

Village of New Haven

Financial Statements

March 31, 2015



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Village of New Haven
List of Elected and Appointed Officials
March 31, 2015

Village Council

Chris Dilbert – President

Rachel Whitsett – Treasurer

Deborah Mack – Clerk

Debra Hill – Trustee

Kevin Chandler – Trustee

Brett Harris – Trustee

Terry Tidwell – Trustee

Daniel VanDeKerkhove – Trustee

Ann Pridemore – Trustee



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Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of New Haven, as of and for the year ended March 31, 2015, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, of the Village of New Haven, as of March 31, 2015, 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 Water Fund of \$64,155 and in the Sewer Fund of \$913,520 as of March 31, 2015, 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.

Prior Period Adjustment

The Village had a prior period adjustment in both the Water Fund and Sewer Fund of \$289,611 and \$60,690, respectively. This also restated beginning net position in the government-wide business-type activities by \$350,301. This was in relation to an error in billings and the omission of unbilled receivables as of March 31, 2014.

Other Matters:

Required Supplementary Information

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

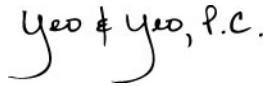
Other Supplementary Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 22, 2018 on our consideration of the Village of New Haven's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village of New Haven's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village of New Haven's internal control over financial reporting and compliance.



Auburn Hills, MI
January 22, 2018

Village of New Haven
Management's Discussion and Analysis
Year Ended March 31, 2015

Our discussion and analysis of the Village of New Haven's financial performance provides an overview of the Village's financial activities for the fiscal year ended March 31, 2015. 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, 2015.

Total net position related to the Village's governmental activities is \$9,562,023. The unrestricted portions of net position are \$1,295,746.

Tax revenues, the Village's largest revenue source, decreased by approximately \$40,824 from 2014.

Using this Annual Report

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

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

**Village of New Haven
Management's Discussion and Analysis
Year Ended March 31, 2015**

The Village of New Haven as a Whole

The following table shows, in a condensed format, the statement of net position as of March 31, 2015 and 2014.

	Governmental Activities 2015	Governmental Activities 2014	Business-type Activities 2015	Business-type Activities 2014	Total 2015	Total 2014
Current assets	\$ 3,524,540	\$ 3,218,965	\$ 1,336,799	\$ 517,482	\$ 4,861,339	\$ 3,736,447
Internal balances	1,055,697	1,055,697	(1,055,697)	(1,055,697)	-	-
Restricted assets	-	-	322,733	322,716	322,733	322,716
Capital assets	<u>5,099,656</u>	<u>5,812,387</u>	<u>14,642,340</u>	<u>14,837,086</u>	<u>19,741,996</u>	<u>20,649,473</u>
Total assets	<u>9,679,893</u>	<u>10,087,049</u>	<u>15,246,175</u>	<u>14,621,587</u>	<u>24,926,068</u>	<u>24,708,636</u>
Current liabilities	104,460	103,530	1,601,133	1,188,706	1,705,593	1,292,236
Noncurrent liabilities	<u>13,410</u>	<u>19,618</u>	<u>9,672,595</u>	<u>9,951,479</u>	<u>9,686,005</u>	<u>9,971,097</u>
Total liabilities	<u>117,870</u>	<u>123,148</u>	<u>11,273,728</u>	<u>11,140,185</u>	<u>11,391,598</u>	<u>11,263,333</u>
Total net position	<u>\$ 9,562,023</u>	<u>\$ 9,963,901</u>	<u>\$ 3,972,447</u>	<u>\$ 3,481,402</u>	<u>\$ 13,534,470</u>	<u>\$ 13,445,303</u>

The Village's net position for governmental activities is \$9,562,023 and \$3,972,447 for business type activities; of these amounts \$1,295,746 (governmental) and (\$888,342) (business-type) are unrestricted assets.

**Village of New Haven
Management's Discussion and Analysis
Year Ended March 31, 2015**

	Governmental Activities <u>2015</u>	Business-type Activities <u>2015</u>	Governmental Activities <u>2014</u>	Business-type Activities <u>2014</u>	Total <u>2015</u>	Total <u>2014</u>
Revenue						
Program revenue						
Charges for services	\$ 160,234	\$ 2,192,415	\$ 145,429	\$ 1,239,758	\$ 2,352,649	\$ 1,385,187
Operating grants and contributions	334,834	-	277,450	-	334,834	277,450
General revenue:						-
Property taxes	1,250,146	-	1,290,278	-	1,250,146	1,290,278
State-shared revenue	421,315	-	416,967	-	421,315	416,967
Unrestricted investment earnings	11,366	168	8,621	966	11,534	9,587
Gain on sale of capital assets	6,457	-	-	-	6,457	-
Miscellaneous revenue	39,894	500	39,069	750	40,394	39,819
	<u>2,224,246</u>	<u>2,193,083</u>	<u>2,177,814</u>	<u>1,241,474</u>	<u>4,417,329</u>	<u>3,419,288</u>
Total revenue						
Program expenses						
General government	785,838	-	704,389	-	785,838	704,389
Public safety	971,809	-	952,300	-	971,809	952,300
Public works	798,793	-	1,012,104	-	798,793	1,012,104
Community and economic development	4,102	-	4,309	-	4,102	4,309
Recreation and culture	65,582	-	78,057	-	65,582	78,057
Interest on long-term debt	-	-	26	-	-	26
Water, Sewer, Building & Trash	-	2,052,339	-	1,826,612	2,052,339	1,826,612
	<u>2,626,124</u>	<u>2,052,339</u>	<u>2,751,185</u>	<u>1,826,612</u>	<u>4,678,463</u>	<u>4,577,797</u>
Total program expenses						
Change in net position	<u>\$ (401,878)</u>	<u>\$ 140,744</u>	<u>\$ (573,371)</u>	<u>\$ (585,138)</u>	<u>\$ (261,134)</u>	<u>\$ (1,158,509)</u>

**Village of New Haven
Management's Discussion and Analysis
Year Ended March 31, 2015**

Governmental Activities

The Village's total governmental activity revenues were slightly higher when compared to the prior year, which is attributed primarily to an increase in federal grants.

Business-Type Activities

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

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

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

Village of New Haven Funds

The fund financial statements provide detailed information about the most significant funds, not the Village of New Haven as a whole. The Village Council creates funds to help manage money for specific purposes as well as show accountability for certain activities, such as State of Michigan Act 51, and Major and Local Street funds for 2015. 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 decreased the fund balance from \$1,332,456 to \$1,282,573 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 \$47,072 to \$60,918 at year end.

**Village of New Haven
Management's Discussion and Analysis
Year Ended March 31, 2015**

c) Major and Local Street Funds

The State of Michigan provides municipalities revenues from gas and weight taxes to reimburse expenditures for the maintenance and construction of the Village's street system. The State requires that these expenditures be segregated into a Major Street component and a Local Street component. The Village uses these funds for maintenance of and improvements to the Village street system, along with contributions from the General Fund. The approved budget for the Major Street Fund for the fiscal year 2015 included use of fund balance in the amount of \$93,295. The Village actually increased the fund balance from \$669,416 to \$804,630

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 \$1,459,886 to \$1,618,493.

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 2015 the Village of New Haven has acquired a wide range of capital assets, including land, buildings, equipment, vehicles, land improvements, infrastructure, and water and sewer lines at a cost of \$33,164,778. The book value of the infrastructure assets, net of depreciation contained in this report, is \$19,741,996 at the end of 2015.

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 were substantially unchanged from the previous year. The Village expects similar revenue-sharing payments next year. The Village also expects similar property tax revenue next year. These factors, coupled with anticipated rising costs, remind the Village Council of the importance of the budget process.

**Village of New Haven
Management's Discussion and Analysis
Year Ended March 31, 2015**

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

Contacting the Village of New Haven's Management

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the Village of New Haven's finances and to show the Village's accountability for the money it receives. If you have any questions about this report or need additional information, we welcome you to contact the Village at 1(586)749-5301.

Village of New Haven
Statement of Net Position
March 31, 2015

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 3,338,278	\$ 403,018	\$ 3,741,296
Receivables			
Taxes	2,043	-	2,043
Customers	48,587	933,781	982,368
Due from other units of government	135,632	-	135,632
Internal balances	1,055,697	(1,055,697)	-
Restricted assets			
Cash and cash equivalents	-	227,974	227,974
Due from other governments	-	94,759	94,759
Capital assets not being depreciated	974,704	-	974,704
Capital assets, net of accumulated depreciation	<u>4,124,952</u>	<u>14,642,340</u>	<u>18,767,292</u>
 Total assets	 <u>9,679,893</u>	 <u>15,246,175</u>	 <u>24,926,068</u>

Village of New Haven
Statement of Net Position
March 31, 2015

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Liabilities			
Accounts payable	\$ 36,090	\$ 129,530	\$ 165,620
Accrued and other liabilities	68,370	85,844	154,214
Checks written against future deposits	-	954,070	954,070
Noncurrent liabilities			
Due within one year	-	431,689	431,689
Due in more than one year	13,410	9,672,595	9,686,005
 Total liabilities	 <u>117,870</u>	 <u>11,273,728</u>	 <u>11,391,598</u>
 Net Position			
Net investment in capital assets	5,099,656	4,538,056	9,637,712
Restricted for:			
Highway	1,619,398	-	1,619,398
Major streets	804,630	-	804,630
Local streets	605,935	-	605,935
Fire protection	61,187	-	61,187
Drug law enforcement	14,295	-	14,295
Perpetual care			
Expendable	67	-	67
Nonspendable	61,109	-	61,109
Debt service	-	322,733	322,733
Unrestricted (deficit)	<u>1,295,746</u>	<u>(888,342)</u>	<u>407,404</u>
 Total net position	 <u>\$ 9,562,023</u>	 <u>\$ 3,972,447</u>	 <u>\$ 13,534,470</u>

Village of New Haven
Statement of Activities
For the Year Ended March 31, 2015

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		Total
				Governmental Activities	Business-type Activities	
Primary government						
Governmental activities						
General government	\$ 785,838	\$ 130,691	\$ 11,892	\$ (643,255)	\$ -	\$ (643,255)
Public safety	971,809	18,643	44,175	(908,991)	-	(908,991)
Public works	798,793	10,900	278,767	(509,126)	-	(509,126)
Community and economic development	4,102	-	-	(4,102)	-	(4,102)
Recreation and culture	65,582	-	-	(65,582)	-	(65,582)
Total governmental activities	<u>2,626,124</u>	<u>160,234</u>	<u>334,834</u>	<u>(2,131,056)</u>	<u>-</u>	<u>(2,131,056)</u>
Business-type activities						
Garbage	111,170	147,923	-	-	36,753	36,753
Building	63,444	54,844	-	-	(8,600)	(8,600)
Sewer	1,092,553	1,107,674	-	-	15,121	15,121
Water	785,172	881,974	-	-	96,802	96,802
Total business-type activities	<u>2,052,339</u>	<u>2,192,415</u>	<u>-</u>	<u>-</u>	<u>140,076</u>	<u>140,076</u>
Total primary government	<u>\$ 4,678,463</u>	<u>\$ 2,352,649</u>	<u>\$ 334,834</u>	<u>(2,131,056)</u>	<u>140,076</u>	<u>(1,990,980)</u>
General revenues						
Property taxes				1,250,146	-	1,250,146
State shared revenue				421,315	-	421,315
Unrestricted investment earnings				11,366	168	11,534
Gain on sale of capital assets				6,457	-	6,457
Miscellaneous				39,894	500	40,394
Total general revenues				<u>1,729,178</u>	<u>668</u>	<u>1,729,846</u>
Change in net position				<u>(401,878)</u>	<u>140,744</u>	<u>(261,134)</u>
Net position - beginning of year				9,963,901	3,481,402	13,445,303
Prior period adjustment				-	350,301	350,301
Net position - beginning of year (restated)				<u>9,963,901</u>	<u>3,831,703</u>	<u>13,795,604</u>
Net position - end of year				<u>\$ 9,562,023</u>	<u>\$ 3,972,447</u>	<u>\$ 13,534,470</u>

See Accompanying Notes to the Financial Statements

**Village of New Haven
Governmental Funds
Balance Sheet
March 31, 2015**

	General	Special Revenue Funds			Nonmajor Governmental Funds	Total Governmental Funds
		Major Street	Highway	Fire		
Assets						
Cash and cash equivalents	\$ 1,253,458	\$ 772,008	\$ 569,618	\$ 80,297	\$ 662,897	\$ 3,338,278
Receivables						
Taxes	869	-	905	269	-	2,043
Customers	48,587	-	-	-	-	48,587
Due from other units of government	79,065	35,832	-	-	20,735	135,632
Due from other funds	1,456	-	1,055,697	-	-	1,057,153
Total assets	\$ 1,383,435	\$ 807,840	\$ 1,626,220	\$ 80,566	\$ 683,632	\$ 4,581,693
Liabilities						
Accounts payable	\$ 19,246	\$ 2,175	\$ 6,822	\$ 7,847	\$ -	\$ 36,090
Accrued and other liabilities	55,033	1,035	-	11,532	770	68,370
Due to other funds	-	-	-	-	1,456	1,456
Total liabilities	74,279	3,210	6,822	19,379	2,226	105,916
Deferred Inflows of Resources						
Unavailable state shared revenue	25,714	-	-	-	-	25,714
Unavailable property tax revenue	869	-	905	269	-	2,043
Total deferred inflows of resources	26,583	-	905	269	-	27,757

See Accompanying Notes to the Financial Statements

**Village of New Haven
Governmental Funds
Balance Sheet
March 31, 2015**

	Special Revenue Funds				Nonmajor Governmental Funds	Total Governmental Funds
	General	Major Street	Highway	Fire		
Fund Balances						
Restricted for						
Major streets	\$ -	\$ 804,630	\$ -	\$ -	\$ -	\$ 804,630
Local streets	-	-	-	-	605,935	605,935
Highway	-	-	1,618,493	-	-	1,618,493
Fire protection	-	-	-	60,918	-	60,918
Drug law enforcement	-	-	-	-	14,295	14,295
Perpetual care						
Expendable	-	-	-	-	67	67
Nonspendable	-	-	-	-	61,109	61,109
Unassigned	<u>1,282,573</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,282,573</u>
 Total fund balances	 <u>1,282,573</u>	 <u>804,630</u>	 <u>1,618,493</u>	 <u>60,918</u>	 <u>681,406</u>	 <u>4,448,020</u>
 Total liabilities, deferred inflows of resources, and fund balances	 <u>\$ 1,383,435</u>	 <u>\$ 807,840</u>	 <u>\$ 1,626,220</u>	 <u>\$ 80,566</u>	 <u>\$ 683,632</u>	 <u>\$ 4,581,693</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, 2015

Total fund balances for governmental funds	\$ 4,448,020
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.	4,124,952
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.	27,757
Certain liabilities are not due and payable in the current period and are not reported in the funds.	
Compensated absences	<u>(13,410)</u>
Net position of governmental activities	<u><u>\$ 9,562,023</u></u>

Village of New Haven
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended March 31, 2015

	Special Revenue Funds				Nonmajor Governmental Funds	Total Governmental Funds
	General	Major Street	Highway	Fire		
Revenues						
Taxes	\$ 765,304	\$ -	\$ 210,465	\$ 276,086	\$ -	\$ 1,251,855
Licenses and permits	58,016	-	-	-	-	58,016
Federal grants	-	-	-	44,175	-	44,175
State revenue sharing	395,601	-	-	-	-	395,601
Other state grants	-	191,622	-	-	84,950	276,572
Charges for services	35,770	-	-	-	-	35,770
Fines and forfeitures	17,579	-	-	-	-	17,579
Interest income	9,798	669	351	-	548	11,366
Rental income	61,892	-	-	-	-	61,892
Other revenue	11,585	28,309	-	1,064	-	40,958
Total revenues	1,355,545	220,600	210,816	321,325	85,498	2,193,784

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, 2015

	<u>Special Revenue Funds</u>				Nonmajor Governmental Funds	Total Governmental Funds
	<u>General</u>	<u>Major Street</u>	<u>Highway</u>	<u>Fire</u>		
Expenditures						
Current						
General government	\$ 765,902	\$ -	\$ -	\$ -	\$ -	\$ 765,902
Public safety	598,918	-	-	302,075	26,174	927,167
Public works	6,888	85,386	52,209	-	36,468	180,951
Community and economic development	4,115	-	-	-	-	4,115
Recreation and culture	58,793	-	-	-	-	58,793
Capital outlay	-	-	-	5,404	-	5,404
	<u>1,434,616</u>	<u>85,386</u>	<u>52,209</u>	<u>307,479</u>	<u>62,642</u>	<u>1,942,332</u>
Total expenditures						
Excess (deficiency) of revenues over expenditures	(79,071)	135,214	158,607	13,846	22,856	251,452
Other financing sources (uses)						
Sale of fixed assets	<u>29,188</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,188</u>
Net change in fund balance	(49,883)	135,214	158,607	13,846	22,856	280,640
Fund balance - beginning of year	<u>1,332,456</u>	<u>669,416</u>	<u>1,459,886</u>	<u>47,072</u>	<u>658,550</u>	<u>4,167,380</u>
Fund balance - end of year	<u>\$ 1,282,573</u>	<u>\$ 804,630</u>	<u>\$ 1,618,493</u>	<u>\$ 60,918</u>	<u>\$ 681,406</u>	<u>\$ 4,448,020</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, 2015

Net change in fund balances - Total governmental funds	\$ 280,640
Total change in net position reported for governmental activities in the statement of activities is different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Depreciation expense	(691,521)
Capital outlay	1,521
Sale of capital assets (net book value)	(22,731)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	
State shared revenue	25,714
Property taxes	(1,709)
Expenses are recorded when incurred in the statement of activities.	
Compensated absences	6,208
Change in net position of governmental activities	\$ (401,878)

Village of New Haven
Proprietary Funds
Statement of Net Position
March 31, 2015

	Enterprise Funds			
	Sewer	Water	Nonmajor	Total
Assets				
Current assets				
Cash and cash equivalents	\$ -	\$ 257,040	\$ 145,978	\$ 403,018
Receivables				
Customers	<u>393,790</u>	<u>499,140</u>	<u>40,851</u>	<u>933,781</u>
Total current assets	<u>393,790</u>	<u>756,180</u>	<u>186,829</u>	<u>1,336,799</u>
Noncurrent assets				
Restricted assets				
Cash and cash equivalents	-	227,974	-	227,974
Due from other governments	94,759	-	-	94,759
Capital assets, net of accumulated depreciation	<u>8,720,192</u>	<u>5,922,148</u>	<u>-</u>	<u>14,642,340</u>
Total noncurrent assets	<u>8,814,951</u>	<u>6,150,122</u>	<u>-</u>	<u>14,965,073</u>
Total assets	<u>9,208,741</u>	<u>6,906,302</u>	<u>186,829</u>	<u>16,301,872</u>

See Accompanying Notes to the Financial Statements

Village of New Haven
Proprietary Funds
Statement of Net Position
March 31, 2015

	Enterprise Funds			
	Sewer	Water	Nonmajor	Total
Liabilities				
Current liabilities				
Accounts payable	\$ 40,918	\$ 75,236	\$ 13,376	\$ 129,530
Accrued and other liabilities	278	1,446	84,120	85,844
Checks written against future deposits	954,070	-	-	954,070
Due to other funds	312,044	743,653	-	1,055,697
Current portion of noncurrent liabilities	<u>291,689</u>	<u>140,000</u>	<u>-</u>	<u>431,689</u>
Total current liabilities	1,598,999	960,335	97,496	2,656,830
Noncurrent liabilities				
Long-term debt net of current portion	<u>7,349,619</u>	<u>2,322,976</u>	<u>-</u>	<u>9,672,595</u>
Total liabilities	<u>8,948,618</u>	<u>3,283,311</u>	<u>97,496</u>	<u>12,329,425</u>
Net Position				
Net investment in capital assets	1,078,884	3,459,172	-	4,538,056
Restricted for:				
Debt service	94,759	227,974	-	322,733
Unrestricted (deficit)	<u>(913,520)</u>	<u>(64,155)</u>	<u>89,333</u>	<u>(888,342)</u>
Total net position	<u>\$ 260,123</u>	<u>\$ 3,622,991</u>	<u>\$ 89,333</u>	<u>\$ 3,972,447</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, 2015

	Enterprise Funds			
	Sewer	Water	Nonmajor	Total
Operating revenue				
Customer fees	\$ 1,107,674	\$ 882,142	\$ 202,792	\$ 2,192,608
Other revenue	75	400	-	475
Total operating revenue	<u>1,107,749</u>	<u>882,542</u>	<u>202,792</u>	<u>2,193,083</u>
Operating expenses				
Personnel services	28,516	89,873	44,406	162,795
Supplies	9,861	49,556	-	59,417
Contractual services	501,110	327,858	123,234	952,202
Utilities	10,027	18,230	-	28,257
Repairs and maintenance	27,588	12,717	-	40,305
Other expenses	48,030	70,196	6,965	125,191
Depreciation	200,966	151,793	-	352,759
Total operating expenses	<u>826,098</u>	<u>720,223</u>	<u>174,605</u>	<u>1,720,926</u>
Operating income	281,651	162,319	28,187	472,157
Nonoperating revenue (expenses)				
Interest expense	(266,455)	(64,949)	(9)	(331,413)
Change in net position	<u>15,196</u>	<u>97,370</u>	<u>28,178</u>	<u>140,744</u>
Net position - beginning of year	184,237	3,236,010	61,155	3,481,402
Prior period adjustment	60,690	289,611	-	350,301
Net position - beginning of year (restated)	<u>244,927</u>	<u>3,525,621</u>	<u>61,155</u>	<u>3,831,703</u>
Net position - end of year	<u>\$ 260,123</u>	<u>\$ 3,622,991</u>	<u>\$ 89,333</u>	<u>\$ 3,972,447</u>

See Accompanying Notes to the Financial Statements

Village of New Haven
Proprietary Funds
Statement of Cash Flows
For the Year Ended March 31, 2015

	Enterprise Funds			
	Sewer	Water	Nonmajor	Total
Cash flows from operating activities				
Receipts from customers	\$ 851,918	\$ 778,317	\$ 186,555	\$ 1,816,790
Receipts from other funds	384,588	-	-	384,588
Payments to suppliers	(666,937)	(411,003)	(126,892)	(1,204,832)
Payments to employees	(28,516)	(89,873)	(44,406)	(162,795)
Net cash provided (used) by operating activities	<u>541,053</u>	<u>277,441</u>	<u>15,257</u>	<u>833,751</u>
Cash flows from capital and related financing activities				
Proceeds from capital debt	158,013	-	-	158,013
Purchases/construction of capital assets	(158,013)	-	-	(158,013)
Principal and interest paid on long-term debt	(541,053)	(199,949)	(9)	(741,011)
Net cash provided (used) by capital and related financing activities	<u>(541,053)</u>	<u>(199,949)</u>	<u>(9)</u>	<u>(741,011)</u>
Net change in cash and cash equivalents	-	77,492	15,248	92,740
Cash and cash equivalents - beginning of year	<u>-</u>	<u>407,522</u>	<u>130,730</u>	<u>538,252</u>
Cash and cash equivalents - end of year	<u>\$ -</u>	<u>\$ 485,014</u>	<u>\$ 145,978</u>	<u>\$ 630,992</u>

See Accompanying Notes to the Financial Statements

Village of New Haven
Proprietary Funds
Statement of Cash Flows
For the Year Ended March 31, 2015

	Enterprise Funds			
	Sewer	Water	Nonmajor	Total
Reconciliation of operating income (loss) to net cash provided (used) by operating activities				
Operating income (loss)	\$ 281,651	\$ 162,319	\$ 28,187	\$ 472,157
Adjustments to reconcile operating income to net cash from operating activities				
Depreciation expense	200,966	151,793	-	352,759
Changes in assets and liabilities				
Receivables (net)	(255,831)	(104,225)	(16,237)	(376,293)
Accounts payable	(38,162)	68,934	13,376	44,148
Accrued and other liabilities	(32,159)	(1,380)	(10,069)	(43,608)
Checks written against future deposits	384,588	-	-	384,588
Net cash provided (used) by operating activities	<u>\$ 541,053</u>	<u>\$ 277,441</u>	<u>\$ 15,257</u>	<u>\$ 833,751</u>
Reconciliation to the statement of net position				
Cash and cash equivalents	\$ -	\$ 257,040	\$ 145,978	\$ 403,018
Restricted cash and cash equivalents	<u>-</u>	<u>227,974</u>	<u>-</u>	<u>227,974</u>
Cash and cash equivalents	<u>\$ -</u>	<u>\$ 485,014</u>	<u>\$ 145,978</u>	<u>\$ 630,992</u>

See Accompanying Notes to the Financial Statements

Village of New Haven
Fiduciary Funds
Statement of Assets and Liabilities
March 31, 2015

	<u>Agency Fund</u>
Assets	
Cash and cash equivalents	\$ <u>552</u>
Liabilities	
Due to other units of government	\$ <u>552</u>

Village of New Haven
Notes to the Financial Statements
March 31, 2015

Note 1 - Summary of Significant Accounting Policies

Reporting entity

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

Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. *Government activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The 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, 2015

The government reports the following major governmental funds:

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

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

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

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

The government reports the following major proprietary funds:

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

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

Additionally, the government reports the following:

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

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government's proprietary functions and

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

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Sewer, Water, Building and Garbage Funds are charges to customers for sales and services. The government also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for Sewer, Water, Building and Garbage Funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Assets, liabilities, and net position or equity

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

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

Village of New Haven
Notes to the Financial Statements
March 31, 2015

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

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

The 2014 taxable valuation of the government totaled \$73,647,865, on which ad valorem taxes consisted of 9.4875 mills for operating purposes. This resulted in \$696,288 for operating expenses, exclusive of any Michigan Tax Tribunal or Board of Review adjustments.

In addition, 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 \$203,390, 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 \$227,974 has been classified as restricted cash and cash equivalents in the Water fund. The Sewer Fund reports \$94,759 in a restricted asset as the Macomb County Department of Public Works has drawn down bond payments to be used on wastewater projects that are in

progress. As the project continues, the restricted asset will be used for the projects or applied directly to future bond payments.

Capital assets – Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost, if purchased or constructed.

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

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

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

Deferred outflows of resources – A deferred outflow of resources is a consumption of net position by the government that is applicable to a future reporting period.

Village of New Haven
Notes to the Financial Statements
March 31, 2015

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

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.

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

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

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

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

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

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

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

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

The Perpetual Care Fund is used to account for resources that are legally restricted to the extent that only earnings, not principal, may be used for the perpetual care of cemetery lots. The permanent fund has both a restricted and non-spendable fund balance. The non-

Village of New Haven
Notes to the Financial Statements
March 31, 2015

spendable fund balance portion contains the amount of \$61,109 which is placed with the local unit in trust to be invested. The income earned on the investments is closed to restricted fund balance and used only for the perpetual care of cemetery lots.

Upcoming Accounting and Reporting Changes

The Governmental Accounting Standards Board has issued the following Statements:

Statement 72, *Fair Value Measurement and Application*. Statement 72 addresses accounting and financial reporting issues related to fair value measurements. Fair value is defined as an exit price (what a government would get to sell the asset), and fair value measurements primarily apply to investments. This Statement enhances fair value application guidance and related disclosures in order to provide information to the financial statement users about the impact of fair value measurements on a government's financial position. This Statement requires additional disclosures about fair value measurements, the level of fair value hierarchy, and valuation techniques. Statement 72 is effective for the year ending March 31, 2017, although earlier application is allowed.

Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to identify the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This Statement supersedes Statement No. 55, *The Hierarchy of Generally*

Accepted Accounting Principles for State and Local Governments. Statement 76 is effective for the year ending March 31, 2017.

Statement No. 77, *Tax Abatement Disclosures* requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues. The requirements of this Statement are effective for the fiscal year ending March 31, 2017.

Statement No. 79, *Certain External Investment Pools and Pool Participants*, establishes criteria that, if met, permit external investment pools to elect to measure all of their investments at amortized cost for financial reporting purposes. Also, it establishes additional disclosure requirements for qualifying external investment pools that make that election and for governments that participate in such external investment pools. Statement 79 is effective for the year ending March 31, 2017.

Statement No. 80, *Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14* amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The requirements of this Statement are effective for the fiscal year ending March 31, 2018.

Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. Statement No. 81 is effective for the fiscal year ending March 31, 2018.

Village of New Haven
Notes to the Financial Statements
March 31, 2015

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

Statement No. 85, *Omnibus 2017* addresses practice issues that were identified during the implementation and application of certain GASB Statements. This Statement covers issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits), which is effective for the fiscal year ending March 31, 2019.

Statement No. 86, *Certain Debt Extinguishment Issues* is to improve consistency in accounting and financial reporting for in-substance defeasance of debt. The Statement provides uniform guidance for derecognizing debt that is defeased in substance, regardless of how cash and other monetary assets placed in an irremovable trust for the purpose of extinguishing that debt were acquired. The effective date is for the fiscal year ending March 31, 2019.

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

Note 2 - Stewardship, Compliance, and Accountability

Budgetary information

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

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

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

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

Village of New Haven
Notes to the Financial Statements
March 31, 2015

Excess of expenditures over appropriations

	<u>Appropriations</u>	<u>Actual</u>	<u>Budget Variance</u>
General Fund			
General government	\$ 569,231	\$ 765,902	\$ 196,671
Public safety	598,692	598,918	226
Community and economic development	4,000	4,115	115
Fire Fund			
Public safety	298,709	302,075	3,366
Capital outlay	-	5,404	5,404

Deficit fund net position

The Village of New Haven had an unrestricted deficit in the Sewer Fund of \$913,520 and Water Fund of \$64,155 as of March 31, 2015. The Village has filed deficit elimination plans with the State of Michigan and has planned to eliminate the deficits by the end of fiscal year 2018.

Note 3 - Deposits and Investments

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

	<u>Cash and Cash Equivalents</u>	<u>Restricted Cash and Cash Equivalents</u>	<u>Total</u>
Governmental activities	\$ 3,338,278	\$ -	\$ 3,338,278
Business-type activities	<u>403,018</u>	<u>227,974</u>	<u>630,992</u>
Total primary government	3,741,296	227,974	3,969,270
Fiduciary funds	<u>552</u>	<u>-</u>	<u>552</u>
Total	<u>\$ 3,741,848</u>	<u>\$ 227,974</u>	<u>\$ 3,969,822</u>

The breakdown between deposits and investments is as follows:

	<u>Primary Government</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Bank deposits (checking and savings accounts, money markets and certificates of deposit)	\$ 3,968,970	\$ 552	\$ 3,969,522
Petty cash and cash on hand	<u>300</u>	<u>-</u>	<u>300</u>
Total	<u>\$ 3,969,270</u>	<u>\$ 552</u>	<u>\$ 3,969,822</u>

Village of New Haven
Notes to the Financial Statements
March 31, 2015

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

Custodial credit risk - deposits – In the case of deposits, this is the risk that in the event of bank failure, the government's deposits may not be returned to it. The government does not have a policy for custodial credit risk. As of year-end, \$2,437,918 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Note 4 - Deferred Inflows of Resources

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

Primary government

Earned but unavailable revenues

State shared revenue	\$ 25,714
Property taxes	<u>2,043</u>

	<u>\$ 27,757</u>
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Village of New Haven
Notes to the Financial Statements
March 31, 2015

Note 5 - Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 974,704	\$ -	\$ -	\$ 974,704
Capital assets being depreciated				
Land improvements	290,403	-	-	290,403
Infrastructure	11,743,136	-	-	11,743,136
Buildings, additions and improvements	587,689	-	-	587,689
Machinery and equipment	1,054,582	1,521	-	1,056,103
Vehicles	475,599	-	45,309	430,290
Total capital assets being depreciated	14,151,409	1,521	45,309	14,107,621
Less accumulated depreciation for				
Land improvements	161,536	14,520	-	176,056
Infrastructure	7,798,161	570,388	-	8,368,549
Buildings, additions and improvements	284,897	9,868	-	294,765
Machinery and equipment	810,939	55,863	-	866,802
Vehicles	258,193	40,882	22,578	276,497
Total accumulated depreciation	9,313,726	691,521	22,578	9,982,669
Net capital assets being depreciated	4,837,683	(690,000)	22,731	4,124,952
Governmental activities capital assets, net	\$ 5,812,387	\$ (690,000)	\$ 22,731	\$ 5,099,656

Village of New Haven
Notes to the Financial Statements
March 31, 2015

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Capital assets being depreciated				
Land improvements	\$ 42,800	\$ -	\$ -	\$ 42,800
Wells	86,911	-	-	86,911
Buildings, additions and improvements	1,315,280	-	-	1,315,280
Machinery and equipment	92,141	-	-	92,141
Meters	127,908	-	-	127,908
Water system	6,868,150	-	-	6,868,150
Sewer system	9,391,250	158,013	-	9,549,263
	<u>17,924,440</u>	<u>158,013</u>	<u>-</u>	<u>18,082,453</u>
Less accumulated depreciation for				
Land improvements	23,860	1,931	-	25,791
Wells	86,911	-	-	86,911
Buildings, additions and improvements	702,676	13,777	-	716,453
Machinery and equipment	38,046	6,020	-	44,066
Meters	18,156	4,263	-	22,419
Water system	1,177,314	137,363	-	1,314,677
Sewer system	1,040,391	189,405	-	1,229,796
	<u>3,087,354</u>	<u>352,759</u>	<u>-</u>	<u>3,440,113</u>
Net capital assets being depreciated	<u>14,837,086</u>	<u>(194,746)</u>	<u>-</u>	<u>14,642,340</u>
Business-type capital assets, net	<u>\$ 14,837,086</u>	<u>\$ (194,746)</u>	<u>\$ -</u>	<u>\$ 14,642,340</u>

Village of New Haven
Notes to the Financial Statements
March 31, 2015

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

Governmental activities		
General government	\$	22,391
Public safety		43,731
Public works		618,422
Recreation and culture		<u>6,977</u>
Total governmental activities		<u>691,521</u>
Business-type activities		
Sewer		200,966
Water		<u>151,793</u>
Total business-type activities		<u>352,759</u>
Total primary government	\$	<u>1,044,280</u>

Note 6 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Due from/to other funds		
Highway Fund	Sewer Fund	\$ 312,044
Highway Fund	Water Fund	743,653
General Fund	Nonmajor funds	<u>1,456</u>
		<u>\$ 1,057,153</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.

Note 7 - Leases

Operating Leases

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

Annual cost	\$	<u>198,000</u>
<u>Year ending March 31,</u>		
2016	\$	198,000
2017		198,000
2018		198,000
2019		198,000
2020		198,000
2021 - 2025		990,000
2026 - 2030		990,000
2031 - 2032		<u>396,000</u>
		<u>\$ 3,366,000</u>

Village of New Haven
Notes to the Financial Statements
March 31, 2015

Note 8 - Long-term Debt

The Village issues bonds to provide for the acquisition and construction of major capital projects. General obligation bonds are direct obligations and pledge the full faith and credit of the government. Installment purchase agreements are also general obligations of the government. 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:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Governmental activities				
Compensated absences	\$ 19,618	\$ -	\$ 6,208	\$ 13,410

Village of New Haven
Notes to the Financial Statements
March 31, 2015

	Amount of Issue	Maturity Date	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities									
Bonds and notes payable									
State of Michigan Drinking Water Revolving Loan Fund	\$ 3,177,000	2030	2.5%	\$140,000 - \$195,000	\$ 2,597,976	\$ -	\$ 135,000	\$ 2,462,976	\$ 140,000
Limited Tax Obligation Bond issued by Macomb County Wastewater Disposal District	1,781,905	2033	3.25% - 4.75%	59,822 - 95,716	1,523,474	-	59,822	1,463,652	59,822
Less Unamortized Bond Discount					(9,312)	1,402	-	(7,910)	-
Limited Tax Obligation Bond issued by Macomb County Wastewater Disposal District	1,112,814	2032	3.75% - 4.25%	32,924 - 82,309	946,550	-	32,924	913,626	32,924
Limited Tax Obligation Bond issued by Macomb County Wastewater Disposal District	88,659	2033	2.00% - 4.25%	2,976 - 4,762	75,801	-	2,976	72,825	2,976
Limited Tax Obligation Bond issued by Macomb County Wastewater Disposal District	8,244	2035	2.00% - 4.25%	265 - 474	7,323	-	260	7,063	265
Limited Tax Obligation Bond issued by Macomb County Wastewater Disposal District	3,868,614	2035	1.00% - 6.35%	124,279 - 222,334	3,436,487	-	121,999	3,314,488	124,279
Limited Tax Obligation Bond issued by Macomb County Wastewater Disposal District	36,039	2030	2.00% - 4.25%	1,399 - 2,797	31,279	-	1,345	29,934	1,399
Limited Tax Obligation Bond issued by Macomb County Wastewater Disposal District	871,729	2035	2.00% - 4.25%	28,626 - 51,325	789,224	-	28,170	761,054	28,626
Limited Tax Obligation Bond issued by Macomb County Wastewater Disposal District	140,263	2031	2.00% - 4.25%	6,051 - 8,795	123,421	-	5,890	117,531	6,051
Limited Tax Obligation Bond issued by Macomb County Wastewater Disposal District	321,675	2031	5.00%	10,444 - 26,110	297,132	-	9,400	287,732	10,444
Limited Tax Obligation Bond issued by Macomb County Wastewater Disposal District	168,603	2034	2.50%	6,769 - 10,534	168,603	-	6,604	161,999	6,769
Oakland-Macomb Interceptor Drain Drainage District: Project 5368-03 (2013 - SRF Project)	367,911	2035	2.00%	15,137 - 22,052	367,911	-	-	367,911	15,137
Oakland-Macomb Interceptor Drain Drainage district Drain Bond: Project 2014A	53,794	2035	2.00% - 3.13%	2,082 - 3,532	-	53,794	-	53,794	2,082
Oakland-Macomb Interceptor Drain Drainage district Drain Bond: Project 5487	82,537	2036	2.30%	3,180 - 5,183	-	82,537	5,183	77,354	-
Oakland-Macomb Interceptor Drain Drainage district Drain Bond: Project 5540	21,682	2034	2.00%	789 - 1,253	-	21,682	1,427	20,255	915
Total business-type activities					<u>\$ 10,355,869</u>	<u>\$ 159,415</u>	<u>\$ 411,000</u>	<u>\$ 10,104,284</u>	<u>\$ 431,689</u>

Village of New Haven
Notes to the Financial Statements
March 31, 2015

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

Year Ending March 31,	Business-type Activities	
	Principal	Interest
2016	\$ 431,689	\$ 322,952
2017	444,534	312,755
2018	463,609	299,919
2019	490,815	285,797
2020	501,940	270,781
2021 - 2025	2,708,594	1,097,658
2026 - 2030	3,098,734	615,237
2031 - 2035	<u>1,972,279</u>	<u>138,187</u>
	<u>\$ 10,112,194</u>	<u>\$ 3,343,286</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 policies regarding a maximum of 2 years authorized accumulation of vacation hours per individual union agreement.

The Village's employment policies provide for sick leave benefits to be earned in varying amounts depending on the employee's hours worked and union agreements. Sick leave is earned by all village employees at the rate of 12 days annually and each day being made available as of the last day of the month. A maximum of 30 days may be accrued.

Note 9 - Risk Management

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

Note 10 - Defined Contribution Plan

The Village has a defined contribution plan covering all full-time personnel which requires contributions by the Village. The plan is referred to as "The Village of New Haven Retirement Program" and plan assets are maintained by Mass Mutual Life Insurance Company. 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 and total compensation of all employees for the year ended March 31, 2015, amounted to \$302,938 and \$338,746, respectively. 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, 2015, the Village contributed \$22,446 to the

Village of New Haven
Notes to the Financial Statements
March 31, 2015

plan. Plan assets were transferred to the Municipal Employees' Retirement System in November 2013.

Note 11 - Contingent Liabilities

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

Note 12 - Prior Period Adjustment

The Village had a prior period adjustment in both the Water Fund and Sewer Fund of \$289,611 and \$60,690, respectively. This also restated beginning net position in the government-wide business-type activities by \$350,301. This was in relation to an error in billings and the omission of unbilled receivables as of March 31, 2014.

Village of New Haven
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended March 31, 2015

	Budgeted Amounts		Actual	Actual
	Original	Final		Over (Under)
				Final Budget
Revenues				
Taxes				
Property taxes	\$ 832,484	\$ 832,484	\$ 765,304	\$ (67,180)
Licenses and permits	52,200	52,200	58,016	5,816
Federal grants	7,000	7,000	-	(7,000)
State revenue sharing	414,456	414,456	395,601	(18,855)
Local contributions	7,400	7,400	-	(7,400)
Charges for services	30,000	30,000	35,770	5,770
Fines and forfeitures	7,400	7,400	17,579	10,179
Interest income	2,700	2,700	9,798	7,098
Rental income	75,450	75,450	61,892	(13,558)
Other revenue	10,275	20,275	11,585	(8,690)
Sale of fixed assets	-	-	29,188	29,188
Total revenues	<u>1,439,365</u>	<u>1,449,365</u>	<u>1,384,733</u>	<u>(64,632)</u>
Expenditures				
General government				
Village board	16,031	16,031	23,054	7,023
President	15,731	15,731	15,758	27
General government	420,187	420,187	518,621	98,434
Clerk	8,289	8,289	8,316	27
Audit	21,450	21,450	81,232	59,782
Board of review	3,500	3,500	4,106	606
Treasurer	1,925	1,925	2,258	333
Buildings and grounds	32,400	32,400	73,743	41,343
Cemetery	49,718	49,718	38,814	(10,904)
Total general government	<u>569,231</u>	<u>569,231</u>	<u>765,902</u>	<u>196,671</u>

Village of New Haven
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended March 31, 2015

	Budgeted Amounts		Actual	Actual
	Original	Final		Over (Under) Final Budget
Public safety				
Police	\$ 598,692	\$ 598,692	\$ 598,918	\$ 226
Public works				
Department of public works	42,600	42,600	6,888	(35,712)
Community and economic development				
Planning	4,000	4,000	4,115	115
Recreation and culture				
Parks and recreation	71,025	71,025	58,793	(12,232)
Transfers out	15,379	15,379	-	(15,379)
Total expenditures	1,300,927	1,300,927	1,434,616	133,689
Excess (deficiency) of revenues over expenditures	138,438	148,438	(49,883)	(198,321)
Fund balance - beginning of year	1,332,456	1,332,456	1,332,456	-
Fund balance - end of year	\$ 1,470,894	\$ 1,480,894	\$ 1,282,573	\$ (198,321)

Village of New Haven
Required Supplementary Information
Budgetary Comparison Schedule
Major Street Fund
For the Year Ended March 31, 2015

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
Revenues				
Other state grants	\$ 180,000	\$ 180,000	\$ 191,622	\$ 11,622
Interest income	2,000	2,000	669	(1,331)
Other revenue	-	-	28,309	28,309
	<u>182,000</u>	<u>182,000</u>	<u>220,600</u>	<u>38,600</u>
Total revenues				
Expenditures				
Current				
Public works	185,295	185,295	85,386	(99,909)
Transfers out	90,000	90,000	-	(90,000)
	<u>275,295</u>	<u>275,295</u>	<u>85,386</u>	<u>(189,909)</u>
Total expenditures				
Excess (deficiency) of revenues over expenditures	(93,295)	(93,295)	135,214	228,509
Fund balance - beginning of year	<u>669,416</u>	<u>669,416</u>	<u>669,416</u>	<u>-</u>
Fund balance - end of year	<u>\$ 576,121</u>	<u>\$ 576,121</u>	<u>\$ 804,630</u>	<u>\$ 228,509</u>

Village of New Haven
Required Supplementary Information
Budgetary Comparison Schedule
Highway Fund
For the Year Ended March 31, 2015

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
Revenues				
Taxes	\$ 221,139	\$ 221,139	\$ 210,465	\$ (10,674)
Interest income	1,000	1,000	351	(649)
Total revenues	222,139	222,139	210,816	(11,323)
Expenditures				
Current				
Public works	62,415	62,415	52,209	(10,206)
Excess (deficiency) of revenues over expenditures	159,724	159,724	158,607	(1,117)
Fund balance - beginning of year	1,459,886	1,459,886	1,459,886	-
Fund balance - end of year	\$ 1,619,610	\$ 1,619,610	\$ 1,618,493	\$ (1,117)

Village of New Haven
Required Supplementary Information
Budgetary Comparison Schedule
Fire Fund
For the Year Ended March 31, 2015

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
Revenues				
Taxes	\$ 284,265	\$ 284,265	\$ 276,086	\$ (8,179)
Federal grants	-	-	44,175	44,175
Interest income	500	500	-	(500)
Other revenue	5,600	5,600	1,064	(4,536)
Transfers in	8,344	8,344	-	(8,344)
	<u>298,709</u>	<u>298,709</u>	<u>321,325</u>	<u>22,616</u>
Total revenues				
Expenditures				
Current				
Public safety	298,709	298,709	302,075	3,366
Capital outlay	-	-	5,404	5,404
	<u>298,709</u>	<u>298,709</u>	<u>307,479</u>	<u>8,770</u>
Total expenditures				
Excess of revenues over expenditures	-	-	13,846	13,846
Fund balance - beginning of year	<u>47,072</u>	<u>47,072</u>	<u>47,072</u>	<u>-</u>
Fund balance - end of year	<u>\$ 47,072</u>	<u>\$ 47,072</u>	<u>\$ 60,918</u>	<u>\$ 13,846</u>

Village of New Haven
Other Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds
March 31, 2015

	Special Revenue Funds		Permanent Fund	Total Nonmajor Governmental Funds
	Local Street	Drug Law Enforcement	Perpetual Care	
Assets				
Cash and cash equivalents	\$ 585,970	\$ 15,751	\$ 61,176	\$ 662,897
Due from other units of government	20,735	-	-	20,735
Total assets	\$ 606,705	\$ 15,751	\$ 61,176	\$ 683,632
Liabilities				
Accrued and other liabilities	\$ 770	\$ -	\$ -	\$ 770
Due to other funds	-	1,456	-	1,456
Total liabilities	770	1,456	-	2,226
Fund Balances				
Non-spendable				
Cash and cash equivalents	-	-	61,109	61,109
Restricted for				
Local streets	605,935	-	-	605,935
Drug law enforcement	-	14,295	-	14,295
Perpetual care	-	-	67	67
Total fund balances	605,935	14,295	61,176	681,406
Total liabilities and fund balances	\$ 606,705	\$ 15,751	\$ 61,176	\$ 683,632

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, 2015

	Special Revenue Funds		Permanent Fund	Total Nonmajor Governmental Funds
	Local Street	Drug Law Enforcement	Perpetual Care	
Revenues				
Other state grants	\$ 84,950	\$ -	\$ -	\$ 84,950
Interest income	547	-	1	548
Total revenues	<u>85,497</u>	<u>-</u>	<u>1</u>	<u>85,498</u>
Expenditures				
Current				
Public safety	-	26,174	-	26,174
Public works	36,463	-	5	36,468
Total expenditures	<u>36,463</u>	<u>26,174</u>	<u>5</u>	<u>62,642</u>
Excess (deficiency) of revenues over expenditures	49,034	(26,174)	(4)	22,856
Fund balance - beginning of year	<u>556,901</u>	<u>40,469</u>	<u>61,180</u>	<u>658,550</u>
Fund balance - end of year	<u>\$ 605,935</u>	<u>\$ 14,295</u>	<u>\$ 61,176</u>	<u>\$ 681,406</u>

Village of New Haven
Other Supplementary Information
Nonmajor Proprietary Funds
Combining Statement of Net Position
March 31, 2015

	Enterprise Funds		
	Building	Garbage	Total
Assets			
Current assets			
Cash and cash equivalents	\$ 95,566	\$ 50,412	\$ 145,978
Receivables			
Customers	-	40,851	40,851
Total assets	<u>95,566</u>	<u>91,263</u>	<u>186,829</u>
Liabilities			
Current liabilities			
Accounts payable	263	13,113	13,376
Accrued and other liabilities	84,120	-	84,120
Total liabilities	<u>84,383</u>	<u>13,113</u>	<u>97,496</u>
Net Position			
Unrestricted	<u>\$ 11,183</u>	<u>\$ 78,150</u>	<u>\$ 89,333</u>

Village of New Haven
Other Supplementary Information
Nonmajor Proprietary Funds
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
For the Year Ended March 31, 2015

	Enterprise Funds		
	Building	Garbage	Total
Operating revenue			
Customer fees	\$ 54,869	\$ 147,923	\$ 202,792
Operating expenses			
Personnel services	44,406	-	44,406
Contractual services	12,073	111,161	123,234
Other expenses	6,965	-	6,965
Total operating expenses	63,444	111,161	174,605
Operating income (loss)	(8,575)	36,762	28,187
Nonoperating revenue (expenses)			
Interest expense	-	(9)	(9)
Change in net position	(8,575)	36,753	28,178
Net position - beginning of year	19,758	41,397	61,155
Net position - end of year	\$ 11,183	\$ 78,150	\$ 89,333

Village of New Haven
Other Supplementary Information
Nonmajor Proprietary Funds
Combining Statement of Cash Flows
For the Year Ended March 31, 2015

	Enterprise Funds		
	Building	Garbage	Total
Cash flows from operating activities			
Receipts from customers	\$ 54,869	\$ 131,686	\$ 186,555
Payments to suppliers	(28,844)	(98,048)	(126,892)
Payments to employees	(44,406)	-	(44,406)
Net cash provided (used) by operating activities	(18,381)	33,638	15,257
Cash flows from capital and related financing activities			
Principal and interest paid on long-term debt	-	(9)	(9)
Net change in cash and cash equivalents	(18,381)	33,629	15,248
Cash and cash equivalents - beginning of year	113,947	16,783	130,730
Cash and cash equivalents - end of year	\$ 95,566	\$ 50,412	\$ 145,978
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	\$ (8,575)	\$ 36,762	\$ 28,187
Adjustments to reconcile operating income to net cash from operating activities			
Changes in assets and liabilities			
Receivables (net)	-	(16,237)	(16,237)
Accounts payable	263	13,113	13,376
Accrued and other liabilities	(10,069)	-	(10,069)
Net cash provided (used) by operating activities	\$ (18,381)	\$ 33,638	\$ 15,257



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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 Board of Trustees
Village of New Haven

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, 2015, 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 January 22, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Village of New Haven's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Village of New Haven's internal control. Accordingly, we do not express an opinion on the effectiveness of 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 identified deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be material weaknesses as finding numbers 2015-001, 2015-002, 2015-003, 2015-004 and 2015-005.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Village of New Haven's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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 finding numbers 2015-003, 2015-004, and 2015-005.

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

Village of New Haven's responses to the finding 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, MI
January 22, 2018

Village of New Haven
Schedule of Findings and Responses
March 31, 2015

2015-001, 2014-001 – Material Weakness – Audit Adjustments/Internal Controls over Financial Reporting

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

Condition: Material journal entries were proposed by the auditors to properly account for various financial statement amounts. These misstatements were not detected by the Village's internal control over financial reporting. These entries proposed by the auditors were material to the General Fund, Major Street Fund, Fire Fund, Water Fund, Sewer Fund, Local Street Fund and Garbage Fund. The entries were necessary to adjust cash, accounts receivable, accounts payable, accrued expenditures, long term debt and capital assets. These adjustments include prior period adjustments of \$350,301 in the Water Fund and Sewer Fund.

Cause: Material journal entries were not detected by the Village's internal control over financial reporting. Account reconciliations were not performed in a timely manner. The majority of the prior period adjustment was related to a billing errors for utilities.

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

Recommendation: We recommend the Village take steps to ensure that all accounts are reconciled in a timely manner and that material journal entries are identified and recorded. This will help improve the Village Council's decisions by basing their decisions on accurate financial information.

Views of responsible officials: Management believes these entries were oversights and is in agreement with the proposed audit adjustments.

Corrective action plan: See attached.

Village of New Haven
Schedule of Findings and Responses
March 31, 2015

2015-002, 2014-002 – Material Weakness – Old Escrow and Bond Accounts

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

Condition: As of March 31, 2015, the Village of New Haven has an escrow liability of \$45,855 and a customer bond liability of \$37,761 reported in its Building Fund. The escrow balance consists of multiple open accounts, both positive and negative, dating back to 2004. The negative balances reflect costs paid by the Village of New Haven that were never reimbursed to the Village of New Haven. The positive values reflect bonds that were never returned or costs that were never posted against the escrow account. For the bonds, there are multiple open bonds dating back to 2003 in which final determinations of the permits were never made.

Cause: The Village of New Haven has experienced turnover in its Building Department and bookkeeping since 2004 that has caused these balances to be maintained, but not addressed properly.

Effect: The Village of New Haven has the two large outstanding liabilities remaining on the Building Fund that may not be true liabilities, thus reducing the Fund Balance of the Building Fund.

Recommendation: We recommend that the Village of New Haven review these old balances to determine the course of action to be taken. We further recommend that the Village of New Haven develop a procedure to review open escrows and bonds to ensure that old balances do not remain without acceptable reasons.

Views of responsible officials: Management has analyzed each item and believes this issue has been resolved as of May 23, 2017.

Corrective action plan: See attached.

Village of New Haven
Schedule of Findings and Responses
March 31, 2015

2015-003, 2014-003 – Material Weakness and Material Noncompliance – Expenditures in Excess of Appropriations

Specific requirement: The Village may not make expenditures for which there are not appropriations budgeted.

Condition: As of March 31, 2015, expenditures were incurred in excess of amounts appropriated in the amended budget for the General Fund, and Fire Fund as follows:

	<u>Appropriations</u>	<u>Actual</u>	<u>Budget Variance</u>
General Fund			
General government	\$ 569,231	\$ 765,902	\$ 196,671
Public safety	598,692	598,918	226
Community and economic development	4,000	4,115	115
Fire Fund			
Public safety	298,709	302,075	3,366
Capital outlay	-	5,404	5,404

Cause: The expenditures of funds in excess of appropriations are contrary to the provisions of Section 17 of the Act.

Effect: The Village of New Haven is not in compliance with State statute. Amounts continue to be spent despite the lack of budgeted funds to support the expenditures.

Recommendation: We recommend that the Village of New Haven develop budgetary controls procedures, including passing budget amendments, which will ensure that expenditures do not exceed amounts authorized in the General Appropriations Act or amendments thereof.

Views of responsible officials: Management agrees the budget should be more closely monitored.

Corrective action plan: See attached.

Village of New Haven
Schedule of Findings and Responses
March 31, 2015

2015-004, 2014-004 – Material Weakness and Material Noncompliance – Tax Overpayment Account

Specific requirement: Taxes must be distributed within 10 business days after the first and fifteenth day of each month.

Condition: As of March 31, 2015, the Village has a Tax Overpayment liability of \$18,581. It is unclear as to whom the funds are owed.

Cause: This account was established in 2011 when the Village collected personal property taxes on the Fire Fund's special assessment. The Village at this time believed that personal property taxes should not have been assessed for the road and cemetery millages. These balances were determined and placed into the tax overpayment account. However, it was found that while the personal property taxes should not be collected on the Fire Fund's special assessment, it could be collected on the road and cemetery millages. The \$18,581 remaining amount from this time period has not yet been distributed in accordance with statute.

Effect: The Village is in violation of the statute and the Village continues to hold onto funds that should either be refunded to taxpayers or distributed to the respective funds.

Recommendation: We recommend that the Village review the account, determine to whom the funds are owed, and distribute the funds immediately.

Views of responsible officials: Management has analyzed this issue and believes there is no liability owed as of March 31, 2015. The balance has been correct during fiscal year 2018.

Corrective action plan: See attached.

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, 2015, the Village has an unrestricted deficit net position in the Water Fund of \$64,155 and in the Sewer Fund of \$913,520.

Cause: The deficits are a result of operating losses.

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

Village of New Haven
Schedule of Findings and Responses
March 31, 2015

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 water and 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.

Corrective action plan: See attached.



Village Of New Haven

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January 22, 2018

Mr. Michael L. Rolka, CPA
Yeo & Yeo CPA's
5300 Bay Road, Suite 100
Saginaw, MI 48604

RE: Audit 3/31/15

Dear Michael,

Please note the following corrective action plans relating to material weaknesses reported in the Village's Audit as of March 31, 2015:

2015-001 – Material Weakness

Corrective action plan: Management has employed a new office accountant and has contracted with a CPA in an effort to improve the reliability of financial data reports.

2015-002 – Material Weakness

Corrective action plan: This matter has been thoroughly analyzed. As of the report date, the accounts have been reconciled and adjusted. Management has implemented controls to reduce the risk of recurrence.

2015-003 – Material Weakness and Material Noncompliance

Corrective action plan: The current President, who took office in November 2014, has taken an active role in monitoring the budget. He consults routinely with the CPA regarding compliance with the Uniform Budget and Appropriations Act. The President reports the status of the budget to Council intermittently throughout the year.

2015-004 – Material Weakness and Material Noncompliance

Corrective action plan: This matter has been thoroughly analyzed. The account has been reconciled and adjusted. Management has implemented controls to reduce the risk of recurrence.

2015-005 – Material Weakness and Material Noncompliance

Corrective action plan: Management has formulated a specific deficit elimination plan. The plan has been submitted to Michigan Department of Treasury. Management believes positive cash flow and net profits will be sufficient to eliminate the deficits within 3 years.

Thank you for your attention to this matter.

Very truly yours,

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

Chris Dilbert
President