u>887,681</u>	<u>256,788</u>	<u>208,668</u>	<u>2,278,577</u>
Operating income (loss)	<u>472,265</u>	<u>153,010</u>	<u>(3,151)</u>	<u>8,803</u>	<u>630,927</u>
Nonoperating revenue (expenses)					
Interest income	1,411	-	-	1,492	2,903
Issuance costs	(34,637)	-	-	-	(34,637)
Interest expense	(236,866)	(47,570)	-	(77)	(284,513)
Total nonoperating revenues (expenses)	<u>(270,092)</u>	<u>(47,570)</u>	<u>-</u>	<u>1,415</u>	<u>(316,247)</u>
Transfers in	185,000	-	-	-	185,000
Change in net position	387,173	105,440	(3,151)	10,218	499,680
Net position - beginning of year	<u>556,580</u>	<u>3,789,258</u>	<u>229,139</u>	<u>91,113</u>	<u>4,666,090</u>
Net position - end of year	<u>\$ 943,753</u>	<u>\$ 3,894,698</u>	<u>\$ 225,988</u>	<u>\$ 101,331</u>	<u>\$ 5,165,770</u>

See Accompanying Notes to the Financial Statements

Village of New Haven
Proprietary Funds
Statement of Cash Flows
For the Year Ended March 31, 2020

	Enterprise Funds				Total
	Sewer	Water	Building	Nonmajor Garbage	
Cash flows from operating activities					
Receipts from customers	\$ 1,442,886	\$ 1,038,110	\$ 253,637	\$ 215,806	\$ 2,950,439
Payments to other funds	(263,110)	(250,000)	-	-	(513,110)
Payments to suppliers	(734,864)	(650,761)	(1,030)	(243,279)	(1,629,934)
Payments to employees	(32,221)	(110,827)	(241,752)	-	(384,800)
Net cash provided (used) by operating activities	<u>412,691</u>	<u>26,522</u>	<u>10,855</u>	<u>(27,473)</u>	<u>422,595</u>
Cash flows from noncapital financing activities					
Transfer from other funds	<u>185,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>185,000</u>
Cash flows from capital and related financing activities					
Purchases/construction of capital assets	-	(25,906)	(3,925)	-	(29,831)
Principal and interest paid on long-term debt	(599,102)	(202,570)	-	(77)	(801,749)
Net cash used by capital and related financing activities	<u>(599,102)</u>	<u>(228,476)</u>	<u>(3,925)</u>	<u>(77)</u>	<u>(831,580)</u>
Cash flows from investing activities					
Interest received	<u>1,411</u>	<u>-</u>	<u>-</u>	<u>1,492</u>	<u>2,903</u>
Net change in cash and cash equivalents	-	(201,954)	6,930	(26,058)	(221,082)
Cash and cash equivalents - beginning of year	<u>-</u>	<u>828,391</u>	<u>242,703</u>	<u>86,923</u>	<u>1,158,017</u>
Cash and cash equivalents - end of year	<u>\$ -</u>	<u>\$ 626,437</u>	<u>\$ 249,633</u>	<u>\$ 60,865</u>	<u>\$ 936,935</u>

See Accompanying Notes to the Financial Statements

Village of New Haven
Proprietary Funds
Statement of Cash Flows
For the Year Ended March 31, 2020

	Enterprise Funds				
	Sewer	Water	Building	Nonmajor Garbage	Total
Reconciliation of operating income to net cash provided (used) by operating activities					
Operating income (loss)	\$ 472,265	\$ 153,010	\$ (3,151)	\$ 8,803	\$ 630,927
Adjustments to reconcile operating income to net cash from operating activities					
Depreciation expense	214,836	152,427	327	-	367,590
Changes in assets and liabilities					
Receivables	(5,858)	(2,581)	-	(1,665)	(10,104)
Due from other units of government	51,039	-	-	-	51,039
Prepaid items	-	-	-	(16,489)	(16,489)
Deferred outflows	3,480	-	-	-	3,480
Accounts payable	(44,641)	(29,781)	(631)	(18,122)	(93,175)
Accrued and other liabilities	(15,320)	3,447	14,310	-	2,437
Due to other funds	-	(250,000)	-	-	(250,000)
Checks written against future deposits	(263,110)	-	-	-	(263,110)
Net cash provided (used) by operating activities	<u>\$ 412,691</u>	<u>\$ 26,522</u>	<u>\$ 10,855</u>	<u>\$ (27,473)</u>	<u>\$ 422,595</u>
Reconciliation to the statement of net position					
Cash and cash equivalents	\$ -	\$ 397,222	\$ 249,633	\$ 60,865	\$ 707,720
Restricted cash and cash equivalents	-	229,215	-	-	229,215
Cash and cash equivalents	<u>\$ -</u>	<u>\$ 626,437</u>	<u>\$ 249,633</u>	<u>\$ 60,865</u>	<u>\$ 936,935</u>

See Accompanying Notes to the Financial Statements

Village of New Haven
Fiduciary Funds
Statement of Fiduciary Net Position
March 31, 2020

	<u>Custodial Fund</u>
Assets	
Cash and cash equivalents	\$ <u>1,992</u>
Net Position	\$ <u>1,992</u>

See Accompanying Notes to the Financial Statements

Village of New Haven
Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For the Year Ended March 31, 2020

	<u>Custodial Fund</u>
Additions	
Miscellaneous	\$ -
Deductions	
Miscellaneous	<u>-</u>
Change in net position	-
Net position - beginning of year	<u>1,922</u>
Net position - end of year	<u><u>\$ 1,922</u></u>

See Accompanying Notes to the Financial Statements

Village of New Haven
Notes to the Financial Statements
March 31, 2020

Note 1 - Summary of Significant Accounting Policies

Reporting Entity

The Village of New Haven (the Village) is governed by an elected nine-member Council, including a President, elected by the citizens of the Village. The accompanying financial statements present the government 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, 2020

The Village 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 Village 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.

The Building Fund accounts for activities such as issuing permits and licenses, as well as inspections within the Village.

Additionally, the Village reports the following:

The Custodial 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.

Village of New Haven
Notes to the Financial Statements
March 31, 2020

Receivables and payables – In general, outstanding balances between funds are reported as “due to/from other funds.” Activity 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 net of an allowance for uncollectible amounts of \$24,559. Property taxes are levied on each July 1st. Taxes are considered delinquent on October 1st, at which time penalties and interest are assessed.

The 2019 taxable valuation of the government totaled \$92,244,658, on which ad valorem taxes consisted of 9.4875 mills for operating purposes. This resulted in \$870,867 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 \$253,173, 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 \$261,680 and the cemetery fund of \$37,868, 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 \$229,215 has been classified as restricted cash and cash equivalents in the Water Fund. The Sewer Fund reports \$43,720 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 Village 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 Village values these capital assets at the estimated fair value of the item at the date of its donation.

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

Land improvements	10 to 20 years
Buildings and improvements	7 to 50 years
Vehicles	5 to 10 years
Equipment	5 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

Village of New Haven
Notes to the Financial Statements
March 31, 2020

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 Village 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. The Village also reports deferred inflows for a deferred gain on bond refunding. A deferred gain 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.

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 Village Council. Residual amounts in governmental funds other than the general fund are 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 Village’s policy is to consider restricted funds spent first.

Village of New Haven
Notes to the Financial Statements
March 31, 2020

When an expenditure is incurred for purposes for which committed, assigned, or unassigned amounts could be used, the Village'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.

Adoption of New Accounting Standards

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.

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 criteria generally is on (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, if applicable: (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.

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.

Statement No. 90, *Majority Equity Interests* improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain components.

Statement No. 92, *Omnibus 2020* enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following: (1) The effective date of Statement No. 87, Leases, and Implementation Guide No. 2019-3, Leases, for interim financial reports (2) Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan. (3) The applicability of Statements No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, as amended, and No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended, to reporting assets accumulated for postemployment benefits. (4) The applicability of certain requirements of Statement No. 84, Fiduciary Activities, to postemployment benefit arrangements. (5) Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition. (6) Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers. (7) Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature. (8) Terminology used to refer to derivative instruments.

Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic and provides

Village of New Haven
Notes to the Financial Statements
March 31, 2020

postponement of effective dates for certain GASB Statements. This statement was effective upon issuance in May of 2020.

Upcoming Accounting and Reporting Changes

The Governmental Accounting Standards Board has issued the following Statements:

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, 2023.

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 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, 2022.

Statement No. 91, *Conduit Debt Obligations* provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional

commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. This statement is effective for the year ending March 31, 2023.

Statement No. 93, *Replacement of Interbank Offered Rates* establishes accounting and financial reporting requirements related to the replacement of IBORs in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The requirements of this Statement apply to the financial statements of all state and local governments. This statement is effective for the year ending March 31, 2023.

Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or

Village of New Haven
Notes to the Financial Statements
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exchange-like transaction. This statement is effective for the year ending March 31, 2024.

The Village is evaluating the impact that the above GASB statements will have on its financial reporting.

Note 2 - Stewardship, Compliance, and Accountability

Budgetary Information

The Village 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 yearend.

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. Due to the COVID-19 pandemic during fiscal year 2020, the budget was not amended until after yearend. The 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 and Schedule of Findings and Responses in section 7 of this report contains additional information on this matter.

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

	Appropriations	Actual	Budget Variance
General Fund			
General government	\$ 484,245	\$ 495,507	\$ 11,262
Major Street Fund			
Public works	192,846	193,545	699
Highway Fund			
Public works	37,500	42,756	5,256
Fire Fund			
Public safety	171,365	173,855	2,490

Fund Deficit

The Village had an unrestricted deficit in the Sewer Fund of \$709,758 as of March 31, 2020. 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 2022. 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, 2020. 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, 2020 audited financial statements.

Village of New Haven
Notes to the Financial Statements
March 31, 2020

Note 3 - Deposits and Investments

At year end the Village'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	\$ 3,873,927	\$ -	\$ 3,873,927
Business-type activities	<u>707,720</u>	<u>229,215</u>	<u>936,935</u>
Total primary government	4,581,647	229,215	4,810,862
Fiduciary funds	<u>1,992</u>	<u>-</u>	<u>1,992</u>
Total	<u>\$ 4,583,639</u>	<u>\$ 229,215</u>	<u>\$ 4,812,854</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)	\$ 4,810,562	\$ 1,992	\$ 4,812,554
Petty cash and cash on hand	<u>300</u>	<u>-</u>	<u>300</u>
Total	<u>\$ 4,810,862</u>	<u>\$ 1,992</u>	<u>\$ 4,812,854</u>

Interest rate risk – The Village does not have a formal investment policy to manage its exposure to fair value losses from changes in interest rates

Credit risk – State statutes and the Village's investment policy authorize the Village to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The local unit is allowed to invest in bonds, securities and other obligations of the United States, or any agency or instrumentality of the United States. United States government or federal agency obligations; repurchase agreements; bankers acceptance of United States Banks; commercial paper rated within the

two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or any of its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

Concentration of credit risk – The Village has no policy that would limit the amount that may be issued in any one issuer.

Custodial credit risk - deposits – In the case of deposits, this is the risk that in the event of bank failure, the Village's deposits may not be returned to it. The Village does not have a policy for custodial credit risk. As of yearend, \$3,630,485 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Village of New Haven
Notes to the Financial Statements
March 31, 2020

Note 4 - 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	2,104	-	2,104	-
Total capital assets not being depreciated	<u>976,808</u>	<u>-</u>	<u>2,104</u>	<u>974,704</u>
Capital assets being depreciated				
Land improvements	318,360	-	-	318,360
Infrastructure	13,564,162	148,114	-	13,712,276
Buildings, additions and improvements	587,689	-	-	587,689
Machinery and equipment	1,529,423	5,360	-	1,534,783
Vehicles	462,041	23,850	-	485,891
Total capital assets being depreciated	<u>16,461,675</u>	<u>177,324</u>	<u>-</u>	<u>16,638,999</u>
Less accumulated depreciation for				
Land improvements	236,933	14,589	-	251,522
Infrastructure	10,677,106	417,996	-	11,095,102
Buildings, additions and improvements	333,551	9,410	-	342,961
Machinery and equipment	1,142,420	77,145	-	1,219,565
Vehicles	375,557	29,616	-	405,173
Total accumulated depreciation	<u>12,765,567</u>	<u>548,756</u>	<u>-</u>	<u>13,314,323</u>
Net capital assets being depreciated	<u>3,696,108</u>	<u>(371,432)</u>	<u>-</u>	<u>3,324,676</u>
Governmental activities capital assets, net	<u>\$ 4,672,916</u>	<u>\$ (371,432)</u>	<u>\$ 2,104</u>	<u>\$ 4,299,380</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	10,372	-	102,513
Meters	127,908	7,534	-	135,442
Vehicles	-	11,925	-	11,925
Water system	6,868,150	-	-	6,868,150
Sewer system	10,177,611	-	-	10,177,611
Total capital assets being depreciated	<u>18,710,801</u>	<u>29,831</u>	<u>-</u>	<u>18,740,632</u>
Less accumulated depreciation for				
Land improvements	33,515	1,928	-	35,443
Wells	86,911	-	-	86,911
Buildings, additions and improvements	771,561	13,779	-	785,340
Machinery and equipment	64,855	5,358	-	70,213
Meters	39,471	4,368	-	43,839
Vehicles	-	1,242	-	1,242
Water system	1,864,129	137,363	-	2,001,492
Sewer system	2,017,463	203,552	-	2,221,015
Total accumulated depreciation	<u>4,877,905</u>	<u>367,590</u>	<u>-</u>	<u>5,245,495</u>
Net capital assets being depreciated	<u>13,832,896</u>	<u>(337,759)</u>	<u>-</u>	<u>13,495,137</u>
Business-type capital assets, net	<u>\$ 13,832,896</u>	<u>\$ (337,759)</u>	<u>\$ -</u>	<u>\$ 13,495,137</u>

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

Governmental activities	
General government	\$ 17,906
Public safety	65,953
Public works	456,225
Recreation and culture	8,672
Total governmental activities	<u>548,756</u>

Business-type activities	
Sewer	214,836
Water	152,427
Building	327
Total business-type activities	<u>367,590</u>

Total primary government \$ 916,346

Village of New Haven
Notes to the Financial Statements
March 31, 2020

Note 5 - 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>\$ 243,653</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.

The details for interfund transfers are as follows:

<u>Funds Transferred From</u>	<u>Funds Transferred To</u>	<u>Amount</u>
General Fund	Sewer Fund	<u>\$ 185,000</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 - Leases

Operating Lease

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.

<u>Year ending March 31,</u>		
2021	\$	198,000
2022		198,000
2023		198,000
2024		198,000
2025		198,000
2026 - 2030		990,000
2031 - 2032		<u>297,000</u>
	<u>\$</u>	<u>2,277,000</u>

Village of New Haven
Notes to the Financial Statements
March 31, 2020

Capital Lease

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

Year ending March 31,	
2021	\$ 40,000
2022	40,000
2023	40,000
2024	40,000
2025	40,000
2026 - 2027	58,791
Total minimum lease payments	258,791
Less amount representing interest	30,800
	\$ 227,991
Asset	
Equipment	\$ 360,000
Less accumulated depreciation	135,000
Total	\$ 225,000

Village of New Haven
Notes to the Financial Statements
March 31, 2020

Note 7 - 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. 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									
Notes from direct borrowing and direct placements									
Capital leases	\$ 320,000	2027	3.49%	\$18,157 - \$38,039	\$ 258,954	\$ -	\$ 30,963	\$ 227,991	\$ 32,043
Compensated absences					<u>16,748</u>	<u>38,606</u>	<u>26,666</u>	<u>28,688</u>	<u>27,000</u>
Total governmental activities					<u>\$ 275,702</u>	<u>\$ 38,606</u>	<u>\$ 57,629</u>	<u>\$ 256,679</u>	<u>\$ 59,043</u>

Village of New Haven
Notes to the Financial Statements
March 31, 2020

	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									
State of Michigan Drinking Water Revolving Loan Fund	\$ 3,177,000	2031	2.50%	\$137,976 - \$195,000	\$ 1,877,976	\$ -	\$ 155,000	\$ 1,722,976	\$ 160,000
Limited Tax Obligation Bond issued by Macomb County Wastewater Disposal District	1,112,814	2033	3.75% - 4.25%	32,924 - 82,310	765,471	-	765,471	-	-
Limited Tax Obligation Bond issued by Macomb County Wastewater Disposal District	8,244	2036	2.00% - 4.25%	299 - 474	5,967	-	292	5,675	299
Limited Tax Obligation Bond issued by Macomb County Wastewater Disposal District	3,868,614	2036	1.00% - 6.35%	140,242 - 222,333	2,800,269	-	136,821	2,663,448	140,242
Limited Tax Obligation Bond issued by Oakland-Macomb Interceptor Drainage District	36,039	2031	2.00% - 4.25%	1,748 - 2,797	23,990	-	1,479	22,511	1,748
Limited Tax Obligation Bond issued by Oakland-Macomb Interceptor Drainage District	140,263	2031	2.50%	6,858 - 8,796	92,411	-	6,696	85,715	6,858
Limited Tax Obligation Bond issued by Macomb County Wastewater Disposal District	321,675	2032	5.00%	10,444 - 26,110	239,690	-	239,690	-	-
Limited Tax Obligation Bond issued by Oakland-Macomb Interceptor Drainage District	168,603	2034	2.50%	7,661 - 10,535	133,900	-	7,463	126,437	7,661
Oakland-Macomb Interceptor Drain Drainage District: Project 5368-03 (2013 - SRF Project)	367,911	2035	2.00%	16,718 - 22,053	305,501	-	16,380	289,121	16,718
Oakland-Macomb Interceptor Drain Drainage District Drain Bond: Project 2014A	53,794	2035	2.00% - 3.13%	2,342 - 8,031	47,437	-	-	47,437	2,342
Macomb County Wastewater Disposal District Drain Bond: Project 5487	82,537	2035	2.30%	3,662 - 5,985	58,745	-	2,268	56,477	3,662
Macomb County Wastewater Disposal District Drain Bond: Project 5540	21,682	2034	2.00%	1,012 - 2,868	15,106	-	-	15,106	1,012
SAW Project 2001-01 2015A	107,603	2037	2.50%	2,216 - 6,591	94,676	-	4,563	90,113	4,563
Macomb County Wastewater Drainage District SRF 5624	34,555	2036	2.50%	1,504 - 2,172	30,419	-	1,457	28,962	1,504
Drainage District Drain Refunding Bonds, Series 2015	1,422,562	2034	3.625% - 5.000%	15,711 - 96,707	1,227,275	-	81,220	1,146,055	81,217
Macomb County Wastewater Drain District 2010 2017 Refunding	604,503	2035	5.00%	23,567 - 46,451	556,504	-	23,567	532,937	23,567
Macomb County Wastewater Drain District Sinkhole 2017A	486,190	2043	5.00%	11,443 - 30,609	466,296	-	11,443	454,853	11,443
North Gratiot Interceptor Drain Drainage District Refunding Bonds Series 2020	574,454	2033	5.00%	32,920 - 69,132	-	574,454	-	574,454	32,920
Macomb Interceptor Drain Drainage District Refunding Bonds Series 2020	160,524	2032	5.00%	10,920 - 19,500	-	160,524	-	160,524	10,920
Total bonds and notes payable					8,741,633	734,978	1,453,810	8,022,801	506,676
Unamortized bond premiums					203,769	181,028	12,810	371,987	28,181
Total business-type activities					<u>\$ 8,945,402</u>	<u>\$ 916,006</u>	<u>\$ 1,466,620</u>	<u>\$ 8,394,788</u>	<u>\$ 534,857</u>

Village of New Haven
Notes to the Financial Statements
March 31, 2020

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

Year Ending March 31,	Governmental Activities		Business-type Activities	
	Notes from Direct Borrowing and			
	Direct Placements		Bonds	
	Principal	Interest	Principal	Interest
2021	\$ 32,043	\$ 7,957	\$ 506,676	\$ 280,949
2022	33,161	6,839	525,111	263,310
2023	34,319	5,681	533,022	245,123
2024	35,516	4,484	544,447	226,464
2025	36,756	3,244	557,975	207,397
2026 - 2030	56,196	2,595	3,064,528	721,167
2031 - 2035	-	-	2,046,620	224,833
2036 - 2040	-	-	163,956	38,949
2041 - 2045	-	-	80,466	7,039
	<u>\$ 227,991</u>	<u>\$ 30,800</u>	<u>\$ 8,022,801</u>	<u>\$ 2,215,231</u>

Bond Refunding

During fiscal year 2020, Macomb County North Gratiot Grain Drainage District issued refunding bonds, of which the Village had a share in, and resulted in refunding bonds for the Village of \$574,454 to refund the Limited Tax Obligation Bonds issued by the Macomb County North Gratiot Grain Drainage District. The refunding resulted in a savings of \$38,295 and an economic gain of \$43,904.

During fiscal year 2020, Macomb Interceptor Drain Drainage District issued refunding bonds, of which the Village had a share in, and resulted in refunding bonds for the Village of \$160,524 to refund the Limited Tax Obligation Bonds issued by the Macomb Interceptor Drain Drainage District. The refunding resulted in a savings of \$115,925 and an economic gain of \$129,184.

Deferred Amounts on Refunding

The Village has the following deferred amounts on refunding as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Deferred loss on refunding	\$ (52,197)	\$ -	\$ (3,480)	\$ (48,717)
Deferred gain on refunding	-	68,015	-	68,015
	<u>\$ (52,197)</u>	<u>\$ 68,015</u>	<u>\$ (3,480)</u>	<u>\$ 19,298</u>

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 8 - 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.

Village of New Haven
Notes to the Financial Statements
March 31, 2020

Note 9 - 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, 2020, amounted to \$355,629. 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 contribute to the plan, at their option, with after-tax dollars. During the year ended March 31, 2020, the Village contributed \$19,772 to the plan.

Note 10 - 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 Village expects such amounts, if any, to be immaterial.

Note 11 - Subsequent Event

As result of the global coronavirus pandemic of 2020, many organizations’ financial picture has seen an unanticipated change. The duration and full effects of the outbreak are currently unknown, as the global picture continues to change daily. While management is hopeful that the impact is temporary in nature, a description of known and anticipated circumstances expected to have a significant impact on the Village as of the date of management’s review is as follows:

Revenues and Liquidity – The Village does not foresee any significant changes to income or expect to experience significant liquidity issues at this time, however, the effect the pandemic may have on taxable values is unknown. In addition, future state shared revenues are expected to be lower as a result of fewer sales tax collections.

Accounts Receivable – The Village is prepared to see future delays in collection of accounts receivable; however, the extent of any future delays in payment remains uncertain. As of the date of the report, the Village has not experienced significant issues.

Village of New Haven
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended March 31, 2020

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
Revenues				
Taxes				
Property taxes	\$ 907,000	\$ 948,146	\$ 948,146	\$ -
Licenses and permits	55,200	56,300	56,300	-
State revenue sharing	474,000	508,217	508,217	-
Local contributions	11,653	24,426	24,426	-
Charges for services	14,000	24,517	24,517	-
Fines and forfeitures	23,500	27,741	27,741	-
Interest income	1,200	2,138	2,138	-
Rental income	185,000	154,009	154,009	-
Other revenue	4,000	4,477	4,475	(2)
Sale of fixed assets	-	9,867	9,867	-
Total revenues	<u>1,675,553</u>	<u>1,759,838</u>	<u>1,759,836</u>	<u>(2)</u>
Expenditures				
General government				
Village board	14,832	14,800	14,800	-
President	14,400	14,400	14,400	-
General government	510,758	484,245	495,507	11,262
Clerk	7,500	7,500	7,500	-
Audit	28,500	17,500	17,500	-
Board of review	4,450	4,980	4,980	-
Treasurer	2,400	2,400	2,400	-
Buildings and grounds	72,093	65,986	65,986	-
Total general government	<u>654,933</u>	<u>611,811</u>	<u>623,073</u>	<u>11,262</u>

Village of New Haven
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended March 31, 2020

	Budgeted Amounts		Actual	Actual
	Original	Final		Over (Under) Final Budget
Public safety				
Police	\$ 676,015	\$ 679,802	\$ 679,802	\$ -
Community and economic development				
Planning	7,720	4,000	4,000	-
Recreation and culture				
Parks and recreation	113,608	134,747	134,747	-
Capital outlay	-	5,360	5,360	-
Transfers out	185,000	185,000	185,000	-
Total expenditures	1,637,276	1,620,720	1,631,982	11,262
Excess (deficiency) of revenues over expenditures	38,277	139,118	127,854	(11,264)
Fund balance - beginning of year	965,517	965,517	965,517	-
Fund balance - end of year	<u>\$ 1,003,794</u>	<u>\$ 1,104,635</u>	<u>\$ 1,093,371</u>	<u>\$ (11,264)</u>

Village of New Haven
Required Supplementary Information
Budgetary Comparison Schedule
Major Street Fund
For the Year Ended March 31, 2020

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
Revenues				
Other state grants	\$ 274,000	\$ 323,106	\$ 323,106	\$ -
Interest income	2,500	4,997	4,997	-
Other revenue	-	5,755	5,755	-
Total revenues	<u>276,500</u>	<u>333,858</u>	<u>333,858</u>	<u>-</u>
Expenditures				
Current				
Public works	252,451	192,846	193,545	699
Capital outlay	<u>-</u>	<u>76,373</u>	<u>76,373</u>	<u>-</u>
Total expenditures	<u>252,451</u>	<u>269,219</u>	<u>269,918</u>	<u>699</u>
Excess (deficiency) of revenues over expenditures	24,049	64,639	63,940	(699)
Fund balance - beginning of year	<u>738,164</u>	<u>738,164</u>	<u>738,164</u>	<u>-</u>
Fund balance - end of year	<u>\$ 762,213</u>	<u>\$ 802,803</u>	<u>\$ 802,104</u>	<u>\$ (699)</u>

Village of New Haven
Required Supplementary Information
Budgetary Comparison Schedule
Highway Fund
For the Year Ended March 31, 2020

	Budgeted Amounts		Actual	Actual
	Original	Final		Over (Under)
				Final Budget
Revenues				
Taxes	\$ 248,000	\$ 261,292	\$ 261,680	\$ 388
Interest income	2,500	2,500	1,990	(510)
Total revenues	<u>250,500</u>	<u>263,792</u>	<u>263,670</u>	<u>(122)</u>
Expenditures				
Current				
Public works	37,500	37,500	42,756	5,256
Capital outlay	-	65,760	65,760	-
Total expenditures	<u>37,500</u>	<u>103,260</u>	<u>108,516</u>	<u>5,256</u>
Excess (deficiency) of revenues over expenditures	213,000	160,532	155,154	(5,378)
Fund balance - beginning of year	<u>1,052,883</u>	<u>1,052,883</u>	<u>1,052,883</u>	<u>-</u>
Fund balance - end of year	<u>\$ 1,265,883</u>	<u>\$ 1,213,415</u>	<u>\$ 1,208,037</u>	<u>\$ (5,378)</u>

Village of New Haven
Required Supplementary Information
Budgetary Comparison Schedule
Fire Fund
For the Year Ended March 31, 2020

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
Revenues				
Taxes	\$ 234,080	\$ 253,173	\$ 253,173	\$ -
Other revenue	6,600	5,245	5,245	-
Total revenues	<u>240,680</u>	<u>258,418</u>	<u>258,418</u>	<u>-</u>
Expenditures				
Current				
Public safety	188,214	171,365	173,855	2,490
Principal retirement	30,963	30,963	30,963	-
Interest and fiscal charges	9,037	9,037	9,037	-
Total expenditures	<u>228,214</u>	<u>211,365</u>	<u>213,855</u>	<u>2,490</u>
Excess (deficiency) of revenues over expenditures	12,466	47,053	44,563	(2,490)
Fund balance - beginning of year	<u>137,772</u>	<u>137,772</u>	<u>137,772</u>	<u>-</u>
Fund balance - end of year	<u>\$ 150,238</u>	<u>\$ 184,825</u>	<u>\$ 182,335</u>	<u>\$ (2,490)</u>

Village of New Haven
Other Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds
March 31, 2020

	Special Revenue Funds			Permanent Fund	Total Nonmajor Governmental Funds
	Local Street	Drug Law Enforcement	Cemetery	Perpetual Care	
Assets					
Cash and cash equivalents	\$ 701,958	\$ 14,295	\$ 171,846	\$ 63,171	\$ 951,270
Due from other units of government	23,830	-	-	-	23,830
Total assets	<u>\$ 725,788</u>	<u>\$ 14,295</u>	<u>\$ 171,846</u>	<u>\$ 63,171</u>	<u>\$ 975,100</u>
Liabilities					
Accounts payable	\$ 149	\$ -	\$ -	\$ -	\$ 149
Accrued and other liabilities	2,129	-	293	-	2,422
Total liabilities	<u>2,278</u>	<u>-</u>	<u>293</u>	<u>-</u>	<u>2,571</u>
Fund Balances					
Non-spendable					
Cash and cash equivalents	-	-	-	61,109	61,109
Restricted for					
Local streets	723,510	-	-	-	723,510
Drug law enforcement	-	14,295	-	-	14,295
Cemetery	-	-	171,553	-	171,553
Perpetual care	-	-	-	2,062	2,062
Total fund balances	<u>723,510</u>	<u>14,295</u>	<u>171,553</u>	<u>63,171</u>	<u>972,529</u>
Total liabilities and fund balances	<u>\$ 725,788</u>	<u>\$ 14,295</u>	<u>\$ 171,846</u>	<u>\$ 63,171</u>	<u>\$ 975,100</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, 2020

	Special Revenue Funds			Permanent Fund	Total Nonmajor Governmental Funds
	Local Street	Drug Law Enforcement	Cemetery	Perpetual Care	
Revenues					
Taxes	\$ -	\$ -	\$ 37,868	\$ -	\$ 37,868
Other state grants	133,131	-	-	-	133,131
Charges for services	-	-	24,598	-	24,598
Interest income	2,569	-	-	862	3,431
Total revenues	<u>135,700</u>	<u>-</u>	<u>62,466</u>	<u>862</u>	<u>199,028</u>
Expenditures					
Current					
General government	-	-	40,080	-	40,080
Public works	131,334	-	-	-	131,334
Capital outlay	27,030	-	-	-	27,030
Total expenditures	<u>158,364</u>	<u>-</u>	<u>40,080</u>	<u>-</u>	<u>198,444</u>
Excess (deficiency) of revenues over expenditures	(22,664)	-	22,386	862	584
Fund balance - beginning of year	<u>746,174</u>	<u>14,295</u>	<u>149,167</u>	<u>62,309</u>	<u>971,945</u>
Fund balance - end of year	<u>\$ 723,510</u>	<u>\$ 14,295</u>	<u>\$ 171,553</u>	<u>\$ 63,171</u>	<u>\$ 972,529</u>



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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, 2020, 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 10, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 the 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 a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2020-001 that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 two instances 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 items 2020-001 and 2020-002.

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

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.

Yeo & Yeo, P.C.

Auburn Hills, Michigan
July 10, 2020

Village of New Haven
Schedule of Findings and Responses
March 31, 2020

2020-001, 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, 2020, the Village has an unrestricted deficit net position in the Sewer Fund of \$709,758. 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
Schedule of Findings and Responses
March 31, 2020

2020-002 – Noncompliance – Final Budget Amendment

Specific requirement: Governments are required to pass a final budget amendment before the end of each fiscal year.

Condition: The final budget amendment for fiscal year 2019-2020 was not approved by the Village Council until June 2020, which was after the Village's yearend of March 30, 2020.

Cause: The final budget amendment was not approved before yearend due to the COVID-19 pandemic of 2020.

Effect: The Village is not in compliance with State law that requires governments to pass the final budget amendment before the end of the fiscal year.

Recommendation: We recommend that the Village approve the final budget amendment prior to yearend to ensure the Village is in compliance with State law.

Views of responsible officials: Management agrees that the final budget amendment should be done prior to yearend.

Corrective action plan: See attached.



Village Of New Haven

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July 10, 2020

Yeo & Yeo, CPAs
691 N Squirrel Road #100
Auburn Hills, Michigan 48326

RE: Audit March 31, 2020

Please note the following corrective action plans relating to the material weakness and noncompliance in the Village's audit as of March 31, 2020.

2020-001 – Material Weakness and Material Noncompliance – Deficit Fund Balance

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 flows and net profits will be sufficient to eliminate the deficit within four (4) years. It will continue to submit to the State of Michigan the required deficit elimination plans.

2020-002 – Noncompliance – Final Budget Amendment

Corrective Action Plan: Management agrees that a final budget amendment should be done prior to yearend in order to be in compliance with State laws and regulations. Management plans to prepare and submit the final budget amendment resolution to the Village Council for approval prior to each fiscal yearend going forward.

Thank you for your attention to this matter.

Very Truly Yours,

Chris Dilbert, President
Village of New Haven