

Village of New Haven

Financial Statements

March 31, 2016



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Village of New Haven
List of Elected and Appointed Officials
March 31, 2016

Village Council

Chris Dilbert – President

Rachel Whitsett – Treasurer

Deborah Mack – Clerk

Debra Hill – Trustee

Kevin Chandler – Trustee

Brett Harris – 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, 2016, 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, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Deficit Net Position

The Village has an accumulated unrestricted deficit in the Sewer Fund of \$1,200,572 as of March 31, 2016, 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

As discussed in Note 13 to the financial statements, the 2015 financial statements have been restated as the Cemetery Fund was split put from the General Fund and is now reported as a nonmajor special revenue fund. Our opinions are not modified with respect to this matter.

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 July 20, 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
July 20, 2018

**Village of New Haven
Management's Discussion and Analysis
Year Ended March 31, 2016**

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, 2016. 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, 2016.

Total net position related to the Village's governmental activities is \$9,294,447. The unrestricted portions of net position are \$1,172,986.

Tax revenues, the Village's largest revenue source, increased by approximately \$34,796 from 2015.

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, 2016**

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, 2016 and 2015.

	Governmental Activities 2016	Governmental Activities 2015	Business-type Activities 2016	Business-type Activities 2015	Total 2016	Total 2015
Current assets	\$ 3,867,796	\$ 3,524,540	\$ 1,336,333	\$ 1,336,799	\$ 5,204,129	\$ 4,861,339
Internal balances	1,055,697	1,055,697	(1,055,697)	(1,055,697)	-	-
Restricted assets	-	-	322,877	322,733	322,877	322,733
Capital assets	4,474,281	5,099,656	14,429,014	14,642,340	18,903,295	19,741,996
Deferred outflows	-	-	62,637	-	62,637	-
Total assets	<u>9,397,774</u>	<u>9,679,893</u>	<u>15,095,164</u>	<u>15,246,175</u>	<u>24,492,938</u>	<u>24,926,068</u>
Current liabilities	88,897	104,460	1,599,870	1,601,133	1,688,767	1,705,593
Noncurrent liabilities	14,430	13,410	9,513,128	9,672,595	9,527,558	9,686,005
Total liabilities	<u>103,327</u>	<u>117,870</u>	<u>11,112,998</u>	<u>11,273,728</u>	<u>11,216,325</u>	<u>11,391,598</u>
Total net position	<u>\$ 9,294,447</u>	<u>\$ 9,562,023</u>	<u>\$ 3,982,166</u>	<u>\$ 3,972,447</u>	<u>\$ 13,276,613</u>	<u>\$ 13,534,470</u>

The Village's net position for governmental activities is \$9,294,447 and \$3,982,166 for business type activities; of these amounts \$1,172,986 (governmental) and (\$939,331) (business-type) are unrestricted assets.

**Village of New Haven
Management's Discussion and Analysis
Year Ended March 31, 2016**

	Governmental Activities <u>2016</u>	Business-type Activities <u>2016</u>	Governmental Activities <u>2015</u>	Business-type Activities <u>2015</u>	Total <u>2016</u>	Total <u>2015</u>
Revenue						
Program revenue						
Charges for services	\$ 150,638	\$ 2,425,119	\$ 160,234	\$ 2,192,415	\$ 2,575,757	\$ 2,352,649
Operating grants and contributions	317,151	-	334,834	-	317,151	334,834
General revenue:						-
Property taxes	1,284,942	-	1,250,146	-	1,284,942	1,250,146
State-shared revenue	434,984	-	421,315	-	434,984	421,315
Unrestricted investment earnings	9,470	313	11,366	168	9,783	11,534
Gain on sale of capital assets	-	-	6,457	-	-	6,457
Miscellaneous revenue & transfers	54,604	80,700	39,894	500	135,304	40,394
Total revenue	<u>2,251,789</u>	<u>2,506,132</u>	<u>2,224,246</u>	<u>2,193,083</u>	<u>4,757,921</u>	<u>4,417,329</u>
Program expenses						
General government	782,224	-	785,838	-	782,224	785,838
Public safety	883,103	-	971,809	-	883,103	971,809
Public works	775,793	-	798,793	-	775,793	798,793
Community and economic development	-	-	4,102	-	-	4,102
Recreation and culture	78,245	-	65,582	-	78,245	65,582
Water, Sewer, Building & Trash	-	2,496,413	-	2,052,339	2,496,413	2,052,339
Total program expenses	<u>2,519,365</u>	<u>2,496,413</u>	<u>2,626,124</u>	<u>2,052,339</u>	<u>5,015,778</u>	<u>4,678,463</u>
Change in net position	<u>\$ (267,576)</u>	<u>\$ 9,719</u>	<u>\$ (401,878)</u>	<u>\$ 140,744</u>	<u>\$ (257,857)</u>	<u>\$ (261,134)</u>

**Village of New Haven
Management's Discussion and Analysis
Year Ended March 31, 2016**

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 2016. 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 \$1,282,573 to \$1,078,130 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 \$60,918 to \$124,482 at year end.

**Village of New Haven
Management's Discussion and Analysis
Year Ended March 31, 2016**

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 2016 included use of fund balance in the amount of \$56,673. The Village actually increased the fund balance from \$804,630 to \$881,490.

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 \$1,618,493 to \$1,799,759.

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 2016 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 \$33,338,687. The book value of the infrastructure assets, net of depreciation contained in this report, is \$18,903,295 at the end of 2016.

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

Economic Factors and Next Year's Budgets and Rates

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

**Village of New Haven
Management's Discussion and Analysis
Year Ended March 31, 2016**

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, 2016

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 3,609,081	\$ 532,976	\$ 4,142,057
Receivables, net of allowance for doubtful accounts			
Taxes	1,271	-	1,271
Customers	57,183	803,357	860,540
Due from other units of government	196,436	-	196,436
Internal balances	1,055,697	(1,055,697)	-
Prepaid items	3,825	-	3,825
Restricted assets			
Cash and cash equivalents	-	228,118	228,118
Due from other governments	-	94,759	94,759
Capital assets not being depreciated	974,704	-	974,704
Capital assets, net of accumulated depreciation	<u>3,499,577</u>	<u>14,429,014</u>	<u>17,928,591</u>
 Total assets	 9,397,774	 15,032,527	 24,430,301
Deferred outflows of resources			
Deferred loss on refunding	<u>-</u>	<u>62,637</u>	<u>62,637</u>
 Total assets and deferred outflows of resources	 <u>9,397,774</u>	 <u>15,095,164</u>	 <u>24,492,938</u>

See Accompanying Notes to the Financial Statements

Village of New Haven
Statement of Net Position
March 31, 2016

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Liabilities			
Accounts payable	\$ 45,576	\$ 178,043	\$ 223,619
Accrued and other liabilities	43,321	22,307	65,628
Checks written against future deposits	-	1,019,617	1,019,617
Noncurrent liabilities			
Due within one year	-	379,903	379,903
Due in more than one year	14,430	9,513,128	9,527,558
	<u>103,327</u>	<u>11,112,998</u>	<u>11,216,325</u>
Total liabilities			
	<u>103,327</u>	<u>11,112,998</u>	<u>11,216,325</u>
Net Position			
Net investment in capital assets	4,474,281	4,598,620	9,072,901
Restricted for:			
Highway	1,800,664	-	1,800,664
Major streets	881,490	-	881,490
Local streets	649,397	-	649,397
Fire protection	124,751	-	124,751
Drug law enforcement	14,295	-	14,295
Cemetery	115,260	-	115,260
Perpetual care			
Expendable	214	-	214
Nonspendable	61,109	-	61,109
Debt service	-	322,877	322,877
Unrestricted (deficit)	<u>1,172,986</u>	<u>(939,331)</u>	<u>233,655</u>
	<u>1,172,986</u>	<u>(939,331)</u>	<u>233,655</u>
Total net position	<u>\$ 9,294,447</u>	<u>\$ 3,982,166</u>	<u>\$ 13,276,613</u>

See Accompanying Notes to the Financial Statements

Village of New Haven
Statement of Activities
For the Year Ended March 31, 2016

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business-type Activities	Total
Functions/Programs						
Primary government						
Governmental activities						
General government	\$ 782,224	\$ 131,280	\$ 16,970	\$ (633,974)	\$ -	\$ (633,974)
Public safety	883,103	9,358	3,978	(869,767)	-	(869,767)
Public works	775,793	10,000	296,203	(469,590)	-	(469,590)
Recreation and culture	78,245	-	-	(78,245)	-	(78,245)
Total governmental activities	<u>2,519,365</u>	<u>150,638</u>	<u>317,151</u>	<u>(2,051,576)</u>	<u>-</u>	<u>(2,051,576)</u>
Business-type activities						
Garbage	176,866	186,902	-	-	10,036	10,036
Building	33,835	45,219	-	-	11,384	11,384
Sewer	1,459,576	1,244,537	-	-	(215,039)	(215,039)
Water	826,136	948,461	-	-	122,325	122,325
Total business-type activities	<u>2,496,413</u>	<u>2,425,119</u>	<u>-</u>	<u>-</u>	<u>(71,294)</u>	<u>(71,294)</u>
Total primary government	<u>\$ 5,015,778</u>	<u>\$ 2,575,757</u>	<u>\$ 317,151</u>	<u>(2,051,576)</u>	<u>(71,294)</u>	<u>(2,122,870)</u>
General revenues						
Property taxes				1,284,942	-	1,284,942
State shared revenue				434,984	-	434,984
Unrestricted investment earnings				9,470	313	9,783
Miscellaneous				67,566	67,738	135,304
Transfers				(12,962)	12,962	-
Total general revenues				<u>1,784,000</u>	<u>81,013</u>	<u>1,865,013</u>
Change in net position				(267,576)	9,719	(257,857)
Net position - beginning of year				<u>9,562,023</u>	<u>3,972,447</u>	<u>13,534,470</u>
Net position - end of year				<u>\$ 9,294,447</u>	<u>\$ 3,982,166</u>	<u>\$ 13,276,613</u>

See Accompanying Notes to the Financial Statements

**Village of New Haven
Governmental Funds
Balance Sheet
March 31, 2016**

	General	Special Revenue Funds			Nonmajor Governmental Funds	Total Governmental Funds
		Major Street	Highway	Fire		
Assets						
Cash and cash equivalents	\$ 1,034,905	\$ 850,051	\$ 750,870	\$ 140,278	\$ 832,977	\$ 3,609,081
Receivables						
Taxes	-	-	905	269	97	1,271
Customers	57,183	-	-	-	-	57,183
Due from other units of government	143,744	37,310	-	-	15,382	196,436
Due from other funds	1,456	-	1,055,697	-	-	1,057,153
Prepaid items	3,825	-	-	-	-	3,825
Total assets	\$ 1,241,113	\$ 887,361	\$ 1,807,472	\$ 140,547	\$ 848,456	\$ 4,924,949
Liabilities						
Accounts payable	\$ 26,062	\$ 5,712	\$ 6,808	\$ 811	\$ 6,183	\$ 45,576
Accrued and other liabilities	27,635	159	-	14,985	542	43,321
Due to other funds	-	-	-	-	1,456	1,456
Total liabilities	53,697	5,871	6,808	15,796	8,181	90,353
Deferred Inflows of Resources						
Unavailable state shared revenue	90,002	-	-	-	-	90,002
Unavailable property tax revenue	19,284	-	905	269	97	20,555
Total deferred inflows of resources	109,286	-	905	269	97	110,557

See Accompanying Notes to the Financial Statements

**Village of New Haven
Governmental Funds
Balance Sheet
March 31, 2016**

	Special Revenue Funds				Nonmajor Governmental Funds	Total Governmental Funds
	General	Major Street	Highway	Fire		
Fund Balances						
Non-spendable						
Prepaid items	\$ 3,825	\$ -	\$ -	\$ -	\$ -	\$ 3,825
Restricted for						
Major streets	-	881,490	-	-	-	881,490
Local streets	-	-	-	-	649,397	649,397
Highway	-	-	1,799,759	-	-	1,799,759
Fire protection	-	-	-	124,482	-	124,482
Drug law enforcement	-	-	-	-	14,295	14,295
Cemetery	-	-	-	-	115,163	115,163
Perpetual care						
Expendable	-	-	-	-	214	214
Nonspendable	-	-	-	-	61,109	61,109
Unassigned	<u>1,074,305</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,074,305</u>
 Total fund balances	 <u>1,078,130</u>	 <u>881,490</u>	 <u>1,799,759</u>	 <u>124,482</u>	 <u>840,178</u>	 <u>4,724,039</u>
 Total liabilities, deferred inflows of resources, and fund balances	 <u>\$ 1,241,113</u>	 <u>\$ 887,361</u>	 <u>\$ 1,807,472</u>	 <u>\$ 140,547</u>	 <u>\$ 848,456</u>	 <u>\$ 4,924,949</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, 2016

Total fund balances for governmental funds	\$ 4,724,039
Total net position for governmental activities in the statement of net position is different because:	
Capital assets net of accumulated depreciation used in governmental activities are not financial resources and therefore are not reported in the funds.	3,499,577
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.	110,557
Certain liabilities are not due and payable in the current period and are not reported in the funds. Compensated absences	<u>(14,430)</u>
Net position of governmental activities	<u>\$ 9,294,447</u>

Village of New Haven
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended March 31, 2016

	Special Revenue Funds				Nonmajor Governmental Funds	Total Governmental Funds
	General	Major Street	Highway	Fire		
Revenues						
Taxes	\$ 738,365	\$ -	\$ 214,349	\$ 282,699	\$ 31,017	\$ 1,266,430
Licenses and permits	57,224	-	-	-	-	57,224
Federal grants	6,372	-	-	3,978	-	10,350
State revenue sharing	370,696	-	-	-	-	370,696
Other state grants	-	200,846	-	-	82,797	283,643
Local contributions	13,010	-	-	-	-	13,010
Charges for services	10,598	-	-	-	21,532	32,130
Fines and forfeitures	9,058	-	-	-	-	9,058
Interest income	9,225	68	-	-	177	9,470
Rental income	64,574	-	-	-	-	64,574
Other revenue	40,967	4,222	16,318	300	3,559	65,366
Total revenues	1,320,089	205,136	230,667	286,977	139,082	2,181,951

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, 2016

	Special Revenue Funds				Nonmajor Governmental Funds	Total Governmental Funds
	General	Major Street	Highway	Fire		
Expenditures						
Current						
General government	\$ 729,307	\$ -	\$ -	\$ -	\$ 31,645	\$ 760,952
Public safety	618,589	-	-	223,413	-	842,002
Public works	-	71,747	49,401	-	41,111	162,259
Recreation and culture	71,228	-	-	-	-	71,228
Capital outlay	-	56,529	-	-	-	56,529
 Total expenditures	 <u>1,419,124</u>	 <u>128,276</u>	 <u>49,401</u>	 <u>223,413</u>	 <u>72,756</u>	 <u>1,892,970</u>
 Excess (deficiency) of revenues over expenditures	 (99,035)	 76,860	 181,266	 63,564	 66,326	 288,981
 Other financing uses						
Transfers out	(12,962)	-	-	-	-	(12,962)
 Net change in fund balance	 (111,997)	 76,860	 181,266	 63,564	 66,326	 276,019
 Fund balance - beginning of year (restated)	 <u>1,190,127</u>	 <u>804,630</u>	 <u>1,618,493</u>	 <u>60,918</u>	 <u>773,852</u>	 <u>4,448,020</u>
 Fund balance - end of year	 <u>\$ 1,078,130</u>	 <u>\$ 881,490</u>	 <u>\$ 1,799,759</u>	 <u>\$ 124,482</u>	 <u>\$ 840,178</u>	 <u>\$ 4,724,039</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, 2016

Net change in fund balances - Total governmental funds	\$ 276,019
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	(672,306)
Capital outlay	56,529
Sale of capital assets (net book value)	(9,598)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	
State shared revenue	64,288
Property taxes	18,512
Expenses are recorded when incurred in the statement of activities.	
Compensated absences	<u>(1,020)</u>
Change in net position of governmental activities	<u>\$ (267,576)</u>

Village of New Haven
Proprietary Funds
Statement of Net Position
March 31, 2016

	Enterprise Funds			
	Sewer	Water	Nonmajor	Total
Assets				
Current assets				
Cash and cash equivalents	\$ -	\$ 319,770	\$ 213,206	\$ 532,976
Receivables, net of allowance for doubtful accounts				
Customers	<u>166,199</u>	<u>611,276</u>	<u>25,882</u>	<u>803,357</u>
Total current assets	<u>166,199</u>	<u>931,046</u>	<u>239,088</u>	<u>1,336,333</u>
Noncurrent assets				
Restricted assets				
Cash and cash equivalents	-	228,118	-	228,118
Due from other governments	94,759	-	-	94,759
Capital assets, net of accumulated depreciation	<u>8,658,659</u>	<u>5,770,355</u>	<u>-</u>	<u>14,429,014</u>
Total noncurrent assets	<u>8,753,418</u>	<u>5,998,473</u>	<u>-</u>	<u>14,751,891</u>
Total assets	8,919,617	6,929,519	239,088	16,088,224
Deferred outflows of resources				
Deferred loss on refunding	<u>62,637</u>	<u>-</u>	<u>-</u>	<u>62,637</u>
Total assets and deferred outflows of resources	<u>\$ 8,982,254</u>	<u>\$ 6,929,519</u>	<u>\$ 239,088</u>	<u>\$ 16,150,861</u>

See Accompanying Notes to the Financial Statements

Village of New Haven
Proprietary Funds
Statement of Net Position
March 31, 2016

	Enterprise Funds			
	Sewer	Water	Nonmajor	Total
Liabilities				
Current liabilities				
Accounts payable	\$ 35,110	\$ 116,317	\$ 26,616	\$ 178,043
Accrued and other liabilities	-	438	21,869	22,307
Checks written against future deposits	1,019,617	-	-	1,019,617
Due to other funds	312,044	743,653	-	1,055,697
Current portion of noncurrent liabilities	<u>234,903</u>	<u>145,000</u>	<u>-</u>	<u>379,903</u>
Total current liabilities	1,601,674	1,005,408	48,485	2,655,567
Noncurrent liabilities				
Long-term debt net of current portion	<u>7,335,152</u>	<u>2,177,976</u>	<u>-</u>	<u>9,513,128</u>
Total liabilities	<u>8,936,826</u>	<u>3,183,384</u>	<u>48,485</u>	<u>12,168,695</u>
Net Position				
Net investment in capital assets	1,151,241	3,447,379	-	4,598,620
Restricted for:				
Debt service	94,759	228,118	-	322,877
Unrestricted (deficit)	<u>(1,200,572)</u>	<u>70,638</u>	<u>190,603</u>	<u>(939,331)</u>
Total net position	<u>\$ 45,428</u>	<u>\$ 3,746,135</u>	<u>\$ 190,603</u>	<u>\$ 3,982,166</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, 2016

	Enterprise Funds			Total
	Sewer	Water	Nonmajor	
Operating revenue				
Customer fees	\$ 1,244,537	\$ 948,455	\$ 299,009	\$ 2,492,001
Other revenue	25	825	-	850
Total operating revenue	<u>1,244,562</u>	<u>949,280</u>	<u>299,009</u>	<u>2,492,851</u>
Operating expenses				
Personnel services	24,964	100,505	25,630	151,099
Supplies	-	10,860	-	10,860
Contractual services	486,487	385,182	176,866	1,048,535
Utilities	8,906	12,578	-	21,484
Repairs and maintenance	5,707	12,359	-	18,066
Other expenses	456,638	91,285	8,205	556,128
Depreciation	<u>203,691</u>	<u>151,793</u>	<u>-</u>	<u>355,484</u>
Total operating expenses	<u>1,186,393</u>	<u>764,562</u>	<u>210,701</u>	<u>2,161,656</u>
Operating income	58,169	184,718	88,308	331,195
Nonoperating revenue (expenses)				
Interest income	319	-	-	319
Issuance costs	(15,707)	-	-	(15,707)
Interest expense	<u>(257,476)</u>	<u>(61,574)</u>	<u>-</u>	<u>(319,050)</u>
Total nonoperating revenues (expenses)	<u>(272,864)</u>	<u>(61,574)</u>	<u>-</u>	<u>(334,438)</u>
Income (loss) before transfers	(214,695)	123,144	88,308	(3,243)
Transfers in	<u>-</u>	<u>-</u>	<u>12,962</u>	<u>12,962</u>
Change in net position	(214,695)	123,144	101,270	9,719
Net position - beginning of year	<u>260,123</u>	<u>3,622,991</u>	<u>89,333</u>	<u>3,972,447</u>
Net position - end of year	<u>\$ 45,428</u>	<u>\$ 3,746,135</u>	<u>\$ 190,603</u>	<u>\$ 3,982,166</u>

See Accompanying Notes to the Financial Statements

Village of New Haven
Proprietary Funds
Statement of Cash Flows
For the Year Ended March 31, 2016

	Enterprise Funds			
	Sewer	Water	Nonmajor	Total
Cash flows from operating activities				
Receipts from customers	\$ 1,472,153	\$ 837,144	\$ 313,978	\$ 2,623,275
Receipts from other funds	65,547	-	-	65,547
Payments to suppliers	(1,026,461)	(472,191)	(234,082)	(1,732,734)
Payments to employees	(24,964)	(100,505)	(25,630)	(151,099)
Net cash provided by operating activities	<u>486,275</u>	<u>264,448</u>	<u>54,266</u>	<u>804,989</u>
Cash flows from noncapital financing activities				
Transfer from other funds	-	-	12,962	12,962
Cash flows from capital and related financing activities				
Proceeds from capital debt	1,697,661	-	-	1,697,661
Purchases/construction of capital assets	(142,158)	-	-	(142,158)
Principal and interest paid on long-term debt	(2,042,097)	(201,574)	-	(2,243,671)
Net cash used by capital and related financing activities	<u>(486,594)</u>	<u>(201,574)</u>	<u>-</u>	<u>(688,168)</u>
Cash flows from investing activities				
Interest received	319	-	-	319
Net change in cash and cash equivalents	-	62,874	67,228	130,102
Cash and cash equivalents - beginning of year	-	485,014	145,978	630,992
Cash and cash equivalents - end of year	<u>\$ -</u>	<u>\$ 547,888</u>	<u>\$ 213,206</u>	<u>\$ 761,094</u>

See Accompanying Notes to the Financial Statements

Village of New Haven
Proprietary Funds
Statement of Cash Flows
For the Year Ended March 31, 2016

	Enterprise Funds			
	Sewer	Water	Nonmajor	Total
Reconciliation of operating income to net cash provided by operating activities				
Operating income	\$ 58,169	\$ 184,718	\$ 88,308	\$ 331,195
Adjustments to reconcile operating income to net cash from operating activities				
Depreciation expense	203,691	151,793	-	355,484
Changes in assets and liabilities				
Receivables (net)	227,591	(112,136)	14,969	130,424
Deferred outflows	(62,637)	-	-	(62,637)
Accounts payable	(5,808)	41,081	13,240	48,513
Accrued and other liabilities	(278)	(1,008)	(62,251)	(63,537)
Checks written against future deposits	65,547	-	-	65,547
Net cash provided by operating activities	<u>\$ 486,275</u>	<u>\$ 264,448</u>	<u>\$ 54,266</u>	<u>\$ 804,989</u>
Reconciliation to the statement of net position				
Cash and cash equivalents	\$ -	\$ 319,770	\$ 213,206	\$ 532,976
Restricted cash and cash equivalents	<u>-</u>	<u>228,118</u>	<u>-</u>	<u>228,118</u>
Cash and cash equivalents	<u>\$ -</u>	<u>\$ 547,888</u>	<u>\$ 213,206</u>	<u>\$ 761,094</u>

See Accompanying Notes to the Financial Statements

Village of New Haven
Fiduciary Funds
Statement of Assets and Liabilities
March 31, 2016

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

Village of New Haven
Notes to the Financial Statements
March 31, 2016

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, 2016

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.

During fiscal year 2016, the Cemetery Fund was split out from the General Fund and is now reported as a nonmajor special revenue fund.

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

Village of New Haven
Notes to the Financial Statements
March 31, 2016

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 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 has recorded an allowance for doubtful accounts in the Sewer Fund of \$410,983. Property taxes are levied on each July 1st. Taxes are considered delinquent on October 1st, at which time penalties and interest are assessed.

The 2015 taxable valuation of the government totaled \$75,507,955, on which ad valorem taxes consisted of 9.4875 mills for operating purposes. This resulted in \$713,306 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 \$282,575, 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

\$228,118 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

Village of New Haven
Notes to the Financial Statements
March 31, 2016

Deferred outflows of resources – A deferred outflow of resources is a consumption of net position by the government that is applicable to a future reporting period. The Village reports deferred outflows for a deferred loss on bond refunding.

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

Long-term obligations – In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

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

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

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

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

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

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

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

Village of New Haven
Notes to the Financial Statements
March 31, 2016

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

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

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

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

Upcoming Accounting and Reporting Changes

The Governmental Accounting Standards Board has issued the following Statements:

Statement 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

Village of New Haven
Notes to the Financial Statements
March 31, 2016

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.

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.

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

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

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.

Village of New Haven
Notes to the Financial Statements
March 31, 2016

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

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

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

Excess of expenditures over appropriations

	<u>Appropriations</u>	<u>Actual</u>	<u>Budget Variance</u>
General Fund			
General government	\$ 645,941	\$ 729,307	\$ 83,366
Public safety	610,831	618,589	7,758

Deficit fund net position

The Village of New Haven had an unrestricted deficit in the Sewer Fund of \$1,200,572 as of March 31, 2016. The Village has filed a deficit elimination plan with the State of Michigan and has planned to eliminate the deficit by the end of fiscal year 2019.

Note 3 - Deposits and Investments

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

	<u>Cash and Cash Equivalents</u>	<u>Restricted Cash and Cash Equivalents</u>	<u>Total</u>
Governmental activities	\$ 3,609,081	\$ -	\$ 3,609,081
Business-type activities	<u>532,976</u>	<u>228,118</u>	<u>761,094</u>
Total primary government	4,142,057	228,118	4,370,175
Fiduciary funds	<u>1,992</u>	<u>-</u>	<u>1,992</u>
Total	<u>\$ 4,144,049</u>	<u>\$ 228,118</u>	<u>\$ 4,372,167</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)	\$ 4,369,875	\$ 1,992	\$ 4,371,867
Petty cash and cash on hand	<u>300</u>	<u>-</u>	<u>300</u>
Total	<u>\$ 4,370,175</u>	<u>\$ 1,992</u>	<u>\$ 4,372,167</u>

Village of New Haven
Notes to the Financial Statements
March 31, 2016

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, \$2,813,293 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	\$ 90,002
Property taxes	<u>20,555</u>
	<u>\$ 110,557</u>

Note 5 - Capital Assets

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
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	1,056,103	-	-	1,056,103
Vehicles	<u>430,290</u>	<u>56,529</u>	<u>24,778</u>	<u>462,041</u>
Total capital assets being depreciated	<u>14,107,621</u>	<u>56,529</u>	<u>24,778</u>	<u>14,139,372</u>
Less accumulated depreciation for				
Land improvements	176,056	14,521	-	190,577
Infrastructure	8,368,549	570,388	-	8,938,937
Buildings, additions and improvements	294,765	9,868	-	304,633
Machinery and equipment	866,802	47,584	-	914,386
Vehicles	<u>276,497</u>	<u>29,945</u>	<u>15,180</u>	<u>291,262</u>
Total accumulated depreciation	<u>9,982,669</u>	<u>672,306</u>	<u>15,180</u>	<u>10,639,795</u>
Net capital assets being depreciated	<u>4,124,952</u>	<u>(615,777)</u>	<u>9,598</u>	<u>3,499,577</u>
Governmental activities capital assets, net	<u>\$ 5,099,656</u>	<u>\$ (615,777)</u>	<u>\$ 9,598</u>	<u>\$ 4,474,281</u>

Village of New Haven
Notes to the Financial Statements
March 31, 2016

	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	9,549,263	142,158	-	9,691,421
	<u>18,082,453</u>	<u>142,158</u>	<u>-</u>	<u>18,224,611</u>
Total capital assets being depreciated				
	<u>18,082,453</u>	<u>142,158</u>	<u>-</u>	<u>18,224,611</u>
Less accumulated depreciation for				
Land improvements	25,791	1,931	-	27,722
Wells	86,911	-	-	86,911
Buildings, additions and improvements	716,453	13,777	-	730,230
Machinery and equipment	44,066	5,743	-	49,809
Meters	22,419	4,263	-	26,682
Water system	1,314,677	137,363	-	1,452,040
Sewer system	1,229,796	192,407	-	1,422,203
	<u>3,440,113</u>	<u>355,484</u>	<u>-</u>	<u>3,795,597</u>
Total accumulated depreciation				
	<u>3,440,113</u>	<u>355,484</u>	<u>-</u>	<u>3,795,597</u>
Net capital assets being depreciated	<u>14,642,340</u>	<u>(213,326)</u>	<u>-</u>	<u>14,429,014</u>
Business-type capital assets, net	<u>\$ 14,642,340</u>	<u>\$ (213,326)</u>	<u>\$ -</u>	<u>\$ 14,429,014</u>

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

Governmental activities	
General government	\$ 20,849
Public safety	31,036
Public works	613,444
Recreation and culture	<u>6,977</u>
Total governmental activities	<u>672,306</u>
Business-type activities	
Sewer	203,691
Water	<u>151,793</u>
Total business-type activities	<u>355,484</u>
Total primary government	<u>\$ 1,027,790</u>

Note 6 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Receivable Fund	Payable Fund	Amount
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.

Village of New Haven
Notes to the Financial Statements
March 31, 2016

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>\$ 197,999</u>
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Year ending March 31,

2017	\$ 198,000
2018	198,000
2019	198,000
2020	198,000
2021	198,000
2022 - 2026	990,000
2027 - 2031	990,000
2032	<u>198,000</u>
	<u>\$ 3,168,000</u>

Village of New Haven
Notes to the Financial Statements
March 31, 2016

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	\$ 13,410	\$ 1,020	\$ -	\$ 14,430

Village of New Haven
Notes to the Financial Statements
March 31, 2016

	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%	\$145,000 - \$195,000	\$ 2,462,976	\$ -	\$ 140,000	\$ 2,322,976	\$ 145,000
Limited Tax Obligation Bond issued by Macomb County Wastewater Disposal District	1,781,905	2033	3.25% - 4.75%	-	1,463,652	-	1,463,652	-	-
Less Unamortized Bond Discount					(7,910)	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	913,626	-	32,924	880,702	32,924
Limited Tax Obligation Bond issued by Macomb County Wastewater Disposal District	88,659	2033	2.00% - 4.25%	-	72,825	-	72,825	-	-
Limited Tax Obligation Bond issued by Macomb County Wastewater Disposal District	8,244	2035	2.00% - 4.25%	270 - 474	7,063	-	265	6,798	270
Limited Tax Obligation Bond issued by Macomb County Wastewater Disposal District	3,868,614	2035	1.00% - 6.35%	126,559 - 222,334	3,314,488	-	124,279	3,190,209	126,559
Limited Tax Obligation Bond issued by Oakland-Macomb Interceptor Drainage District	36,039	2030	2.00% - 4.25%	1,452 - 2,797	29,934	-	1,399	28,535	1,452
Limited Tax Obligation Bond issued by Macomb County Wastewater Disposal District	871,729	2035	2.00% - 4.25%	29,219 - 51,325	761,054	-	28,626	732,428	29,219
Limited Tax Obligation Bond issued by Oakland-Macomb Interceptor Drainage District	140,263	2031	2.00% - 4.25%	6,213 - 8,795	117,531	-	6,051	111,480	6,213
Limited Tax Obligation Bond issued by Macomb County Wastewater Disposal District	321,675	2031	5.00%	11,488 - 26,110	287,732	-	10,444	277,288	11,488
Limited Tax Obligation Bond issued by Oakland-Macomb Interceptor Drainage District	168,603	2034	2.50%	6,934 - 10,534	161,999	-	6,769	155,230	6,934
Oakland-Macomb Interceptor Drain Drainage District: Project 5368-03 (2013 - SRF Project)	367,911	2035	2.00%	15,447 - 22,052	367,911	-	15,137	352,774	15,447
Oakland-Macomb Interceptor Drain Drainage District Drain Bond: Project 2014A	53,794	2035	2.00% - 3.13%	2,119 - 3,532	53,794	-	2,082	51,712	2,119
Oakland-Macomb Interceptor Drain Drainage District Drain Bond: Project 5487	82,537	2036	2.30%	3,180 - 5,183	77,354	-	3,196	74,158	-
Oakland-Macomb Interceptor Drain Drainage District Drain Bond: Project 5540	21,682	2034	2.00%	915 - 1,253	20,255	-	2,178	18,077	915
SAW Project 2001-01 2015A	107,603	2037	2.50%	4,182 - 6,779	-	107,603	-	107,603	-
Macomb County Wastewater Drainage District SRF 5624	34,555	2036	2.50%	1,363 - 2,162	-	34,555	-	34,555	1,363
Drainage District Drain Refunding Bonds, Series 2015	1,422,562	2034	3.625% - 5%	58,611 - 96,707	-	1,422,562	-	1,422,562	-
Unamortized Bond Premium	132,941				-	132,941	6,997	125,944	-
Total business-type activities					<u>\$ 10,104,284</u>	<u>\$ 1,705,571</u>	<u>\$ 1,916,824</u>	<u>\$ 9,893,031</u>	<u>\$ 379,903</u>

Village of New Haven
Notes to the Financial Statements
March 31, 2016

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

Year Ending March 31,	Business-type Activities	
	Principal	Interest
2017	\$ 379,903	\$ 311,696
2018	464,967	300,265
2019	471,831	286,045
2020	504,481	270,921
2021	516,828	254,529
2022 - 2026	2,796,470	1,005,967
2027 - 2031	3,023,523	504,993
2032 - 2036	1,602,305	86,444
2037	6,779	-
	<u>\$ 9,767,087</u>	<u>\$ 3,020,860</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 Municipal Employees' Retirement System. The Village of New Haven is the plan administrator. The plan was developed under authority of Internal Revenue Code Section 401 and any amendments must comply with current laws and regulations as administered by the Internal Revenue Service.

Total compensation of covered employees and total compensation of all employees for the year ended March 31, 2016, amounted to \$275,797. 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, 2016, the Village contributed \$14,526 to the plan.

Village of New Haven
Notes to the Financial Statements
March 31, 2016

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 - Bond Refunding

During fiscal year 2016, Macomb County Wastewater Disposal District issued refunding bonds, of which the Village had a share in, and resulted in refunding bonds for the Village of \$1,422,562 to refund the Limited Tax Obligation Bonds issued by Macomb County Wastewater Disposal District. The refunding resulted in savings of \$142,959 and an economic gain of \$111,706.

Note 13 - Prior Period Adjustment

During the year, management determined a prior period adjustment was necessary to split out the Cemetery Fund from the General Fund. The Cemetery Fund is now reported as a nonmajor special revenue fund and the General Fund beginning fund balance has been restated to reflect this change.

Village of New Haven
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended March 31, 2016

	Budgeted Amounts		Actual	Actual
	Original	Final		Over (Under) Final Budget
Revenues				
Taxes				
Property taxes	\$ 762,322	\$ 776,572	\$ 738,365	\$ (38,207)
Licenses and permits	48,331	48,331	57,224	8,893
Federal grants	-	-	6,372	6,372
State revenue sharing	424,551	417,000	370,696	(46,304)
Local contributions	14,400	13,010	13,010	-
Charges for services	12,000	12,000	10,598	(1,402)
Fines and forfeitures	7,400	7,400	9,058	1,658
Interest income	2,500	2,500	9,225	6,725
Rental income	61,450	61,000	64,574	3,574
Other revenue	20,275	20,275	40,967	20,692
Total revenues	<u>1,353,229</u>	<u>1,358,088</u>	<u>1,320,089</u>	<u>(37,999)</u>
Expenditures				
General government				
Village board	14,900	14,900	13,035	(1,865)
President	14,400	14,400	13,200	(1,200)
General government	494,229	468,818	564,744	95,926
Clerk	7,500	7,500	6,875	(625)
Audit	72,000	72,000	49,915	(22,085)
Board of review	3,500	3,500	3,994	494
Treasurer	2,403	2,403	2,200	(203)
Planning	4,720	4,720	6,900	2,180
Buildings and grounds	77,300	57,700	68,444	10,744
Total general government	<u>690,952</u>	<u>645,941</u>	<u>729,307</u>	<u>83,366</u>

Village of New Haven
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended March 31, 2016

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
Public safety				
Police	\$ 600,931	\$ 610,831	\$ 618,589	\$ 7,758
Recreation and culture				
Parks and recreation	69,625	72,625	71,228	(1,397)
Transfers out	15,379	12,962	12,962	-
Total expenditures	1,376,887	1,342,359	1,432,086	89,727
Excess (deficiency) of revenues over expenditures	(23,658)	15,729	(111,997)	(127,726)
Fund balance - beginning of year (restated)	1,190,127	1,190,127	1,190,127	-
Fund balance - end of year	\$ 1,166,469	\$ 1,205,856	\$ 1,078,130	\$ (127,726)

Village of New Haven
Required Supplementary Information
Budgetary Comparison Schedule
Major Street Fund
For the Year Ended March 31, 2016

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
Revenues				
Other state grants	\$ 192,074	\$ 191,625	\$ 200,846	\$ 9,221
Interest income	2,500	2,500	68	(2,432)
Other revenue	-	-	4,222	4,222
	<u>194,574</u>	<u>194,125</u>	<u>205,136</u>	<u>11,011</u>
Total revenues				
Expenditures				
Current				
Public works	202,369	250,798	71,747	(179,051)
Capital outlay	-	-	56,529	56,529
Transfers out	93,000	-	-	-
	<u>295,369</u>	<u>250,798</u>	<u>128,276</u>	<u>(122,522)</u>
Total expenditures				
Excess (deficiency) of revenues over expenditures	(100,795)	(56,673)	76,860	133,533
Fund balance - beginning of year	<u>804,630</u>	<u>804,630</u>	<u>804,630</u>	<u>-</u>
Fund balance - end of year	<u>\$ 703,835</u>	<u>\$ 747,957</u>	<u>\$ 881,490</u>	<u>\$ 133,533</u>

Village of New Haven
Required Supplementary Information
Budgetary Comparison Schedule
Highway Fund
For the Year Ended March 31, 2016

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
Revenues				
Taxes	\$ 210,306	\$ 214,000	\$ 214,349	\$ 349
Interest income	1,000	1,000	-	(1,000)
Other revenue	-	-	16,318	16,318
	<u>211,306</u>	<u>215,000</u>	<u>230,667</u>	<u>15,667</u>
Expenditures				
Current				
Public works	<u>62,415</u>	<u>55,915</u>	<u>49,401</u>	<u>(6,514)</u>
Excess of revenues over expenditures	148,891	159,085	181,266	22,181
Fund balance - beginning of year	<u>1,618,493</u>	<u>1,618,493</u>	<u>1,618,493</u>	<u>-</u>
Fund balance - end of year	<u>\$ 1,767,384</u>	<u>\$ 1,777,578</u>	<u>\$ 1,799,759</u>	<u>\$ 22,181</u>

Village of New Haven
Required Supplementary Information
Budgetary Comparison Schedule
Fire Fund
For the Year Ended March 31, 2016

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
Revenues				
Taxes	\$ 277,306	\$ 282,000	\$ 282,699	\$ 699
Federal grants	-	-	3,978	3,978
Interest income	500	500	-	(500)
Other revenue	5,600	5,600	300	(5,300)
Transfers in	8,344	-	-	-
	<u>291,750</u>	<u>288,100</u>	<u>286,977</u>	<u>(1,123)</u>
Expenditures				
Current				
Public safety	<u>277,259</u>	<u>274,759</u>	<u>223,413</u>	<u>(51,346)</u>
Excess of revenues over expenditures	14,491	13,341	63,564	50,223
Fund balance - beginning of year	<u>60,918</u>	<u>60,918</u>	<u>60,918</u>	<u>-</u>
Fund balance - end of year	<u>\$ 75,409</u>	<u>\$ 74,259</u>	<u>\$ 124,482</u>	<u>\$ 50,223</u>

Village of New Haven
Other Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds
March 31, 2016

	Special Revenue Funds			Permanent Fund	Total Nonmajor Governmental Funds
	Local Street	Drug Law Enforcement	Cemetery	Perpetual Care	
Assets					
Cash and cash equivalents	\$ 638,680	\$ 15,751	\$ 117,223	\$ 61,323	\$ 832,977
Receivables					
Taxes	-	-	97	-	97
Due from other units of government	15,382	-	-	-	15,382
Total assets	<u>\$ 654,062</u>	<u>\$ 15,751</u>	<u>\$ 117,320</u>	<u>\$ 61,323</u>	<u>\$ 848,456</u>
Liabilities					
Accounts payable	\$ 4,383	\$ -	\$ 1,800	\$ -	\$ 6,183
Accrued and other liabilities	282	-	260	-	542
Due to other funds	-	1,456	-	-	1,456
Total liabilities	<u>4,665</u>	<u>1,456</u>	<u>2,060</u>	<u>-</u>	<u>8,181</u>
Deferred inflows of resources					
Unavailable revenue	-	-	97	-	97
Fund Balances					
Non-spendable					
Cash and cash equivalents	-	-	-	61,109	61,109
Restricted for					
Local streets	649,397	-	-	-	649,397
Drug law enforcement	-	14,295	-	-	14,295
Cemetery	-	-	115,163	-	115,163
Perpetual care	-	-	-	214	214
Total fund balances	<u>649,397</u>	<u>14,295</u>	<u>115,163</u>	<u>61,323</u>	<u>840,178</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 654,062</u>	<u>\$ 15,751</u>	<u>\$ 117,320</u>	<u>\$ 61,323</u>	<u>\$ 848,456</u>

Village of New Haven
Other Supplementary Information
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended March 31, 2016

	Special Revenue Funds			Permanent Fund	Total Nonmajor Governmental Funds
	Local Street	Drug Law Enforcement	Cemetery	Perpetual Care	
Revenues					
Taxes	\$ -	\$ -	\$ 31,017	\$ -	\$ 31,017
Other state grants	82,797	-	-	-	82,797
Charges for services	-	-	21,532	-	21,532
Interest income	30	-	-	147	177
Other revenue	1,746	-	1,813	-	3,559
Total revenues	<u>84,573</u>	<u>-</u>	<u>54,362</u>	<u>147</u>	<u>139,082</u>
Expenditures					
Current					
General government	-	-	31,645	-	31,645
Public works	41,111	-	-	-	41,111
Total expenditures	<u>41,111</u>	<u>-</u>	<u>31,645</u>	<u>-</u>	<u>72,756</u>
Excess of revenues over expenditures	43,462	-	22,717	147	66,326
Fund balance - beginning of year (restated)	<u>605,935</u>	<u>14,295</u>	<u>92,446</u>	<u>61,176</u>	<u>773,852</u>
Fund balance - end of year	<u>\$ 649,397</u>	<u>\$ 14,295</u>	<u>\$ 115,163</u>	<u>\$ 61,323</u>	<u>\$ 840,178</u>

Village of New Haven
Other Supplementary Information
Nonmajor Proprietary Funds
Combining Statement of Net Position
March 31, 2016

	Enterprise Funds		
	Building	Garbage	Total
Assets			
Current assets			
Cash and cash equivalents	\$ 124,286	\$ 88,920	\$ 213,206
Receivables			
Customers	-	25,882	25,882
Total assets	<u>124,286</u>	<u>114,802</u>	<u>239,088</u>
Liabilities			
Current liabilities			
Accounts payable	-	26,616	26,616
Accrued and other liabilities	<u>21,869</u>	<u>-</u>	<u>21,869</u>
Total liabilities	<u>21,869</u>	<u>26,616</u>	<u>48,485</u>
Net Position			
Unrestricted	<u>\$ 102,417</u>	<u>\$ 88,186</u>	<u>\$ 190,603</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, 2016

	Enterprise Funds		
	Building	Garbage	Total
Operating revenue			
Customer fees	\$ 112,107	\$ 186,902	\$ 299,009
Operating expenses			
Personnel services	25,630	-	25,630
Contractual services	-	176,866	176,866
Other expenses	8,205	-	8,205
Total operating expenses	<u>33,835</u>	<u>176,866</u>	<u>210,701</u>
Operating income	78,272	10,036	88,308
Transfers in	<u>12,962</u>	<u>-</u>	<u>12,962</u>
Change in net position	91,234	10,036	101,270
Net position - beginning of year	<u>11,183</u>	<u>78,150</u>	<u>89,333</u>
Net position - end of year	<u>\$ 102,417</u>	<u>\$ 88,186</u>	<u>\$ 190,603</u>

Village of New Haven
Other Supplementary Information
Nonmajor Proprietary Funds
Combining Statement of Cash Flows
For the Year Ended March 31, 2016

	Enterprise Funds		
	Building	Garbage	Total
Cash flows from operating activities			
Receipts from customers	\$ 112,107	\$ 201,871	\$ 313,978
Payments to suppliers	(70,719)	(163,363)	(234,082)
Payments to employees	(25,630)	-	(25,630)
Net cash provided by operating activities	15,758	38,508	54,266
Cash flows from noncapital financing activities			
Transfer from other funds	12,962	-	12,962
Net change in cash and cash equivalents	28,720	38,508	67,228
Cash and cash equivalents - beginning of year	95,566	50,412	145,978
Cash and cash equivalents - end of year	<u>\$ 124,286</u>	<u>\$ 88,920</u>	<u>\$ 213,206</u>
Reconciliation of operating income to net cash provided by operating activities			
Operating income	\$ 78,272	\$ 10,036	\$ 88,308
Adjustments to reconcile operating income to net cash from operating activities			
Changes in assets and liabilities			
Receivables (net)	-	14,969	14,969
Accounts payable	(263)	13,503	13,240
Accrued and other liabilities	(62,251)	-	(62,251)
Net cash provided by operating activities	<u>\$ 15,758</u>	<u>\$ 38,508</u>	<u>\$ 54,266</u>



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

Independent Auditors' Report

Management and the Village Council
Village of New Haven

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, 2016, and the related notes to the financial statements, which collectively comprise the Village of New Haven's basic financial statements, and have issued our report thereon dated July 20, 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 2016-001, 2016-002, and 2016-003.

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 2016-002 and 2016-003.

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

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

Purpose of this Report

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

Yeo & Yeo, P.C.

Auburn Hills, MI
July 20, 2018

Village of New Haven
Schedule of Findings and Responses
March 31, 2016

2016-001, 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 in a timely manner. These entries proposed by the auditors were considered qualitatively or quantitatively material to nearly all funds. The entries were necessary to adjust accounts receivable, accounts payable, accrued expenditures, long term debt, capital assets, deferred inflows of resources and deferred outflows of resources.

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.

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 this is not an issue in the current year, however, problems existed as of the financial statement date.

Corrective action plan: See attached.

Village of New Haven
Schedule of Findings and Responses
March 31, 2016

2016-002, 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, 2016, expenditures were incurred in excess of amounts appropriated in the amended budget for the General Fund as follows:

	Appropriations	Actual	Budget Variance
General Fund			
General government	\$ 645,941	\$ 729,307	\$ 83,366
Public safety	610,831	618,589	7,758

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

Effect: The Village of New Haven was not in compliance with State statute as of March 31, 2016. Expenditures were made despite the lack of appropriations for 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, 2016

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

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

Condition: As of March 31, 2016, the Village has an unrestricted deficit net position in the Sewer Fund of \$1,200,572.

Cause: The deficit is a result of operating losses.

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

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

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

Corrective action plan: See attached.



Village Of New Haven

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July 12, 2018

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

RE: Audit 3/31/16

Dear Michael,

Please note the following corrective action plans relating to material weaknesses reported in the Village's Audit as of March 31, 2016:

2016-001 – 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. The need for audit adjustments has steadily declined since implementing this plan.

2016-002 – 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. Budget compliance has steadily improved since implementing this plan.

2016-003 – 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, flowing style.

Chris Dilbert
President