

Village of New Haven

Financial Statements

March 31, 2018



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Village of New Haven
List of Elected and Appointed Officials
March 31, 2018

Village Council

Chris Dilbert – President

Rachel Whitsett – Treasurer

Corinna Guerrero – Clerk

Kevin Chandler – Trustee

Mario Pruccoli – Trustee

Daniel VanDeKerkhove – Trustee

Ann Pridemore – Trustee

Mark Hasiak – Trustee

Brian Meissen – 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, 2018, 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, 2018, 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 \$1,234,687 as of March 31, 2018, 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.

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 September 27, 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.

Yeo & Yeo, P.C.

Auburn Hills, MI
September 27, 2018

**Village of New Haven
Management's Discussion and Analysis
Year Ended March 31, 2018**

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, 2018. 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, 2018.

Total net position related to the Village's governmental activities is \$8,553,082. The unrestricted portions of net position are \$870,180.

Tax revenues, the Village's largest revenue source, increased by approximately \$32,000 from 2017.

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, 2018**

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, 2018 and 2017.

	Governmental Activities 2018	Governmental Activities 2017	Business-type Activities 2017	Business-type Activities 2018	Total 2018	Total 2017
Current assets	\$ 3,313,228	\$ 3,456,757	\$ 1,574,265	\$ 1,424,647	\$ 4,887,493	\$ 4,881,404
Internal balances	743,697	1,055,697	(743,697)	(1,055,697)	-	-
Restricted assets	-	-	323,460	323,069	323,460	323,069
Capital assets	4,905,907	4,994,250	14,198,652	14,072,546	19,104,559	19,066,796
Deferred outflows	-	-	55,677	59,157	55,677	59,157
Total assets	<u>8,962,832</u>	<u>9,506,704</u>	<u>15,408,357</u>	<u>14,823,722</u>	<u>24,371,189</u>	<u>24,330,426</u>
Current liabilities	93,111	125,515	1,657,630	1,410,471	1,750,741	1,535,986
Noncurrent liabilities	316,639	341,998	9,449,852	9,435,805	9,766,491	9,777,803
Total liabilities	<u>409,750</u>	<u>467,513</u>	<u>11,107,482</u>	<u>10,846,276</u>	<u>11,517,232</u>	<u>11,313,789</u>
Total net position	<u>\$ 8,553,082</u>	<u>\$ 9,039,191</u>	<u>\$ 4,300,875</u>	<u>\$ 3,977,446</u>	<u>\$ 12,853,957</u>	<u>\$ 13,016,637</u>

The Village's net position for governmental activities is \$8,553,082 and \$4,300,875 for business type activities; of these amounts \$870,180 (governmental) and (\$827,062) (business-type) are unrestricted assets.

**Village of New Haven
Management's Discussion and Analysis
Year Ended March 31, 2018**

	Governmental Activities <u>2018</u>	Business-type Activities <u>2018</u>	Governmental Activities <u>2017</u>	Business-type Activities <u>2017</u>	Total <u>2018</u>	Total <u>2017</u>
Revenue						
Program revenue						
Charges for services	\$ 295,665	\$ 2,629,854	\$ 186,512	\$ 2,426,596	\$ 2,925,519	\$ 2,613,108
Operating grants and contributions	444,409	218,895	368,708	80,801	663,304	449,509
General revenue:						-
Property taxes	1,375,974	-	1,344,212	-	1,375,974	1,344,212
State-shared revenue	459,095	-	445,761	-	459,095	445,761
Unrestricted investment earnings	10,179	1,970	11,513	751	12,149	12,264
Miscellaneous revenue & transfers	<u>(313,496)</u>	<u>331,604</u>	<u>46,508</u>	<u>1,395</u>	<u>18,108</u>	<u>47,903</u>
Total revenue	<u>2,271,826</u>	<u>3,182,323</u>	<u>2,403,214</u>	<u>2,509,543</u>	<u>5,454,149</u>	<u>4,912,757</u>
Program expenses						
General government	757,771	-	922,584	-	757,771	922,584
Public safety	859,691	-	806,089	-	859,691	806,089
Public works	1,025,387	-	837,785	-	1,025,387	837,785
Community and economic development	6,358	-	6,063	-	6,358	6,063
Recreation and culture	99,256	-	81,549	-	99,256	81,549
Interest on long-term debt	9,472	-	4,400	-	9,472	4,400
Water, Sewer, Building & Trash	<u>-</u>	<u>2,858,894</u>	<u>-</u>	<u>2,514,263</u>	<u>2,858,894</u>	<u>2,514,263</u>
Total program expenses	<u>2,757,935</u>	<u>2,858,894</u>	<u>2,658,470</u>	<u>2,514,263</u>	<u>5,616,829</u>	<u>5,172,733</u>
Change in net position	<u>\$ (486,109)</u>	<u>\$ 323,429</u>	<u>\$ (255,256)</u>	<u>\$ (4,720)</u>	<u>\$ (162,680)</u>	<u>\$ (259,976)</u>

**Village of New Haven
Management's Discussion and Analysis
Year Ended March 31, 2018**

Governmental Activities

The Village's total governmental activity revenues were lower when compared to the prior year, which is attributed primarily to an increase in rental fees from other funds offset by a transfer to the Sewer Fund.

Business-Type Activities

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

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

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

Village of New Haven Funds

The fund financial statements provide detailed information about the most significant funds, not the Village of New Haven as a whole. The Village Council creates funds to help manage money for specific purposes as well as show accountability for certain activities, such as State of Michigan Act 51, and Major and Local Street funds for 2018. 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 \$895,846 to \$631,321 at year end primarily as the result of transfers to other funds of \$322,562 offset by rental income increases from other funds.

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 decreased the fund balance from \$114,026 to \$105,168 at year end.

**Village of New Haven
Management's Discussion and Analysis
Year Ended March 31, 2018**

c) Major and Local Street Funds

The State of Michigan provides municipalities revenues from gas and weight taxes to reimburse expenditures for the maintenance and construction of the Village's street system. The State requires that these expenditures be segregated into a Major Street component and a Local Street component. The Village uses these funds for maintenance of and improvements to the Village street system, along with contributions from the General Fund. The Village actually increased the fund balance of the Major Streets Fund from \$997,234 to \$1,020,033.

d) Highway Fund

This fund is used to account for property tax revenue collected to maintain roads and highways. The Village decreased the fund balance from \$1,312,132 to \$1,004,040 due to street projects during fiscal year 2018.

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 2018 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 \$35,641,391. The book value of the infrastructure assets, net of accumulated depreciation contained in this report, is \$19,104,559 at the end of 2018.

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, 2018**

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, 2018

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 2,872,116	\$ 698,703	\$ 3,570,819
Receivables			
Taxes	1,845	-	1,845
Customers	22,953	756,705	779,658
Due from other units of government	412,489	118,857	531,346
Internal balances	743,697	(743,697)	-
Prepaid items	3,825	-	3,825
Restricted assets			
Cash and cash equivalents	-	228,701	228,701
Due from other governments	-	94,759	94,759
Capital assets not being depreciated	2,289,941	-	2,289,941
Capital assets, net of accumulated depreciation	2,615,966	14,198,652	16,814,618
Total assets	8,962,832	15,352,680	24,315,512
Deferred outflows of resources			
Deferred loss on refunding	-	55,677	55,677
Total assets and deferred outflows of resources	8,962,832	15,408,357	24,371,189

See Accompanying Notes to the Financial Statements

Village of New Haven
Statement of Net Position
March 31, 2018

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Liabilities			
Accounts payable	\$ 53,752	\$ 226,216	\$ 279,968
Accrued and other liabilities	39,359	48,679	88,038
Checks written against future deposits	-	1,382,735	1,382,735
Noncurrent liabilities			
Due within one year	43,918	436,981	480,899
Due in more than one year	272,721	9,012,871	9,285,592
Total liabilities	<u>409,750</u>	<u>11,107,482</u>	<u>11,517,232</u>
Net Position			
Net investment in capital assets	4,617,035	4,804,477	9,421,512
Restricted for:			
Highway	1,004,945	-	1,004,945
Major streets	1,020,033	-	1,020,033
Local streets	716,350	-	716,350
Fire protection	105,437	-	105,437
Drug law enforcement	14,295	-	14,295
Cemetery	143,013	-	143,013
Perpetual care			
Expendable	685	-	685
Nonspendable	61,109	-	61,109
Debt service	-	323,460	323,460
Unrestricted (deficit)	<u>870,180</u>	<u>(827,062)</u>	<u>43,118</u>
Total net position	<u>\$ 8,553,082</u>	<u>\$ 4,300,875</u>	<u>\$ 12,853,957</u>

Village of New Haven
Statement of Activities
For the Year Ended March 31, 2018

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business-type Activities	Total
Primary government						
Governmental activities						
General government	\$ 757,771	\$ 250,499	\$ 13,962	\$ (493,310)	\$ -	\$ (493,310)
Public safety	859,691	32,496	-	(827,195)	-	(827,195)
Public works	1,025,387	12,670	430,447	(582,270)	-	(582,270)
Community and economic development	6,358	-	-	(6,358)	-	(6,358)
Recreation and culture	99,256	-	-	(99,256)	-	(99,256)
Interest on long-term debt	9,472	-	-	(9,472)	-	(9,472)
Total governmental activities	<u>2,757,935</u>	<u>295,665</u>	<u>444,409</u>	<u>(2,017,861)</u>	<u>-</u>	<u>(2,017,861)</u>
Business-type activities						
Garbage	192,310	193,991	-	-	1,681	1,681
Building	156,564	179,064	-	-	22,500	22,500
Sewer	1,553,005	1,302,266	218,895	-	(31,844)	(31,844)
Water	957,015	954,533	-	-	(2,482)	(2,482)
Total business-type activities	<u>2,858,894</u>	<u>2,629,854</u>	<u>218,895</u>	<u>-</u>	<u>(10,145)</u>	<u>(10,145)</u>
Total primary government	<u>\$ 5,616,829</u>	<u>\$ 2,925,519</u>	<u>\$ 663,304</u>	<u>(2,017,861)</u>	<u>(10,145)</u>	<u>(2,028,006)</u>
General revenues						
Property taxes				1,375,974	-	1,375,974
State shared revenue				459,095	-	459,095
Unrestricted investment earnings				10,179	1,970	12,149
Miscellaneous				9,066	9,042	18,108
Transfers				(322,562)	322,562	-
Total general revenues				<u>1,531,752</u>	<u>333,574</u>	<u>1,865,326</u>
Change in net position				(486,109)	323,429	(162,680)
Net position - beginning of year				9,039,191	3,977,446	13,016,637
Net position - end of year				<u>\$ 8,553,082</u>	<u>\$ 4,300,875</u>	<u>\$ 12,853,957</u>

See Accompanying Notes to the Financial Statements

Village of New Haven
Governmental Funds
Balance Sheet
March 31, 2018

	Special Revenue Funds				Nonmajor Governmental Funds	Total Governmental Funds
	General	Major Street	Highway	Fire		
Assets						
Cash and cash equivalents	\$ 618,601	\$ 972,354	\$ 264,331	\$ 128,100	\$ 888,730	\$ 2,872,116
Receivables						
Taxes	574	-	905	269	97	1,845
Customers	22,953	-	-	-	-	22,953
Due from other units of government	312,243	50,521	-	-	49,725	412,489
Due from other funds	-	2,746	743,697	-	-	746,443
Prepaid items	3,825	-	-	-	-	3,825
Total assets	\$ 958,196	\$ 1,025,621	\$ 1,008,933	\$ 128,369	\$ 938,552	\$ 4,059,671
Liabilities						
Accounts payable	\$ 37,552	\$ 3,894	\$ 3,988	\$ 6,391	\$ 1,927	\$ 53,752
Accrued and other liabilities	14,951	1,694	-	16,541	1,173	34,359
Due to other funds	2,746	-	-	-	-	2,746
Total liabilities	55,249	5,588	3,988	22,932	3,100	90,857
Deferred Inflows of Resources						
Unavailable state shared revenue	262,117	-	-	-	-	262,117
Unavailable property tax revenue	9,509	-	905	269	97	10,780
Total deferred inflows of resources	271,626	-	905	269	97	272,897

Village of New Haven
Governmental Funds
Balance Sheet
March 31, 2018

	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	-	1,020,033	-	-	-	1,020,033
Local streets	-	-	-	-	716,350	716,350
Highway	-	-	1,004,040	-	-	1,004,040
Fire protection	-	-	-	105,168	-	105,168
Drug law enforcement	-	-	-	-	14,295	14,295
Cemetery	-	-	-	-	142,916	142,916
Perpetual care						
Expendable	-	-	-	-	685	685
Nonspendable	-	-	-	-	61,109	61,109
Unassigned	627,496	-	-	-	-	627,496
 Total fund balances	631,321	1,020,033	1,004,040	105,168	935,355	3,695,917
 Total liabilities, deferred inflows of resources, and fund balances	\$ 958,196	\$ 1,025,621	\$ 1,008,933	\$ 128,369	\$ 938,552	\$ 4,059,671

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, 2018

Total fund balances for governmental funds	\$ 3,695,917
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.	2,615,966
Capital assets not being depreciated used in governmental activities are not financial resources and therefore are not reported in the funds.	2,289,941
Certain receivables are not available to pay for current period expenditures and, therefore are deferred in the funds.	272,897
Certain liabilities are not due and payable in the current period and are not reported in the funds.	
Accrued interest	(5,000)
Compensated absences	(27,767)
Long-term liabilities applicable to governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities.	<u>(288,872)</u>
Net position of governmental activities	<u>\$ 8,553,082</u>

Village of New Haven
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended March 31, 2018

	Special Revenue Funds				Nonmajor Governmental Funds	Total Governmental Funds
	General	Major Street	Highway	Fire		
Revenues						
Taxes	\$ 819,546	\$ -	\$ 305,562	\$ 218,134	\$ 32,732	\$ 1,375,974
Licenses and permits	51,338	-	-	-	-	51,338
State revenue sharing	364,126	-	-	-	-	364,126
Other state grants	-	276,074	-	-	142,738	418,812
Local contributions	15,195	-	-	-	-	15,195
Charges for services	13,962	-	-	-	29,575	43,537
Fines and forfeitures	23,672	-	-	-	-	23,672
Interest income	1,561	3,715	2,728	-	2,175	10,179
Rental income	185,160	-	-	-	-	185,160
Other revenue	2,316	-	-	9,110	-	11,426
Total revenues	1,476,876	279,789	308,290	227,244	207,220	2,499,419

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, 2018

	Special Revenue Funds				Nonmajor Governmental Funds	Total Governmental Funds
	General	Major Street	Highway	Fire		
Expenditures						
Current						
General government	\$ 678,847	\$ -	\$ -	\$ -	\$ 44,205	\$ 723,052
Public safety	636,096	-	-	145,132	-	781,228
Public works	-	239,380	52,079	-	121,345	412,804
Community and economic development	6,340	-	-	-	-	6,340
Recreation and culture	90,622	-	-	-	-	90,622
Capital outlay	6,934	17,610	564,303	50,970	488	640,305
Debt service						
Principal retirement	-	-	-	31,128	-	31,128
Interest and fiscal charges	-	-	-	8,872	-	8,872
 Total expenditures	 <u>1,418,839</u>	 <u>256,990</u>	 <u>616,382</u>	 <u>236,102</u>	 <u>166,038</u>	 <u>2,694,351</u>
 Excess (deficiency) of revenues over expenditures	 58,037	 22,799	 (308,092)	 (8,858)	 41,182	 (194,932)
 Other financing sources (uses)						
Transfers out	<u>(322,562)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(322,562)</u>
 Net change in fund balance	 (264,525)	 22,799	 (308,092)	 (8,858)	 41,182	 (517,494)
 Fund balance - beginning of year	 <u>895,846</u>	 <u>997,234</u>	 <u>1,312,132</u>	 <u>114,026</u>	 <u>894,173</u>	 <u>4,213,411</u>
 Fund balance - end of year	 <u>\$ 631,321</u>	 <u>\$ 1,020,033</u>	 <u>\$ 1,004,040</u>	 <u>\$ 105,168</u>	 <u>\$ 935,355</u>	 <u>\$ 3,695,917</u>

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, 2018

Net change in fund balances - Total governmental funds	\$ (517,494)
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	(716,075)
Capital outlay	627,732
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	
State shared revenue	94,969
Expenses are recorded when incurred in the statement of activities.	
Accrued interest	(600)
Compensated absences	(5,769)
Bond proceeds are reported as financing sources in the governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position.	
Repayments of long-term debt	31,128
Change in net position of governmental activities	\$ (486,109)

Village of New Haven
Proprietary Funds
Statement of Net Position
March 31, 2018

	Enterprise Funds			
	Sewer	Water	Nonmajor	Total
Assets				
Current assets				
Cash and cash equivalents	\$ -	\$ 356,788	\$ 341,915	\$ 698,703
Receivables				
Customers	94,589	639,601	22,515	756,705
Due from other units of government	118,857	-	-	118,857
Due from other funds	31,615	-	-	31,615
Total current assets	<u>245,061</u>	<u>996,389</u>	<u>364,430</u>	<u>1,605,880</u>
Noncurrent assets				
Restricted assets				
Cash and cash equivalents	-	228,701	-	228,701
Due from other governments	94,759	-	-	94,759
Capital assets, net of accumulated depreciation	8,730,573	5,468,079	-	14,198,652
Total noncurrent assets	<u>8,825,332</u>	<u>5,696,780</u>	<u>-</u>	<u>14,522,112</u>
Total assets	9,070,393	6,693,169	364,430	16,127,992
Deferred outflows of resources				
Deferred loss on refunding	55,677	-	-	55,677
Total assets and deferred outflows of resources	<u>\$ 9,126,070</u>	<u>\$ 6,693,169</u>	<u>\$ 364,430</u>	<u>\$ 16,183,669</u>

See Accompanying Notes to the Financial Statements

Village of New Haven
Proprietary Funds
Statement of Net Position
March 31, 2018

	Enterprise Funds			
	Sewer	Water	Nonmajor	Total
Liabilities				
Current liabilities				
Accounts payable	\$ 96,560	\$ 111,011	\$ 18,645	\$ 226,216
Accrued and other liabilities	409	1,313	46,957	48,679
Checks written against future deposits	1,382,735	-	-	1,382,735
Due to other funds	44	743,653	31,615	775,312
Current portion of noncurrent liabilities	<u>286,981</u>	<u>150,000</u>	<u>-</u>	<u>436,981</u>
Total current liabilities	1,766,729	1,005,977	97,217	2,869,923
Noncurrent liabilities				
Long-term debt net of current portion	<u>7,134,895</u>	<u>1,877,976</u>	<u>-</u>	<u>9,012,871</u>
Total liabilities	<u>8,901,624</u>	<u>2,883,953</u>	<u>97,217</u>	<u>11,882,794</u>
Net Position				
Net investment in capital assets	1,364,374	3,440,103	-	4,804,477
Restricted for:				
Debt service	94,759	228,701	-	323,460
Unrestricted (deficit)	<u>(1,234,687)</u>	<u>140,412</u>	<u>267,213</u>	<u>(827,062)</u>
Total net position	<u>\$ 224,446</u>	<u>\$ 3,809,216</u>	<u>\$ 267,213</u>	<u>\$ 4,300,875</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, 2018

	Enterprise Funds			
	Sewer	Water	Nonmajor	Total
Operating revenue				
Customer fees	\$ 1,302,266	\$ 954,926	\$ 379,323	\$ 2,636,515
Other revenue	950	1,824	-	2,774
Total operating revenue	<u>1,303,216</u>	<u>956,750</u>	<u>379,323</u>	<u>2,639,289</u>
Operating expenses				
Personnel services	24,446	84,513	123,830	232,789
Supplies	9,947	11,490	-	21,437
Contractual services	747,284	547,480	216,205	1,510,969
Utilities	7,889	15,196	-	23,085
Repairs and maintenance	2,348	8,470	-	10,818
Other expenses	283,127	84,497	8,839	376,463
Depreciation	209,164	150,920	-	360,084
Total operating expenses	<u>1,284,205</u>	<u>902,566</u>	<u>348,874</u>	<u>2,535,645</u>
Operating income	<u>19,011</u>	<u>54,184</u>	<u>30,449</u>	<u>103,644</u>
Nonoperating revenue (expenses)				
Interest income	523	-	1,054	1,577
Issuance costs	(11,736)	-	-	(11,736)
Interest expense	<u>(257,064)</u>	<u>(54,449)</u>	<u>-</u>	<u>(311,513)</u>
Total nonoperating revenues (expenses)	<u>(268,277)</u>	<u>(54,449)</u>	<u>1,054</u>	<u>(321,672)</u>
Income before capital contributions and transfers	(249,266)	(265)	31,503	(218,028)
Capital contributions - SAW Grant	218,895	-	-	218,895
Transfers in	<u>312,000</u>	<u>-</u>	<u>10,562</u>	<u>322,562</u>
Change in net position	281,629	(265)	42,065	323,429
Net position - beginning of year	<u>(57,183)</u>	<u>3,809,481</u>	<u>225,148</u>	<u>3,977,446</u>
Net position - end of year	<u>\$ 224,446</u>	<u>\$ 3,809,216</u>	<u>\$ 267,213</u>	<u>\$ 4,300,875</u>

See Accompanying Notes to the Financial Statements

Village of New Haven
Proprietary Funds
Statement of Cash Flows
For the Year Ended March 31, 2018

	Enterprise Funds			
	Sewer	Water	Nonmajor	Total
Cash flows from operating activities				
Receipts from customers	\$ 1,315,692	\$ 952,287	\$ 381,378	\$ 2,649,357
Receipts from other funds	108,665	-	-	108,665
Payments to other funds	(312,000)	-	-	(312,000)
Payments to suppliers	(1,028,386)	(588,804)	(183,608)	(1,800,798)
Payments to employees	(24,446)	(84,513)	(123,830)	(232,789)
Net cash provided by operating activities	<u>59,525</u>	<u>278,970</u>	<u>73,940</u>	<u>412,435</u>
Cash flows from noncapital financing activities				
Transfer from other funds	<u>312,000</u>	<u>-</u>	<u>10,562</u>	<u>322,562</u>
Cash flows from capital and related financing activities				
Capital contributions - SAW Grant	218,895	-	-	218,895
Principal and interest paid on long-term debt	<u>(590,943)</u>	<u>(204,449)</u>	<u>-</u>	<u>(795,392)</u>
Net cash used by capital and related financing activities	<u>(372,048)</u>	<u>(204,449)</u>	<u>-</u>	<u>(576,497)</u>
Cash flows from investing activities				
Interest received	<u>523</u>	<u>-</u>	<u>1,054</u>	<u>1,577</u>
Net change in cash and cash equivalents	-	74,521	85,556	160,077
Cash and cash equivalents - beginning of year	<u>-</u>	<u>510,968</u>	<u>256,359</u>	<u>767,327</u>
Cash and cash equivalents - end of year	<u>\$ -</u>	<u>\$ 585,489</u>	<u>\$ 341,915</u>	<u>\$ 927,404</u>

See Accompanying Notes to the Financial Statements

Village of New Haven
Proprietary Funds
Statement of Cash Flows
For the Year Ended March 31, 2018

	Enterprise Funds			
	Sewer	Water	Nonmajor	Total
Reconciliation of operating income to net cash provided by operating activities				
Operating income	\$ 19,011	\$ 54,184	\$ 30,449	\$ 103,644
Adjustments to reconcile operating income to net cash from operating activities				
Depreciation expense	209,164	150,920	-	360,084
Changes in assets and liabilities				
Receivables	50,532	(4,463)	2,055	48,124
Due from other units of government	(38,056)	-	-	(38,056)
Deferred outflows	3,480	-	-	3,480
Accounts payable	18,417	77,113	13,417	108,947
Accrued and other liabilities	312	1,216	28,019	29,547
Due to other funds	(312,000)	-	-	(312,000)
Checks written against future deposits	108,665	-	-	108,665
	<u>\$ 59,525</u>	<u>\$ 278,970</u>	<u>\$ 73,940</u>	<u>\$ 412,435</u>
Reconciliation to the statement of net position				
Cash and cash equivalents	\$ -	\$ 356,788	\$ 341,915	\$ 698,703
Restricted cash and cash equivalents	<u>-</u>	<u>228,701</u>	<u>-</u>	<u>228,701</u>
Cash and cash equivalents	<u>\$ -</u>	<u>\$ 585,489</u>	<u>\$ 341,915</u>	<u>\$ 927,404</u>

See Accompanying Notes to the Financial Statements

Village of New Haven
Fiduciary Funds
Statement of Assets and Liabilities
March 31, 2018

	<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, 2018

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

Village of New Haven
Notes to the Financial Statements
March 31, 2018

revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

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

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

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

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

The government reports the following major proprietary funds:

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

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

Additionally, the government reports the following:

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

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this

general rule are payments-in-lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government's proprietary functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

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

Assets, liabilities, and net position or equity

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

Village of New Haven
Notes to the Financial Statements
March 31, 2018

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 considers all accounts receivable to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded. Property taxes are levied on each July 1st. Taxes are considered delinquent on October 1st, at which time penalties and interest are assessed.

The 2017 taxable valuation of the government totaled \$79,187,279, on which ad valorem taxes consisted of 9.4875 mills for operating purposes. This resulted in \$753,125 for operating expenses, exclusive of any Michigan Tax Tribunal or Board of Review adjustments.

The Village has established a special assessment district consisting of all real property, as approved by the voters, in which 3 mills is levied annually for the operations of the fire department. This resulted in total revenue of \$218,134, exclusive of any Michigan Tax Tribunal or Board of Review adjustments.

In addition, the Village has also established special revenue ad valorem taxes, as approved by the voters, in which 3.85 mills and .4125 mills is levied annually for the highway and cemetery funds, respectively. This resulted in total revenue for the highway fund of \$305,562 and the cemetery fund of \$32,732, 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 \$228,701 has been classified as restricted cash and cash equivalents in the Water Fund. The Sewer Fund reports \$94,759 in a restricted asset as the Macomb County Department of Public Works has drawn down bond payments to be used on wastewater projects that are in progress. As the project continues, the restricted asset will be used for the projects or applied directly to future bond payments.

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

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

Village of New Haven
Notes to the Financial Statements
March 31, 2018

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

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

Deferred outflows of resources – A deferred outflow of resources is a consumption of net position by the government that is applicable to a future reporting period. 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, 2018

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

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

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

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

Upcoming accounting and reporting changes

The Governmental Accounting Standards Board has issued the following Statements:

Statement No. 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.

Village of New Haven
Notes to the Financial Statements
March 31, 2018

Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. It requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reporting in a business-type activity or enterprise fund. Interest cost incurred before the end of a construction period should be recognized as an expenditure for financial statements prepared using the current financial resources measurement. The effective date is for the fiscal year ending March 31, 2022.

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

Note 2 - Stewardship, Compliance, and Accountability

Budgetary information

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

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

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

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

Excess of expenditures over appropriations

	<u>Appropriations</u>	<u>Actual</u>	<u>Budget Variance</u>
General Fund			
Public safety	\$ 634,348	\$ 636,096	\$ 1,748
Capital outlay	4,593	6,934	2,341
Major Street			
Public works	200,448	239,380	38,932
Highway Fund			
Public works	51,415	52,079	664
Capital outlay	554,867	564,303	9,436
Fire Fund			
Capital outlay	49,701	50,970	1,269

Deficit fund net position

The Village of New Haven had an unrestricted deficit in the Sewer Fund of \$1,234,687 as of March 31, 2018. The Village's most recently submitted deficit elimination plan with the State of Michigan has planned to eliminate the deficit by the end of fiscal year 2019, which the Village will be unable to accomplish. This plan was submitted based on the March 31, 2015 deficit and a new plan will be developed and submitted after the issuance of the audit.

Village of New Haven
Notes to the Financial Statements
March 31, 2018

Note 3 - Deposits and Investments

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

	Cash and Cash Equivalents	Restricted Cash and Cash Equivalents	Total
Governmental activities	\$ 2,872,116	\$ -	\$ 2,872,116
Business-type activities	<u>698,703</u>	<u>228,701</u>	<u>927,404</u>
Total primary government	3,570,819	228,701	3,799,520
Fiduciary funds	<u>1,992</u>	<u>-</u>	<u>1,992</u>
Total	<u>\$ 3,572,811</u>	<u>\$ 228,701</u>	<u>\$ 3,801,512</u>

The breakdown between deposits and investments is as follows:

	Primary Government	Fiduciary Funds	Total
Bank deposits (checking and savings accounts, money markets and certificates of deposit)	\$ 3,799,220	\$ 1,992	\$ 3,801,212
Petty cash and cash on hand	<u>300</u>	<u>-</u>	<u>300</u>
Total	<u>\$ 3,799,520</u>	<u>\$ 1,992</u>	<u>\$ 3,801,512</u>

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

Custodial credit risk - deposits – In the case of deposits, this is the risk that in the event of bank failure, the government's deposits may not be returned to it. The government does not have a policy for custodial credit risk. As of year-end, \$1,940,748 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	\$ 262,117
State shared revenue	<u>10,780</u>
Property taxes	<u>\$ 272,897</u>

Village of New Haven
Notes to the Financial Statements
March 31, 2018

Note 5 - Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 974,704	\$ -	\$ -	\$ 974,704
Construction in progress	733,324	581,913	-	1,315,237
Total capital assets not being depreciated	<u>1,708,028</u>	<u>581,913</u>	<u>-</u>	<u>2,289,941</u>
Capital assets being depreciated				
Land improvements	318,360	-	-	318,360
Infrastructure	11,743,136	-	-	11,743,136
Buildings, additions and improvements	587,689	-	-	587,689
Machinery and equipment	1,483,604	45,819	-	1,529,423
Vehicles	462,041	-	-	462,041
Total capital assets being depreciated	<u>14,594,830</u>	<u>45,819</u>	<u>-</u>	<u>14,640,649</u>
Less accumulated depreciation for				
Land improvements	205,097	15,918	-	221,015
Infrastructure	9,509,325	570,388	-	10,079,713
Buildings, additions and improvements	314,501	9,639	-	324,140
Machinery and equipment	958,392	92,998	-	1,051,390
Vehicles	321,293	27,132	-	348,425
Total accumulated depreciation	<u>11,308,608</u>	<u>716,075</u>	<u>-</u>	<u>12,024,683</u>
Net capital assets being depreciated	<u>3,286,222</u>	<u>(670,256)</u>	<u>-</u>	<u>2,615,966</u>
Governmental activities capital assets, net	<u>\$ 4,994,250</u>	<u>\$ (88,343)</u>	<u>\$ -</u>	<u>\$ 4,905,907</u>

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Capital assets being depreciated				
Land improvements	\$ 42,800	\$ -	\$ -	\$ 42,800
Wells	86,911	-	-	86,911
Buildings, additions and improvements	1,315,280	-	-	1,315,280
Machinery and equipment	92,141	-	-	92,141
Meters	127,908	-	-	127,908
Water system	6,868,150	-	-	6,868,150
Sewer system	9,691,421	486,190	-	10,177,611
Total capital assets being depreciated	<u>18,224,611</u>	<u>486,190</u>	<u>-</u>	<u>18,710,801</u>
Less accumulated depreciation for				
Land improvements	29,653	1,931	-	31,584
Wells	86,911	-	-	86,911
Buildings, additions and improvements	744,007	13,777	-	757,784
Machinery and equipment	55,115	4,870	-	59,985
Meters	30,945	4,263	-	35,208
Water system	1,589,403	137,363	-	1,726,766
Sewer system	1,616,031	197,880	-	1,813,911
Total accumulated depreciation	<u>4,152,065</u>	<u>360,084</u>	<u>-</u>	<u>4,512,149</u>
Net capital assets being depreciated	<u>14,072,546</u>	<u>126,106</u>	<u>-</u>	<u>14,198,652</u>
Business-type capital assets, net	<u>\$ 14,072,546</u>	<u>\$ 126,106</u>	<u>\$ -</u>	<u>\$ 14,198,652</u>

Village of New Haven
Notes to the Financial Statements
March 31, 2018

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

Governmental activities		
General government	\$	20,075
Public safety		76,225
Public works		611,401
Recreation and culture		<u>8,374</u>
 Total governmental activities		 <u>716,075</u>
 Business-type activities		
Sewer		209,164
Water		<u>150,920</u>
 Total business-type activities		 <u>360,084</u>
 Total primary government	 \$	 <u>1,076,159</u>

Note 6 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Due from/to other funds		
Major Streets Fund	General Fund	\$ 2,746
Highway Fund	Sewer Fund	44
Highway Fund	Water Fund	743,653
Sewer Fund	Nonmajor Proprietary Funds	<u>31,615</u>
		<u>\$ 778,058</u>

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

Note 7 - Leases

Operating leases

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

Annual cost	\$	<u>198,002</u>
 <u>Year ending March 31,</u>		
2019	\$	198,000
2020		198,000
2021		198,000
2022		198,000
2023		198,000
2024 - 2028		990,000
2029 - 2032		<u>693,000</u>
		<u>\$ 2,673,000</u>

Village of New Haven
Notes to the Financial Statements
March 31, 2018

Capital lease

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

<u>Year ending March 31,</u>	
2019	\$ 40,000
2020	40,000
2021	40,000
2022	40,000
2023	40,000
2024 - 2027	<u>138,791</u>
Total minimum lease payments	338,791
Less amount representing interest	<u>49,919</u>
	<u><u>\$ 288,872</u></u>
Asset	
Equipment	\$ 360,000
Less accumulated depreciation	<u>45,000</u>
Total	<u><u>\$ 315,000</u></u>

Village of New Haven
Notes to the Financial Statements
March 31, 2018

Note 8 - Long-term Debt

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

Long-term obligation activity is summarized as follows:

	Amount of Issue	Maturity Date	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities									
Capital leases	\$ 320,000	2027	3.49%	\$18,157 - \$38,039	\$ 320,000	\$ -	\$ 31,128	\$ 288,872	\$ 29,918
Compensated absences					<u>21,998</u>	<u>20,018</u>	<u>14,249</u>	<u>27,767</u>	<u>14,000</u>
Total governmental activities					<u>\$ 341,998</u>	<u>\$ 20,018</u>	<u>\$ 45,377</u>	<u>\$ 316,639</u>	<u>\$ 43,918</u>

Village of New Haven
Notes to the Financial Statements
March 31, 2018

	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%	\$137,976 - \$195,000	\$ 2,177,976	\$ -	\$ 150,000	\$ 2,027,976	\$ 150,000
Limited Tax Obligation Bond issued by Macomb County Wastewater Disposal District	1,112,814	2032	3.75% - 4.25%	32,924 - 82,309	847,779	-	41,154	806,625	41,154
Limited Tax Obligation Bond issued by Macomb County Wastewater Disposal District	8,244	2035	2.00% - 4.25%	265 - 474	6,528	-	277	6,251	284
Limited Tax Obligation Bond issued by Macomb County Wastewater Disposal District	3,868,614	2035	1.00% - 6.35%	124,279 - 222,334	3,063,650	-	129,980	2,933,670	133,400
Limited Tax Obligation Bond issued by Oakland-Macomb Interceptor Drainage District	36,039	2030	2.00% - 4.25%	1,399 - 2,797	27,083	-	1,506	25,577	1,587
Limited Tax Obligation Bond issued by Macomb County Wastewater Disposal District	871,729	2035	2.00% - 4.25%	28,626 - 51,325	703,209	-	703,209	-	-
Limited Tax Obligation Bond issued by Oakland-Macomb Interceptor Drainage District	140,263	2031	2.00% - 4.25%	6,051 - 8,795	105,267	-	6,347	98,920	6,509
Limited Tax Obligation Bond issued by Macomb County Wastewater Disposal District	321,675	2031	5.00%	10,444 - 26,110	265,800	-	12,533	253,267	13,577
Limited Tax Obligation Bond issued by Oakland-Macomb Interceptor Drainage District	168,603	2034	2.50%	6,769 - 10,534	148,296	-	7,099	141,197	7,298
Oakland-Macomb Interceptor Drain Drainage District: Project 5368-03 (2013 - SRF Project)	367,911	2035	2.00%	15,758 - 22,052	337,327	-	15,758	321,569	16,069
Oakland-Macomb Interceptor Drain Drainage District Drain Bond: Project 2014A	53,794	2035	2.00% - 3.13%	2,156 - 3,532	49,593	-	2,156	47,437	2,231
Macomb County Wastewater Disposal District Drain Bond: Project 5487	82,537	2036	2.30%	3,180 - 5,183	60,976	-	-	60,976	3,469
Macomb County Wastewater Disposal District Drain Bond: Project 5540	21,682	2034	2.00%	721 - 1,205	15,851	-	745	15,106	964
SAW Project 2001-01 2015A	107,603	2037	2.50%	4,182 - 6,779	107,603	-	8,491	99,112	-
Macomb County Wastewater Drainage District SRF 5624	34,555	2036	2.50%	1,363 - 2,162	33,192	-	1,363	31,829	1,410
Drainage District Drain Refunding Bonds, Series 2015	1,422,562	2034	3.625% - 5%	58,611 - 96,707	1,366,728	-	59,071	1,307,657	59,029
Macomb County Wastewater Drain District 2010 2017 Refunding	604,503	2035	5.00%	22,428 - 48,685	-	604,503	25,572	578,931	-
Macomb County Wastewater Drain District Sinkhole 2017A	486,190	2043	5.00%	10,878 - 32,146	-	486,190	9,017	477,173	-
Total bonds and notes payable					9,316,858	1,090,693	1,174,278	9,233,273	436,981
Unamortized Bond Premium	243,383				118,947	110,442	12,810	216,579	-
Total business-type activities					<u>\$ 9,435,805</u>	<u>\$ 1,201,135</u>	<u>\$ 1,187,088</u>	<u>\$ 9,449,852</u>	<u>\$ 436,981</u>

Village of New Haven
Notes to the Financial Statements
March 31, 2018

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

Year Ending March 31,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2019	\$ 29,918	\$ 10,082	\$ 436,981	\$ 289,973
2020	30,963	9,037	506,470	300,251
2021	32,043	7,957	519,656	283,026
2022	33,161	6,839	541,648	265,135
2023	34,319	5,681	549,770	246,621
2024 - 2028	128,468	10,323	3,003,964	934,883
2029 - 2033	-	-	2,702,419	399,236
2034 - 2038	-	-	826,233	71,826
2039 - 2043	-	-	146,132	18,974
	<u>\$ 288,872</u>	<u>\$ 49,919</u>	<u>\$ 9,233,273</u>	<u>\$ 2,809,925</u>

Bond Refunding

During fiscal year 2018, Macomb County Wastewater Drain District issued refunding bonds, of which the Village had a share in, and resulted in refunding bonds for the Village of \$604,503 to refund the Limited Tax Obligation Bonds issued by Macomb County Wastewater Disposal District. The refunding resulted in savings of \$54,009 and an economic gain of \$43,102.

Deferred Amount on Refunding

The Village has a deferred loss on refunding as follows:

Beginning Balance	Additions	Reductions	Ending Balance
\$ (59,157)	\$ -	\$ (3,480)	\$ (55,677)

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, 2018, amounted to \$384,116. A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual

Village of New Haven
Notes to the Financial Statements
March 31, 2018

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, 2018, the Village contributed \$18,820 to the plan.

Note 11 - Contingent Liabilities

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

Village of New Haven
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended March 31, 2018

	Budgeted Amounts		Actual	Actual
	Original	Final		Over (Under)
				Final Budget
Revenues				
Taxes				
Property taxes	\$ 804,300	\$ 847,266	\$ 819,546	\$ (27,720)
Licenses and permits	55,200	55,200	51,338	(3,862)
State revenue sharing	378,277	378,277	364,126	(14,151)
Local contributions	16,213	16,213	15,195	(1,018)
Charges for services	14,300	14,300	13,962	(338)
Fines and forfeitures	20,000	20,000	23,672	3,672
Interest income	14,000	14,000	1,561	(12,439)
Rental income	70,700	119,400	185,160	65,760
Other revenue	20,500	20,500	2,316	(18,184)
Total revenues	<u>1,393,490</u>	<u>1,485,156</u>	<u>1,476,876</u>	<u>(8,280)</u>
Expenditures				
General government				
Village board	14,400	14,400	16,600	2,200
President	14,400	14,400	14,400	-
General government	518,375	537,452	487,011	(50,441)
Clerk	7,500	7,500	7,500	-
Audit	78,000	78,000	82,365	4,365
Board of review	3,600	3,600	3,000	(600)
Treasurer	2,400	2,400	2,400	-
Buildings and grounds	68,100	71,492	65,571	(5,921)
Total general government	<u>706,775</u>	<u>729,244</u>	<u>678,847</u>	<u>(50,397)</u>

Village of New Haven
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended March 31, 2018

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
Public safety				
Police	\$ 634,348	\$ 634,348	\$ 636,096	\$ 1,748
Community and economic development				
Planning	6,720	6,720	6,340	(380)
Recreation and culture				
Parks and recreation	86,704	114,044	90,622	(23,422)
Capital outlay	-	4,593	6,934	2,341
Transfers out	322,562	322,562	322,562	-
Total expenditures	1,757,109	1,811,511	1,741,401	(70,110)
Deficiency of revenues over expenditures	(363,619)	(326,355)	(264,525)	61,830
Fund balance - beginning of year	895,846	895,846	895,846	-
Fund balance - end of year	\$ 532,227	\$ 569,491	\$ 631,321	\$ 61,830

Village of New Haven
Required Supplementary Information
Budgetary Comparison Schedule
Major Street Fund
For the Year Ended March 31, 2018

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
Revenues				
Other state grants	\$ 198,000	\$ 198,000	\$ 276,074	\$ 78,074
Interest income	2,500	2,500	3,715	1,215
Total revenues	<u>200,500</u>	<u>200,500</u>	<u>279,789</u>	<u>79,289</u>
Expenditures				
Current				
Public works	193,448	200,448	239,380	38,932
Capital outlay	-	17,610	17,610	-
Total expenditures	<u>193,448</u>	<u>218,058</u>	<u>256,990</u>	<u>38,932</u>
Excess (deficiency) of revenues over expenditures	7,052	(17,558)	22,799	40,357
Fund balance - beginning of year	<u>997,234</u>	<u>997,234</u>	<u>997,234</u>	<u>-</u>
Fund balance - end of year	<u>\$ 1,004,286</u>	<u>\$ 979,676</u>	<u>\$ 1,020,033</u>	<u>\$ 40,357</u>

Village of New Haven
Required Supplementary Information
Budgetary Comparison Schedule
Highway Fund
For the Year Ended March 31, 2018

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
Revenues				
Taxes	\$ 296,000	\$ 303,995	\$ 305,562	\$ 1,567
Interest income	<u>1,000</u>	<u>1,000</u>	<u>2,728</u>	<u>1,728</u>
Total revenues	<u>297,000</u>	<u>304,995</u>	<u>308,290</u>	<u>3,295</u>
Expenditures				
Current				
Public works	51,415	51,415	52,079	664
Capital outlay	<u>554,867</u>	<u>554,867</u>	<u>564,303</u>	<u>9,436</u>
Total expenditures	<u>606,282</u>	<u>606,282</u>	<u>616,382</u>	<u>10,100</u>
Deficiency of revenues over expenditures	(309,282)	(301,287)	(308,092)	(6,805)
Fund balance - beginning of year	<u>1,312,132</u>	<u>1,312,132</u>	<u>1,312,132</u>	<u>-</u>
Fund balance - end of year	<u>\$ 1,002,850</u>	<u>\$ 1,010,845</u>	<u>\$ 1,004,040</u>	<u>\$ (6,805)</u>

Village of New Haven
Required Supplementary Information
Budgetary Comparison Schedule
Fire Fund
For the Year Ended March 31, 2018

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
Revenues				
Taxes	\$ 207,000	\$ 218,255	\$ 218,134	\$ (121)
Interest income	500	500	-	(500)
Other revenue	1,600	1,600	9,110	7,510
	<u>209,100</u>	<u>220,355</u>	<u>227,244</u>	<u>6,889</u>
Total revenues				
Expenditures				
Current				
Public safety	161,177	168,177	145,132	(23,045)
Capital outlay	-	49,701	50,970	1,269
Debt service				
Principal retirement	31,128	31,128	31,128	-
Interest and fiscal charges	8,872	8,872	8,872	-
	<u>201,177</u>	<u>257,878</u>	<u>236,102</u>	<u>(21,776)</u>
Total expenditures				
Excess (deficiency) of revenues over expenditures	7,923	(37,523)	(8,858)	28,665
Fund balance - beginning of year	<u>114,026</u>	<u>114,026</u>	<u>114,026</u>	<u>-</u>
Fund balance - end of year	<u>\$ 121,949</u>	<u>\$ 76,503</u>	<u>\$ 105,168</u>	<u>\$ 28,665</u>

Village of New Haven
Other Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds
March 31, 2018

	Special Revenue Funds			Permanent Fund	Total Nonmajor Governmental Funds
	Local Street	Drug Law Enforcement	Cemetery	Perpetual Care	
Assets					
Cash and cash equivalents	\$ 669,296	\$ 14,295	\$ 143,345	\$ 61,794	\$ 888,730
Receivables					
Taxes	-	-	97	-	97
Due from other units of government	49,725	-	-	-	49,725
	<u>719,021</u>	<u>14,295</u>	<u>143,442</u>	<u>61,794</u>	<u>938,552</u>
Total assets	<u>\$ 719,021</u>	<u>\$ 14,295</u>	<u>\$ 143,442</u>	<u>\$ 61,794</u>	<u>\$ 938,552</u>
Liabilities					
Accounts payable	\$ 1,498	\$ -	\$ 429	\$ -	\$ 1,927
Accrued and other liabilities	1,173	-	-	-	1,173
Due to other funds	-	-	-	-	-
	<u>2,671</u>	<u>-</u>	<u>429</u>	<u>-</u>	<u>3,100</u>
Total liabilities	<u>2,671</u>	<u>-</u>	<u>429</u>	<u>-</u>	<u>3,100</u>
Deferred inflows of resources					
Unavailable revenue	-	-	97	-	97
	<u>-</u>	<u>-</u>	<u>97</u>	<u>-</u>	<u>97</u>
Fund Balances					
Non-spendable					
Cash and cash equivalents	-	-	-	61,109	61,109
Restricted for					
Local streets	716,350	-	-	-	716,350
Drug law enforcement	-	14,295	-	-	14,295
Cemetery	-	-	142,916	-	142,916
Perpetual care	-	-	-	685	685
	<u>716,350</u>	<u>14,295</u>	<u>142,916</u>	<u>61,794</u>	<u>935,355</u>
Total fund balances	<u>716,350</u>	<u>14,295</u>	<u>142,916</u>	<u>61,794</u>	<u>935,355</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 719,021</u>	<u>\$ 14,295</u>	<u>\$ 143,442</u>	<u>\$ 61,794</u>	<u>\$ 938,552</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, 2018

	Special Revenue Funds			Permanent Fund	Total Nonmajor Governmental Funds
	Local Street	Drug Law Enforcement	Cemetery	Perpetual Care	
Revenues					
Taxes	\$ -	\$ -	\$ 32,732	\$ -	\$ 32,732
Other state grants	142,738	-	-	-	142,738
Charges for services	-	-	29,575	-	29,575
Interest income	1,908	-	-	267	2,175
Total revenues	<u>144,646</u>	<u>-</u>	<u>62,307</u>	<u>267</u>	<u>207,220</u>
Expenditures					
Current					
General government	-	-	44,205	-	44,205
Public works	121,345	-	-	-	121,345
Capital outlay	488	-	-	-	488
Total expenditures	<u>121,833</u>	<u>-</u>	<u>44,205</u>	<u>-</u>	<u>166,038</u>
Excess of revenues over expenditures	22,813	-	18,102	267	41,182
Fund balance - beginning of year	<u>693,537</u>	<u>14,295</u>	<u>124,814</u>	<u>61,527</u>	<u>894,173</u>
Fund balance - end of year	<u>\$ 716,350</u>	<u>\$ 14,295</u>	<u>\$ 142,916</u>	<u>\$ 61,794</u>	<u>\$ 935,355</u>

Village of New Haven
Other Supplementary Information
Nonmajor Proprietary Funds
Combining Statement of Net Position
March 31, 2018

	Enterprise Funds		
	Building	Garbage	Total
Assets			
Current assets			
Cash and cash equivalents	\$ 214,138	\$ 127,777	\$ 341,915
Receivables			
Customers	-	22,515	22,515
Total assets	<u>214,138</u>	<u>150,292</u>	<u>364,430</u>
Liabilities			
Current liabilities			
Accounts payable	1,754	16,891	18,645
Accrued and other liabilities	46,957	-	46,957
Due to other funds	-	31,615	31,615
Total liabilities	<u>48,711</u>	<u>48,506</u>	<u>97,217</u>
Net Position			
Unrestricted	<u>\$ 165,427</u>	<u>\$ 101,786</u>	<u>\$ 267,213</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, 2018

	Enterprise Funds		
	Building	Garbage	Total
Operating revenue			
Customer fees	\$ 185,332	\$ 193,991	\$ 379,323
Operating expenses			
Personnel services	123,830	-	123,830
Contractual services	23,895	192,310	216,205
Other expenses	8,839	-	8,839
Total operating expenses	156,564	192,310	348,874
Operating income	28,768	1,681	30,449
Nonoperating revenue			
Interest income	-	1,054	1,054
Income before transfers in	28,768	2,735	31,503
Transfers in	10,562	-	10,562
Change in net position	39,330	2,735	42,065
Net position - beginning of year	126,097	99,051	225,148
Net position - end of year	\$ 165,427	\$ 101,786	\$ 267,213

Village of New Haven
Other Supplementary Information
Nonmajor Proprietary Funds
Combining Statement of Cash Flows
For the Year Ended March 31, 2018

	Enterprise Funds		
	Building	Garbage	Total
Cash flows from operating activities			
Receipts from customers	\$ 185,332	\$ 196,046	\$ 381,378
Payments to suppliers	(8,189)	(175,419)	(183,608)
Payments to employees	(123,830)	-	(123,830)
Net cash provided by operating activities	53,313	20,627	73,940
Cash flows from noncapital financing activities			
Transfer from other funds	10,562	-	10,562
Cash flows from investing activities			
Interest received	-	1,054	1,054
Net change in cash and cash equivalents	63,875	21,681	85,556
Cash and cash equivalents - beginning of year	150,263	106,096	256,359
Cash and cash equivalents - end of year	<u>\$ 214,138</u>	<u>\$ 127,777</u>	<u>\$ 341,915</u>
Reconciliation of operating income to net cash provided by operating activities			
Operating income	\$ 28,768	\$ 1,681	\$ 30,449
Adjustments to reconcile operating income to net cash from operating activities			
Changes in assets and liabilities			
Receivables	-	2,055	2,055
Accounts payable	(3,474)	16,891	13,417
Accrued and other liabilities	28,019	-	28,019
Net cash provided by operating activities	<u>\$ 53,313</u>	<u>\$ 20,627</u>	<u>\$ 73,940</u>



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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of New Haven as of and for the year ended March 31, 2018, 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 September 27, 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 2018-001, 2018-002, and 2018-003.

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 2018-002 and 2018-003.

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
September 27, 2018

Village of New Haven
Schedule of Findings and Responses
March 31, 2018

2018-001, 2017-001, 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 various 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 the audit entry have been getting better as audits have become more current and that this issue will be resolved soon.

Corrective action plan: See attached.

Village of New Haven
Schedule of Findings and Responses
March 31, 2018

2018-002, 2017-002, 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, 2018, expenditures were incurred in excess of amounts appropriated by a material amount in the Highway Fund and by immaterial amounts in various other funds as follows:

	<u>Appropriations</u>	<u>Actual</u>	<u>Budget Variance</u>
General Fund			
Public safety	\$ 634,348	\$ 636,096	\$ 1,748
Capital outlay	4,593	6,934	2,341
Major Street			
Public works	200,448	239,380	38,932
Highway Fund			
Public works	51,415	52,079	664
Capital outlay	554,867	564,303	9,436
Fire Fund			
Capital outlay	49,701	50,970	1,269

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 is not in compliance with State statute. Amounts continue to be spent despite the lack of budgeted funds to support the expenditures.

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

Views of responsible officials: Management overlooked a budgetary adjustment for street projects.

Corrective action plan: See attached.

Village of New Haven
Schedule of Findings and Responses
March 31, 2018

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

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

Condition: As of March 31, 2018, the Village has an unrestricted deficit net position in the Sewer Fund of \$1,234,687 and is not in compliance with the most recently filed deficit elimination plan.

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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September 27, 2018

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

RE: Audit 3/31/2018

Dear Michael,

Please note the following corrective action plans relating to material weaknesses reported in the Village's Audit as of March 31, 2018.

2018-001 – 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.

2018-002 – 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.

2018-003 – 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,

Chris Dilbert, President