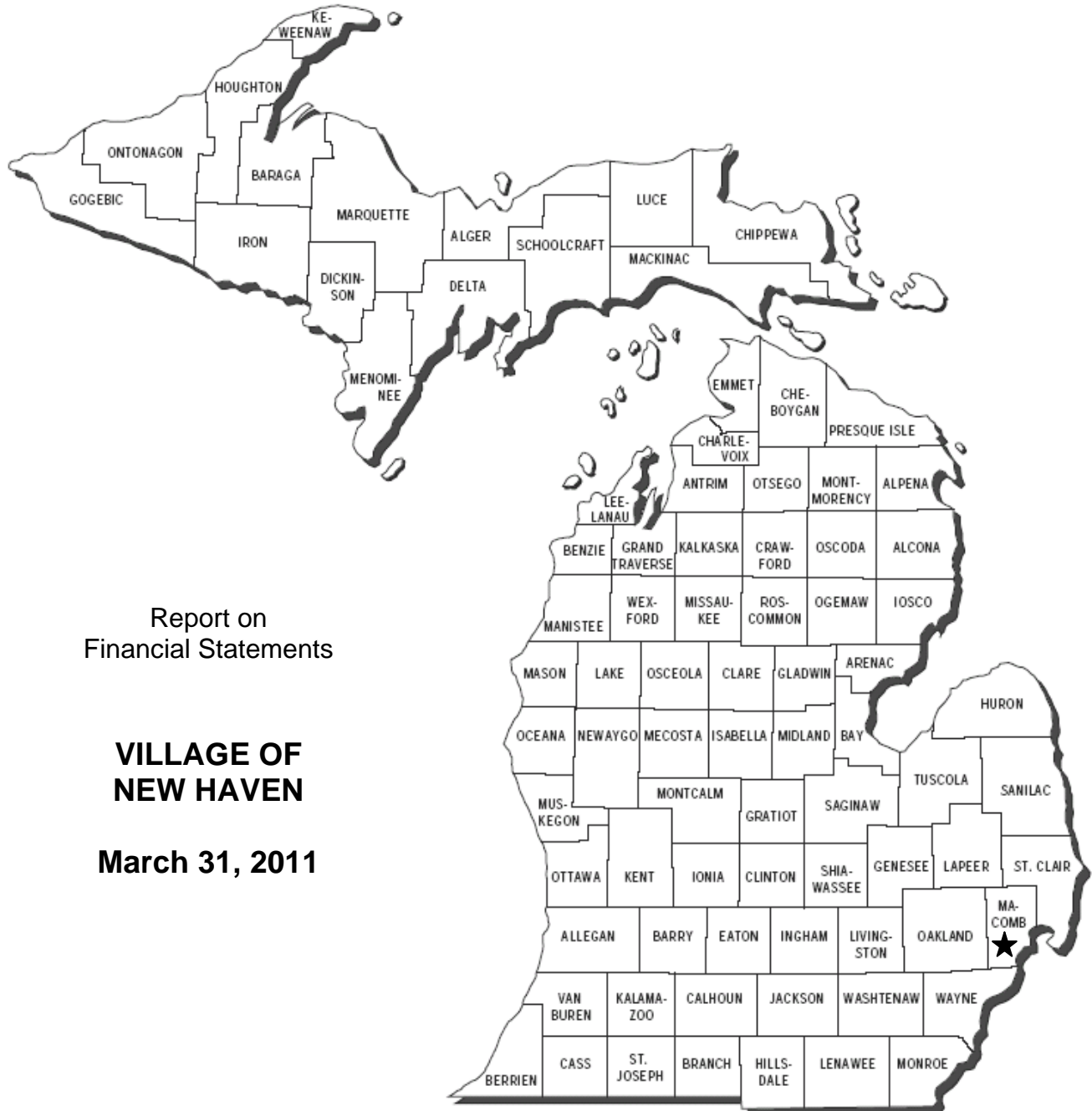


# STATE OF MICHIGAN

Rick Snyder, Governor

## DEPARTMENT OF TREASURY

Andy Dillon, State Treasurer



Report on  
Financial Statements

**VILLAGE OF  
NEW HAVEN**

**March 31, 2011**

**Local Audit and Finance Division  
Bureau of Local Government Services**

VILLAGE OF NEW HAVEN

VILLAGE COUNCIL

Jammie Kincaid  
President

Phil Hea  
Council Member

Jennifer Podgurski  
Council Member

Gloria Jones  
Council Member

Deborah Hill  
Council Member

John Jambriska  
Council Member

Daniel Stier  
Council Member

Deborah Mack  
Clerk

VILLAGE POPULATION--2010  
4,642

TAXABLE VALUATION--2010  
\$94,845,047



STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

RICK SNYDER  
GOVERNOR

ANDY DILLON  
STATE TREASURER

January 30, 2012

Village of New Haven  
57775 Main Street  
P.O. Box 480429  
New Haven, Michigan 48048

Independent Auditor's Report

Dear Council Members:

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, Macomb County, Michigan, as of and for the year ended March 31, 2011, which collectively comprise the Village of New Haven's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village of New Haven's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and aggregate remaining fund information of the Village of New Haven, as of March 31, 2011, and the changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated January 30, 2012, 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, grant agreements, and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and the budgetary comparison information (Exhibits H through N) are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Village of New Haven's basic financial statements. The accompanying supplementary and related information presented in Exhibits M and N are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements, taken as a whole.



Cary Jay Vaughn, CPA, CGFM  
Audit Manager  
Local Audit and Finance Division

VILLAGE OF NEW HAVEN--MACOMB COUNTY

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VILLAGE OF NEW HAVEN--MACOMB COUNTY

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**VILLAGE OF NEW HAVEN –MACOMB COUNTY**

**MANAGEMENT’S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended March 31, 2011**

**Using this Annual Report**

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Village of New Haven, as a whole, and presents a longer-term view of the Village’s finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Village’s operations in more detail than the government-wide financial statements.

**The Village as a Whole**

The Village’s net assets for the governmental activities increased approximately 131%, or \$6,807,743, from \$5,208,461 to \$12,016,204 for the fiscal year ended March 31, 2011. The investment in capital assets-net of related debt increased \$6,772,693 due primarily to the Village obtaining an appraisal company to compile a listing of capital assets owned by the Village including infrastructure which was not recorded in prior years. Restricted assets decreased \$65,477 or 3% due to the Village collecting less Fire Fund tax revenue and the Fire Fund having greater operating expenditures in the current year. Unrestricted net assets increased \$100,527.

Net assets as of the fiscal year ended March 31, 2011 for the governmental activities are as follows:

	<u>Governmental Activities 2010</u>	<u>Governmental Activities 2011</u>	<u>Difference</u>	<u>Percent</u>
Current Assets	\$ 5,060,568	\$ 5,144,730	\$ 84,162	2%
Noncurrent Assets	<u>441,168</u>	<u>7,225,184</u>	<u>6,784,016</u>	<u>1538%</u>
Total Assets	<u>5,501,736</u>	<u>12,369,914</u>	<u>6,868,178</u>	<u>125%</u>
Current Liabilities	258,168	208,469	(49,699)	-19%
Noncurrent Liabilities	<u>35,107</u>	<u>145,241</u>	<u>110,134</u>	<u>314%</u>
Total Liabilities	<u>293,275</u>	<u>353,710</u>	<u>60,435</u>	<u>21%</u>
Net Assets				
Invested in Capital Assets				
Net of Related Debt	407,907	7,180,600	6,772,693	1660%
Restricted (Deficit)	1,950,142	1,884,665	(65,477)	-3%
Unrestricted	<u>2,850,412</u>	<u>2,950,939</u>	<u>100,527</u>	<u>4%</u>
Total Net Assets	<u>\$ 5,208,461</u>	<u>\$ 12,016,204</u>	<u>\$ 6,807,743</u>	<u>131%</u>

**VILLAGE OF NEW HAVEN –MACOMB COUNTY**

**MANAGEMENT’S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended March 31, 2011**

Restricted net assets are those net assets that have constraints placed on them by either: a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the government to assess, levy, and charge or otherwise mandate payment of resources and includes a legally enforceable requirement that those resources be used only for the specified purpose stipulated in the legislation. All assets as such (except for assets invested in capital assets-net of related debt) are considered restricted.

The following table shows the changes of the net assets as of the current fiscal year to the prior fiscal year for the governmental activities:

	<u>Governmental Activities</u> <u>2010</u>	<u>Governmental Activities</u> <u>2011</u>	<u>Difference</u>	<u>Percent</u>
Program Revenues				
Charges for Services	\$ 283,941	\$ 212,520	\$ (71,421)	-25%
Operating Grants and Contributions	242,943	282,514	39,571	16%
General Revenues				
Property Taxes	1,890,400	1,578,119	(312,281)	-17%
State-Shared Revenues	320,536	404,634	84,098	26%
Unrestricted Investment Earnings	34,802	13,176	(21,626)	-62%
Other	37,051	104,473	67,422	182%
Transfers	<u>                    </u>	<u>(70,415)</u>	<u>(70,415)</u>	<u>-100%</u>
Total Revenues	<u>2,809,673</u>	<u>2,525,021</u>	<u>(284,652)</u>	<u>-10%</u>
Program Expenses				
General Government	897,787	549,564	(348,223)	-39%
Public Safety	1,301,064	1,627,892	326,828	25%
Public Works	287,838	844,286	556,448	193%
Recreation and Culture	71,243	13,261	(57,982)	-81%
Interst on Long term Debt	<u>141</u>	<u>782</u>	<u>641</u>	<u>455%</u>
Total Expenses	<u>2,558,073</u>	<u>3,035,785</u>	<u>477,712</u>	<u>19%</u>
Change in Net Assets	<u>\$ 251,600</u>	<u>\$ (510,764)</u>	<u>\$ (762,364)</u>	<u>-303%</u>



**VILLAGE OF NEW HAVEN –MACOMB COUNTY**

**MANAGEMENT’S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended March 31, 2011**

Net assets as of the fiscal year ended March 31, 2011 for the business-type activities are as follows:

	<u>Business-Type Activities 2010</u>	<u>Business-Type Activities 2011</u>	<u>Difference</u>	<u>Percent</u>
Current Assets	\$ 2,130,986	\$ 755,089	\$ (1,375,897)	-65%
Noncurrent Assets	<u>7,795,648</u>	<u>15,210,483</u>	<u>7,414,835</u>	<u>95%</u>
Total Assets	<u>9,926,634</u>	<u>15,965,572</u>	<u>6,038,938</u>	<u>61%</u>
Current Liabilities	1,150,302	265,644	(884,658)	-77%
Long-Term Liabilities	<u>2,787,333</u>	<u>10,660,988</u>	<u>7,873,655</u>	<u>282%</u>
Total Liabilities	<u>3,937,635</u>	<u>10,926,632</u>	<u>6,988,997</u>	<u>177%</u>
Net Assets				
Invested in Capital Assets Net of Related Debt	4,877,328	4,242,826	(634,502)	-13%
Restricted	278,641	310,545	31,904	11%
Unrestricted	<u>833,030</u>	<u>485,569</u>	<u>(347,461)</u>	<u>-42%</u>
Total Net Assets	<u>\$ 5,988,999</u>	<u>\$ 5,038,940</u>	<u>\$ (950,059)</u>	<u>-16%</u>

The Village’s net assets for the business-type activities decreased approximately 16%, or \$950,059, from \$5,988,999 to \$5,038,940 for the fiscal year ended March 31, 2011. The investment in capital assets-net of related debt decreased \$634,502 due to addition of the new water system less the associated debt on the sewer and water system. Restricted assets increased \$31,904 or 11% and the unrestricted net assets decreased by \$347,461 or 42%. Unrestricted Net Assets decreased as a result of the restatement of net assets (see Footnote O).

**VILLAGE OF NEW HAVEN –MACOMB COUNTY**

**MANAGEMENT’S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended March 31, 2011**

The following table shows the changes of the net assets as of the current fiscal year to the prior fiscal year for the business-type activities:

	<u>Business-Type Activities 2010</u>	<u>Business-Type Activities 2011</u>	<u>Difference</u>	<u>Percent</u>
Program Revenues				
Charges for Services	\$ 1,057,216	\$ 1,372,688	\$ 315,472	30%
Capital Grants	2,448,768	-	(2,448,768)	-100%
General Revenues			-	
Unrestricted Investment Earnings	13,332	57,182	43,850	329%
Total Revenues	<u>3,519,316</u>	<u>1,429,870</u>	<u>(2,089,446)</u>	<u>-59%</u>
Program Expenses				
Water and Sewer	1,761,504	1,740,629	(20,875)	-1%
Building	70,145	89,048	18,903	27%
Total Expenses	<u>1,831,649</u>	<u>1,829,677</u>	<u>(1,972)</u>	<u>0%</u>
Income (Loss) Before Transfers	1,687,667	(399,807)	(2,087,474)	-124%
Transfer In	43,595	70,415	26,820	100%
Change in Net Assets	<u>\$ 1,731,262</u>	<u>\$ (329,392)</u>	<u>\$ (2,060,654)</u>	<u>-119%</u>

**Business-Type Activities**

The Village’s business-type activities consist of the Sewer, Water and Building Fund. The Village provides sewage treatment and water to the majority of its residents. The revenues of the water system for the year have increased as the Village reviewed and have increased the rates to begin to cover the cost of operations and set reserves as required by the bonding agreements. The Village will continue to monitor revenues and expenses of the water and sewer system in the subsequent year to ensure the funds stay fiscally sound.

**VILLAGE OF NEW HAVEN –MACOMB COUNTY**

**MANAGEMENT’S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended March 31, 2011**

**Governmental Activities**

The Village’s total governmental revenues decreased by \$298,465 primarily due to a decrease in taxes and Federal grants received during the year. Expenses increased by \$93,454, primarily due to an increase in public safety offset by a decrease in general government expenses.

	<u>Governmental Activities</u> <u>2010</u>	<u>Governmental Activities</u> <u>2011</u>	<u>Difference</u>	<u>Difference</u>
Revenues				
Taxes	\$ 1,886,700	\$ 1,583,193	\$ (303,507)	-16%
Licenses and Permits	37,051	50,662	13,611	37%
Federal Grants	55,400	32,950	(22,450)	-41%
State Grants	508,079	524,349	16,270	3%
Charges for Services	16,282	35,838	19,556	120%
Fines and Forfeits	21,661	55,383	33,722	156%
Interest and Rentals	252,440	171,399	(81,041)	-32%
Other	42,458	67,832	25,374	60%
Total Revenues	<u>2,820,071</u>	<u>2,521,606</u>	<u>(298,465)</u>	<u>-11%</u>
Expenses				
General Government	767,917	536,640	(231,277)	-30%
Public Safety	1,208,204	1,544,273	336,069	28%
Public Works	287,838	251,184	(36,654)	-13%
Recreation and Culture	71,243		(71,243)	-100%
Capital Outlay		94,505	94,505	100%
Debt Service	31,285	33,339	2,054	7%
Total Expenses	<u>2,366,487</u>	<u>2,459,941</u>	<u>93,454</u>	<u>4%</u>
Excess of Revenues Over Expenditures	<u>453,584</u>	<u>61,665</u>	<u>(391,919)</u>	<u>-86%</u>
Other Financing Sources (Uses)				
Operating Transfers In	196	334,081	333,885	170349%
Operating Transfers (Out)	(43,791)	(404,496)	(360,705)	824%
Total Other Financing Sources (Uses)	<u>(43,595)</u>	<u>(70,415)</u>	<u>(26,820)</u>	<u>62%</u>
Beginning Fund Balance	<u>4,450,506</u>	<u>4,860,495</u>	<u>409,989</u>	<u>9%</u>
Ending Fund Balance	<u>\$ 4,860,495</u>	<u>\$ 4,851,745</u>	<u>\$ (8,750)</u>	<u>0%</u>

## **VILLAGE OF NEW HAVEN –MACOMB COUNTY**

### **MANAGEMENT’S DISCUSSION AND ANALYSIS For the Fiscal Year Ended March 31, 2011**

#### **The Village’s Funds**

Our analysis of the Village’s major funds is listed in the audit report, following the entity-wide financial statements. The fund financial statements provide detailed information about the most significant funds, not the Village as a whole. The Village council creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as special property tax millage. The Village’s major funds for 2011 include the General Fund, Major Street Fund, Local Street Fund, Municipal Street Fund, Fire Fund, Sewer Fund, and Water Fund.

The General Fund pays for most of the Village’s governmental services. The most significant are for general government, \$486,211 and public safety, \$1,184,331. These services are supported by the operating millage and State-shared revenues. The Major Street Fund and the Local Street Fund account for the Michigan Transportation Funds received from the State and the maintenance performed on the Village’s street system. The Municipal Street Fund accounts for the extra voted millage levied to assist the Major and Local Street Fund maintain the Village’s street system. The Fire Fund accounts for the Village’s Fire Department expenditures. Expenditures are funded by a special assessment on all real property taxes of the Village. The Sewer and Water Fund are described above.

#### **General Fund Budgetary Highlights**

Over the course of the year, the Village’s budget was monitored monthly to continuously evaluate the financial position of the Village. Adjustments were approved throughout the year to try and take into account the activities of the Village for the year. Overall, the General Fund’s revenue budget was decreased during the year by a net amount of approximately \$247,000. Actual revenue was greater than the final budget by approximately \$60,000.

The Village’s expenditure budget was decreased by approximately \$118,000 by amendments during the year. The Village’s total actual expenditures were greater than the amended budget by approximately \$22,000.

#### **Capital Asset and Debt Administration**

At the end of 2011, the Village’s governmental activities had \$7,181,969 (net of accumulated depreciation) invested in a broad range of capital assets, including land, buildings, equipment, vehicles, and street infrastructure; and \$14,899,938 (net of accumulated depreciation) invested in the sewer and water system. At the end of the current year, the Village had bonded debt outstanding of \$10,582,310. Debt consists of general obligation bonds which are backed by the full faith and credit of the Village as well as capital leases. Additional information concerning the Village’s long-term debt can be found in the notes to the financial statements.

**VILLAGE OF NEW HAVEN –MACOMB COUNTY**

**MANAGEMENT’S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended March 31, 2011**

**Economic Factors and Next Year's Budget and Rates**

The Village’s budget for 2012 has been designed to closely monitor revenues and expenses. Like most other communities in Michigan, particularly southeast Michigan, the Village continues to struggle with providing necessary services with limited revenue. For the fiscal year March 31, 2012, the possibility of continuing reductions to the statutory portion of state revenue sharing continues to be a concern. State-shared gas and oil tax distribution that are used for road maintenance and construction also continue to trend downward. The Village and its residents are suffering the effects of a slowdown in the housing market, which currently leaves some projects incomplete on the landscape of the community. These factors were taken into consideration of next year’s budget.

**Contacting the Village’s Management**

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Village’s finances and to show accountability for the money it receives. If you have questions about this report or need additional information, contact the Village clerk's office, 57775 Main Street, New Haven, MI 48048.

VILLAGE OF NEW HAVEN--MACOMB COUNTY  
 GOVERNMENT-WIDE STATEMENT OF NET ASSETS  
 March 31, 2011

EXHIBIT A

<u>ASSETS</u>	Governmental Activities	Business-Type Activities	Total
Current Assets			
Cash and Cash Equivalents	\$ 2,527,630	\$ 1,043,694	\$ 3,571,324
Investments	1,504,520		1,504,520
Receivables (Net)			
Taxes--Delinquent Personal	16,165		16,165
Accounts	100,118	519,303	619,421
Due From County	19,001		19,001
Due From State	143,535		143,535
Due From Federal	5,784		5,784
Internal Balances	827,644	(827,644)	-
Prepaid Interest		19,570	19,570
Prepaid Expenses	333	166	499
Total Current Assets	<u>5,144,730</u>	<u>755,089</u>	<u>5,899,819</u>
Noncurrent Assets			
Restricted Cash	43,215	205,000	248,215
Restricted Asset--Due From County		105,545	105,545
Capital Assets--Net of Accumulated Depreciation	<u>7,181,969</u>	<u>14,899,938</u>	<u>22,081,907</u>
Total Noncurrent Assets	<u>7,225,184</u>	<u>15,210,483</u>	<u>22,435,667</u>
Total Assets	<u>12,369,914</u>	<u>15,965,572</u>	<u>28,335,486</u>
<u>LIABILITIES</u>			
Current Liabilities			
Accounts Payable	76,658	178,138	254,796
Accrued Liabilities	68,115	13,549	81,664
Tax Overpayments	63,696		63,696
Deposits Payable		71,729	71,729
Interest Payable		2,228	2,228
Total Current Liabilities	<u>208,469</u>	<u>265,644</u>	<u>474,113</u>
Long-Term Liabilities			
Installment Purchase Agreements Payable			
Due Within One Year		23,381	23,381
Due in More Than One Year		51,421	51,421
Capital Lease Payable			
Due Within One Year	1,369		1,369
Bonds Payable--Due Within One Year		372,659	372,659
Bonds Payable--Due in More Than One Year		10,209,651	10,209,651
Vested Employee Benefits	<u>143,872</u>	<u>3,876</u>	<u>147,748</u>
Total Long-Term Liabilities	<u>145,241</u>	<u>10,660,988</u>	<u>10,806,229</u>
Total Liabilities	<u>353,710</u>	<u>10,926,632</u>	<u>11,280,342</u>
<u>NET ASSETS</u>			
Investment in Capital Assets--Net of Related Debt	7,180,600	4,242,826	11,423,426
Restricted for			
Major Street	915,357		915,357
Local Street	631,283		631,283
Fire	278,893		278,893
Perpetual Care	40,978		40,978
Drug Law Enforcement	18,154		18,154
Debt Service		310,545	310,545
Unrestricted	<u>2,950,939</u>	<u>485,569</u>	<u>3,436,508</u>
Total Net Assets	<u>\$ 12,016,204</u>	<u>\$ 5,038,940</u>	<u>\$ 17,055,144</u>

The Notes to Financial Statements are an integral part of this statement.

**VILLAGE OF NEW HAVEN--MACOMB COUNTY  
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES  
For the Year Ended March 31, 2011**

**EXHIBIT B**

Functions/Programs	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS		
	Expenses	Charges for Services	Operating Grants and Contributions	PRIMARY GOVERNMENT		
				Governmental Activities	Business-Type Activities	Total
Primary Government						
Governmental Activities						
General Government	\$ 549,564	\$ 167,637	\$ 7,334	\$ (374,593)		\$ (374,593)
Public Safety	1,627,892	44,883	47,659	(1,535,350)		(1,535,350)
Public Works	844,286		216,081	(628,205)		(628,205)
Recreational and Cultural	13,261		11,440	(1,821)		(1,821)
Interest	782			(782)		(782)
Total Governmental Activities	<u>3,035,785</u>	<u>212,520</u>	<u>282,514</u>	<u>(2,540,751)</u>	\$ -	<u>(2,540,751)</u>
Business-Type Activities						
Sewer	1,020,333	596,791			(423,542)	(423,542)
Water	720,296	757,559			37,263	37,263
Building	89,048	18,338			(70,710)	(70,710)
Total Business-Type Activities	<u>1,829,677</u>	<u>1,372,688</u>	<u>-</u>	<u>-</u>	<u>(456,989)</u>	<u>(456,989)</u>
Total Primary Government	<u>\$ 4,865,462</u>	<u>\$ 1,585,208</u>	<u>\$ 282,514</u>	<u>\$ (2,540,751)</u>	<u>\$ (456,989)</u>	<u>\$ (2,997,740)</u>
		General Revenues				
		Property Taxes		\$ 1,578,119		\$ 1,578,119
		Franchise Fees		50,662		50,662
		State-Shared Revenues		404,634		404,634
		Unrestricted Investment Earnings		13,176	57,182	70,358
		Other		53,811		53,811
		Transfers		(70,415)	\$ 70,415	-
		Total General Revenues--Special Items		<u>2,029,987</u>	<u>127,597</u>	<u>2,157,584</u>
		Change in Net Assets		(510,764)	(329,392)	(840,156)
		Net Assets--Beginning		<u>5,208,461</u>	<u>5,989,000</u>	<u>11,197,461</u>
		Restatement to Net Assets		7,318,507	(620,668)	12,775,580
		Assets, As Restated		<u>12,526,968</u>	<u>5,368,332</u>	<u>17,895,300</u>
		Net Assets--Ending		<u>\$ 12,016,204</u>	<u>\$ 5,038,940</u>	<u>\$ 17,055,144</u>

**The Notes to Financial Statements are an integral part of this statement.**

VILLAGE OF NEW HAVEN--MACOMB COUNTY  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
 March 31, 2011

EXHIBIT C

	MAJOR FUNDS						Total Governmental Funds
	General	Major Street	Local Street	Municipal Street	Fire	Nonmajor Governmental	
<b>ASSETS</b>							
Cash and Cash Equivalents	\$ 1,074,379	\$ 163,871	\$ 624,406	\$ 314,829	\$ 273,141	\$ 77,004	\$ 2,527,630
Restricted Cash						43,215	43,215
Investments	780,844	723,676					1,504,520
Receivables							
Delinquent Personal Property Taxes	12,801			2,546	545	273	16,165
Accounts	66,997				33,121		100,118
Due From County	9,000	10,001					19,001
Due From State	108,191	21,717	10,100		3,527		143,535
Due From Federal	5,784						5,784
Due From Other Funds				827,644		6,603	834,247
Prepaid Expenses	333						333
Total Assets	<u>\$ 2,058,329</u>	<u>\$ 919,265</u>	<u>\$ 634,506</u>	<u>\$ 1,145,019</u>	<u>\$ 310,334</u>	<u>\$ 127,095</u>	<u>\$ 5,194,548</u>
<b>LIABILITIES AND FUND EQUITY</b>							
Liabilities							
Accounts Payable	\$ 49,896	\$ 1,384	\$ 2,353	\$ 3,301	\$ 19,724		\$ 76,658
Due to Other Funds	4,366					\$ 2,237	6,603
Accrued Liabilities	58,951	490	870		7,645	159	68,115
Tax Overpayments	63,696						63,696
Deferred Revenue	118,806	2,034		2,546	4,072	273	127,731
Total Liabilities	<u>295,715</u>	<u>3,908</u>	<u>3,223</u>	<u>5,847</u>	<u>31,441</u>	<u>2,669</u>	<u>342,803</u>
Fund Equity							
Fund Balances							
Reserved for							
Major Street		915,357					915,357
Local Street			631,283				631,283
Fire					278,893		278,893
Drug Law Enforcement						18,154	18,154
Perpetual Care						40,978	40,978
Unreserved--Undesignated	1,762,614			1,139,172		65,294	2,967,080
Total Fund Equity	<u>1,762,614</u>	<u>915,357</u>	<u>631,283</u>	<u>1,139,172</u>	<u>278,893</u>	<u>124,426</u>	<u>4,851,745</u>
Total Liabilities and Fund Equity	<u>\$ 2,058,329</u>	<u>\$ 919,265</u>	<u>\$ 634,506</u>	<u>\$ 1,145,019</u>	<u>\$ 310,334</u>	<u>\$ 127,095</u>	<u>\$ 5,194,548</u>
Fund Balances--Total Governmental Funds							\$ 4,851,745
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds							7,181,969
Revenues that do not provide current financial resources are not reported as revenue in the funds.							127,731
Certain liabilities, such as bonds payable, compensated absences and other post-employment benefits are not due and payable in the current period and, therefore, are not reported in the funds.							(145,241)
Net Assets of Governmental Activities							<u>\$ 12,016,204</u>

The Notes to Financial Statements are an integral part of this statement.



**VILLAGE OF NEW HAVEN--MACOMB COUNTY  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
For the Year Ended March 31, 2011**

**EXHIBIT D**

	<b>MAJOR FUNDS</b>						Total Governmental Funds
	General	Major Street	Local Street	Municipal Street	Fire	Nonmajor Governmental	
Revenues							
Taxes	\$ 922,466			\$ 361,570	\$ 260,424	\$ 38,733	\$ 1,583,193
Licenses and Permits	50,662						50,662
Federal Grants	10,112	\$ 19,838			3,000		32,950
State Grants	345,173	122,303	\$ 56,873				524,349
Charges for Services	16,341					19,497	35,838
Fines and Forfeitures	28,542					26,841	55,383
Interest and Rentals	155,083	4,790	3,101	5,907	1,858	660	171,399
Other Revenue	28,654				39,178		67,832
<b>Total Revenues</b>	<b>1,557,033</b>	<b>146,931</b>	<b>59,974</b>	<b>367,477</b>	<b>304,460</b>	<b>85,731</b>	<b>2,521,606</b>
Expenditures							
Current							
General Government	486,211					50,429	536,640
Public Safety	1,184,331				340,799	19,143	1,544,273
Public Works	10,690	91,046	92,353	57,095			251,184
Capital Outlay	66,479	10,001			18,025		94,505
Debt Service	2,054				31,285		33,339
<b>Total Expenditures</b>	<b>1,749,765</b>	<b>101,047</b>	<b>92,353</b>	<b>57,095</b>	<b>390,109</b>	<b>69,572</b>	<b>2,459,941</b>
Excess of Revenues Over (Under) Expenditures	(192,732)	45,884	(32,379)	310,382	(85,649)	16,159	61,665
Other Financing Sources (Uses)							
Interfund Transfers In	279,000		54,750			331	334,081
Interfund Transfers (Out)	(70,415)	(54,750)		(279,000)		(331)	(404,496)
<b>Total Other Financing Sources (Uses)</b>	<b>208,585</b>	<b>(54,750)</b>	<b>54,750</b>	<b>(279,000)</b>	<b>-</b>	<b>-</b>	<b>(70,415)</b>
<b>Net Change in Fund Balances</b>	<b>15,853</b>	<b>(8,866)</b>	<b>22,371</b>	<b>31,382</b>	<b>(85,649)</b>	<b>16,159</b>	<b>(8,750)</b>
Fund Balance--April 1, 2010	1,746,761	924,223	608,912	1,107,790	364,542	108,267	4,860,495
Fund Balance--March 31, 2011	<u>\$ 1,762,614</u>	<u>\$ 915,357</u>	<u>\$ 631,283</u>	<u>\$ 1,139,172</u>	<u>\$ 278,893</u>	<u>\$ 124,426</u>	<u>\$ 4,851,745</u>

Net Change in Fund Balances--Total Governmental Funds \$ (8,750)

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Add--Capital Outlay	94,505
Deduct--Depreciation Expense	(672,211)

Revenues earned but not available for current resources are not reported in the funds. 73,830

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.

Add--Principal Payments on Long-Term Liabilities	31,892
Add--Reduction in Interest Payable	665

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the funds:

Net Increase in Compensated Absences	<u>(30,695)</u>
--------------------------------------	-----------------

Change in Net Assets of Governmental Activities \$ (510,764)

VILLAGE OF NEW HAVEN--MACOMB COUNTY  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
March 31, 2011

EXHIBIT E

	<b>BUSINESS-TYPE ACTIVITIES</b>			Total Enterprise Funds
	<b>ENTERPRISE FUNDS</b>			
	Major Sewer	Water	Non-Major Building	
<b><u>ASSETS</u></b>				
Current Assets				
Cash and Cash Equivalents	\$ 969,271		\$ 74,423	\$ 1,043,694
Accounts Receivable	228,905	\$ 289,975	423	519,303
Prepaid Interest	19,570			19,570
Prepaid Insurance	83	83		166
Total Current Assets	<u>1,217,829</u>	<u>290,058</u>	<u>74,846</u>	<u>1,582,733</u>
Noncurrent Assets				
Restricted Cash		205,000		205,000
Restricted Asset--Due From County	105,545			105,545
Capital Assets--Net of Accumulated Depreciation	8,410,020	6,489,918		14,899,938
Total Noncurrent Assets	<u>8,515,565</u>	<u>6,694,918</u>	<u>-</u>	<u>15,210,483</u>
Total Assets	<u>9,733,394</u>	<u>6,984,976</u>	<u>74,846</u>	<u>16,793,216</u>
<b><u>LIABILITIES</u></b>				
Current Liabilities				
Accounts Payable	85,714	90,311	2,113	178,138
Due to Other Funds		827,644		827,644
Accrued Liabilities	5,145	7,400	1,004	13,549
Deposits Payable			71,729	71,729
Interest Payable	2,228			2,228
Total Current Liabilities	<u>93,087</u>	<u>925,355</u>	<u>74,846</u>	<u>1,093,288</u>
Noncurrent Liabilities				
Installment Purchase Agreements Payable				
Due Within One Year	23,381			23,381
Due in More Than One Year	51,421			51,421
Bonds Payable				
Due Within One Year	242,659	130,000		372,659
Due in More Than One Year	7,369,731	2,839,920		10,209,651
Vested Employee Benefits	1,938	1,938		3,876
Total Noncurrent Liabilities	<u>7,689,130</u>	<u>2,971,858</u>	<u>-</u>	<u>10,660,988</u>
Total Liabilities	<u>7,782,217</u>	<u>3,897,213</u>	<u>74,846</u>	<u>11,754,276</u>
<b><u>NET ASSETS</u></b>				
Invested in Capital Assets				
Net of Related Debt	722,828	3,519,998		4,242,826
Restricted for Debt Service	105,545	205,000		310,545
Unrestricted	1,122,804	(637,235)		485,569
Total Net Assets	<u>\$ 1,951,177</u>	<u>\$ 3,087,763</u>	<u>\$ -</u>	<u>\$ 5,038,940</u>

The Notes to Financial Statements are an integral part of this statement.

**VILLAGE OF NEW HAVEN--MACOMB COUNTY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES**  
**IN NET ASSETS--PROPRIETARY FUNDS**  
**For the Year Ended March 31, 2011**

**EXHIBIT F**

	<b>BUSINESS-TYPE ACTIVITIES</b>			Total Enterprise Funds
	<b>ENTERPRISE FUNDS</b>			
	Major		Non-Major	
	Sewer	Water	Building	
Operating Revenues				
Charges for Services	\$ 596,791	\$ 757,559	\$ 18,338	\$ 1,372,688
Total Operating Revenues	596,791	757,559	18,338	1,372,688
Operating Expenses				
Wages and Fringes	99,121	125,007	47,784	271,912
Operating Expenses	11,039	19,420	1,715	32,174
Repairs and Maintenance	9,473	13,930		23,403
Contracted Services	475,731	288,715	32,845	797,291
Utilities	10,007	18,844	704	29,555
Insurance	13,400	13,400		26,800
Rent	40,469	76,156	6,000	122,625
Depreciation	129,273	110,631		239,904
Total Operating Expenses	788,513	666,103	89,048	1,543,664
Operating Income (Loss)	(191,722)	91,456	(70,710)	(170,976)
Nonoperating Revenues (Expenses)				
Interest Earned on Investments	63,498	(6,611)	295	57,182
Interest Expense	(231,820)	(54,193)		(286,013)
Total Nonoperating Revenues (Expenses)	(168,322)	(60,804)	295	(228,831)
Income (Loss) Before Transfers	(360,044)	30,652	(70,415)	(399,807)
Transfers In			70,415	70,415
Change in Net Assets	(360,044)	30,652	-	(329,392)
Total Net Assets--April 1, 2010	2,860,797	3,128,203		5,989,000
Restatement to Net Assets	(549,576)	(71,092)		(620,668)
Restated Net Assets	2,311,221	3,057,111		5,368,332
Total Net Assets--March 31, 2011	<u>\$ 1,951,177</u>	<u>\$ 3,087,763</u>	<u>\$ -</u>	<u>\$ 5,038,940</u>

**The Notes to Financial Statements are an integral part of this statement.**

**VILLAGE OF NEW HAVEN--MACOMB COUNTY  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
For the Year Ended March 31, 2011**

**EXHIBIT G**

	<b>BUSINESS-TYPE ACTIVITIES</b>			Total Enterprise Funds
	<b>ENTERPRISE FUNDS</b>			
	Major Sewer	Water	Non-Major Building	
Cash Flows From Operating Activities				
Cash Received From Customers	\$ 671,629	\$ 611,027	\$ 18,338	\$ 1,300,994
Cash Payments to Employees for Services and Benefits	(102,512)	(126,144)	(50,547)	(279,203)
Cash Payments to Suppliers for Goods and Services	(540,327)	(1,193,506)	(40,035)	(1,773,868)
Net Cash Provided by Operating Activities	<u>28,790</u>	<u>(708,623)</u>	<u>(72,244)</u>	<u>(752,077)</u>
Cash Flows From Noncapital Financing Activities				
Due To Other Funds	1,120,550	(421,559)		698,991
Transfers In			70,415	70,415
Net Cash Provided by Noncapital Financing Activities	<u>1,120,550</u>	<u>(421,559)</u>	<u>70,415</u>	<u>769,406</u>
Cash Flows From Capital and Related Financing Activities				
Acquisition of Capital Assets	(5,022,099)	(2,611,995)		(7,634,094)
Proceeds From Issuance of Bonds	5,013,549	3,336,478		
Due From County	(876)			
Reduction of Debt	(167,734)	(122,000)		(289,734)
Interest Paid on Bonds	(240,379)	(54,193)		(294,572)
Net Cash Provided by Capital and Related Financing Activities	<u>(417,539)</u>	<u>548,290</u>	<u>-</u>	<u>(8,218,400)</u>
Cash Flows From Investing Activities				
Interest on Cash Equivalents	63,498	(6,611)	295	57,182
Sale of Investments				-
Net Cash Provided by Investing Activities	<u>63,498</u>	<u>(6,611)</u>	<u>295</u>	<u>57,182</u>
Net Increase (Decrease) in Cash and Cash Equivalents	795,299	(588,503)	(1,534)	205,262
Cash and Cash Equivalents at Beginning of Year	<u>173,972</u>	<u>793,503</u>	<u>75,957</u>	<u>1,043,432</u>
Cash and Cash Equivalents at End of Year	<u>\$ 969,271</u>	<u>\$ 205,000</u>	<u>\$ 74,423</u>	<u>\$ 1,248,694</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities				
Operating Income (Loss)	\$ (191,722)	\$ 91,456	\$ (70,710)	\$ (170,976)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities				
Depreciation Expense	129,273	110,631		239,904
(Increase) Decrease in Accounts Receivable	74,838	(146,532)		(71,694)
Increase (Decrease) in Accounts Payable	19,792	(763,041)	1,229	(742,020)
Increase (Decrease) in Accrued Liabilities	(3,391)	(1,137)	(2,763)	(7,291)
Net Cash Provided by Operating Activities	<u>\$ 28,790</u>	<u>\$ (708,623)</u>	<u>\$ (72,244)</u>	<u>\$ (752,077)</u>

**The Notes to Financial Statements are an integral part of this statement.**

# VILLAGE OF NEW HAVEN--MACOMB COUNTY

## NOTES TO FINANCIAL STATEMENTS

For the Year Ended March 31, 2011

### NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Village of New Haven conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Village.

#### REPORTING ENTITY

The Village of New Haven is located in Macomb County and operates under a general law Village form of government. The Village provides services to its 4,642 residents in many areas including: public safety (police), public works, and general government. The Village is governed by a seven-member Council, including a president, elected by the citizens of the Village.

In accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity," these financial statements present the Village (the primary government) and its component units. The criteria established by GASB for determining the reporting entity includes oversight responsibility, fiscal dependency and whether the financial statements would be misleading if data were not included. There are no other units that should be included in the financial statements.

#### Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally 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 segment is 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 revenue.

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.

VILLAGE OF NEW HAVEN--MACOMB COUNTY

NOTES TO FINANCIAL STATEMENTS

For the Year Ended March 31, 2011

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 revenue 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. Revenue is recognized when it is both measurable and available. Revenues are considered to be available if they are collected 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, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Revenues are recognized in the accounting period in which they become susceptible to accrual, that is, when they become both measurable and available to finance expenditures of the fiscal period. Property taxes, intergovernmental revenue, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the Village.

The Village reports the following major governmental funds:

The General Fund is the Village'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 resources of State gas and weight tax revenues that are restricted for use on major streets.

The Local Street Fund accounts for the resources of State gas and weight tax revenues that are restricted for use on local streets.

The Municipal Street Fund accounts for maintenance, improvement, and street lighting of the Village streets. Expenditures are funded by the Village's operating millage.

VILLAGE OF NEW HAVEN--MACOMB COUNTY

NOTES TO FINANCIAL STATEMENTS

For the Year Ended March 31, 2011

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The Village reports the following major proprietary funds:

The Sewer Fund accounts for the sewer operations of the Village.

The Water Fund accounts for the water operations of the Village.

Private-sector standards of accounting and financial reporting, issued prior to December 1, 1989, are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Village has elected to consistently apply all applicable FASB pronouncements, issued subsequent to November 30, 1989, in accounting and reporting for its proprietary operation.

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

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 non-operating 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 water and sewer funds are collection fees for water, sewer, and trash operations. The Water and Sewer Funds also recognize the portion of tap fees intended to recover current costs (e.g., labor and materials to hook up new customers) as operating revenue. The portion intended to recover the cost of the infrastructure is recognized as non-operating revenue. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenue and expenses.

When both restricted and unrestricted resources are available for use, it is the policy of the Village to use restricted resources first, then unrestricted resources as they are needed.

VILLAGE OF NEW HAVEN--MACOMB COUNTY

NOTES TO FINANCIAL STATEMENTS

For the Year Ended March 31, 2011

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Bank Deposits and Investments

The bank deposits are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less from the date of acquisition. The statement of cash flows includes both restricted and unrestricted cash and cash equivalents.

Investments are stated at fair value and short-term investments are reported at cost, which approximates fair value. Earnings from investments are allocated to numerous funds as required by Federal regulations, State statutes, and local ordinances.

Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Inventories and Prepaid Items

No inventory is maintained. Payments for supplies are recorded as expenditures at the time of purchase. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

Deferred Revenue

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period or for resources that have been received, but not yet earned.

Capital Assets

Capital assets include property, plant and equipment, and infrastructure assets (e.g., streets, sidewalks, and similar items), and 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 cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.



VILLAGE OF NEW HAVEN--MACOMB COUNTY

NOTES TO FINANCIAL STATEMENTS

For the Year Ended March 31, 2011

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Compensated Absences (Vacation and Sick Leave)--Primary Government

It is the policy of the Village to permit employees to accumulate earned but unused sick and vacation 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 financial statements. A liability for these amounts is reported only in governmental funds for employee terminations as of year end.

Long-Term Obligations

In the government-wide financial statements and proprietary fund type statements, the 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 Assets. For new bond issuances after the implementation of GASB Statement No. 34, bond premiums and discounts as well as issuance costs are deferred and amortized over the life of the bonds using the straight-line method which approximates 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. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

VILLAGE OF NEW HAVEN--MACOMB COUNTY

NOTES TO FINANCIAL STATEMENTS

For the Year Ended March 31, 2011

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of the following: assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Other Financing Sources (Uses)

The transfers of cash between the various Village funds are budgeted but reported separately from revenues and expenditures as operating transfers in or (out), unless they represent temporary advances that are to be repaid; in which case, they are carried as assets and liabilities of the advancing or borrowing funds.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

NOTE B--STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets and Budgetary Accounting

Budgets are adopted by the Village Council for the General Fund and Special Revenue Funds. The budget basis of accounting does not differ significantly from the modified accrual basis used to reflect actual revenues and expenditures for these funds; however, the prepared budget for the General Fund was not in accordance with the Uniform Chart of Accounts, published by the Michigan Department of Treasury. The budget is adopted at the activity level and control is exercised at the activity level. The Village Council monitors and amends the budget as necessary. Unexpended appropriations lapse at year end. Budgeted revenues and expenditures include any authorized amendments to the original budget as adopted.

Public Act 2 of 1968, as amended, requires the adoption of a balanced budget for General and Special Revenue funds, as well as budget amendments as needed to prevent actual expenditures from exceeding those provided for in the budget.

VILLAGE OF NEW HAVEN--MACOMB COUNTY

NOTES TO FINANCIAL STATEMENTS

For the Year Ended March 31, 2011

NOTE B--STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

Expenditures were incurred in excess of the amount appropriated in the amended budget for the activities of the General fund and Special Revenue funds as follows:

<u>Fund, Function and Activity</u>	<u>Budget</u>	<u>Actual</u>	<u>Excess Expenditures</u>
General Fund			
General Government	\$ 473,050	\$ 499,993	\$ (26,943)
Public Works	8,900	10,690	(1,790)
Capital Outlay	53,184	66,479	(13,295)
Operating Transfer (Out)	53,500	70,415	(16,915)
Major Street Fund			
Traffic	4,570	4,775	(205)
Winter Routine and Preventive Maintenance	11,900	24,489	(12,589)
Nonmotorized	10,000	10,001	(1)
Local Street Fund			
Winter Routine and Preventive Maintenance	13,050	27,591	(14,541)
Municipal Street Fund			
Public Works	44,800	57,095	(12,295)
Fire Fund			
Public Safety	335,150	340,799	(5,649)
Capital Outlay	2,000	18,025	(16,025)
Drug Law Enforcement Fund			
Public Safety	-	19,143	(19,143)

Fund Deficits

The Village has accumulated a deficit of \$637,235 in the unrestricted net assets of the Water Fund.

Legal Noncompliance/Violation of Finance Related Provisions

1. Failure to establish or maintain the Uniform Chart of Accounts in a formal accounting system in accordance with PA 2 of 1968, as amended (MCL 141.421).
2. Noncompliance with the budgeting act as required by PA 2 of 1968, as amended (MCL 141.421 through MCL 141.440a)
3. Failure to adopt an investment policy (MCL 129.95).
4. Failure to follow provisions of closed meetings as required by the Open Meetings Act (MCL 15.269).
5. Failure to adopt an ACH policy in accordance with PA 738 of 2002 (MCL 124.303)
6. Failure to adopt a Social Security Number Privacy Policy in accordance with PA 454 of 2004 (MCL 445.84, Sec 4 (1)).

VILLAGE OF NEW HAVEN--MACOMB COUNTY

NOTES TO FINANCIAL STATEMENTS

For the Year Ended March 31, 2011

NOTE C--BANK DEPOSITS AND INVESTMENTS

Michigan Compiled Laws (MCL) 129.91, authorizes the Village to deposit and invest in the accounts of Federally insured banks, credit unions, savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or federal agency obligation repurchase agreements, bankers' acceptance of United States banks; commercial paper rated within the two highest classifications, which mature not more than 270 days after the date of purchase, obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The Village has designated four banks for the deposit of Village funds. The Village has not adopted an investment policy in accordance with Public Act 20 of 1943.

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

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total Primary Government</u>
Cash and Cash Equivalents	\$ 2,527,630	\$ 1,043,694	\$ 3,571,324
Restricted Cash	43,215	205,000	248,215
Investments	1,504,520		1,504,520
Total	<u>\$ 4,075,365</u>	<u>\$ 1,248,694</u>	<u>\$ 5,324,059</u>

The breakdown between deposits and investments is as follows:

	<u>Primary Government</u>
Bank Deposits (Checking and Savings Accounts, Certificates of Deposit)	\$ 3,818,560
Investments in Municipal Investment Funds	1,504,520
Petty Cash and Cash on Hand	<u>979</u>
Total	<u>\$ 5,324,059</u>

Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Village's deposits may not be recovered. At March 31, 2011, the bank balance of the Village's deposits is \$3,899,002, of which \$1,000,000 is covered by Federal depository insurance. The remaining \$2,899,002 is uncollateralized.

VILLAGE OF NEW HAVEN--MACOMB COUNTY

NOTES TO FINANCIAL STATEMENTS

For the Year Ended March 31, 2011

NOTE C--BANK DEPOSITS AND INVESTMENTS (Continued)

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the Village manages its exposure to interest rate risk is by participating in two municipal investment funds totaling \$1,504,520, which hold diverse investments that local units of government are authorized by law for direct investment.

Concentration of Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Municipal Investment Funds issued through PNC Bank totaling \$1,504,520 are common trust funds that are not rated.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Michigan law does not contain requirements that limit the exposure to custodial credit risk for deposits.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker/dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Michigan law does not contain legal requirements that limit the exposure to custodial credit risk for investments. The village has not adopted an investment policy containing safekeeping and custody sections that limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools.

NOTE D--RESTRICTED ASSETS

Restricted Cash

The Cemetery Perpetual Care Fund (non-major governmental fund) reports \$43,215 in restricted cash for funds held by the Village for the perpetual care of cemetery lots. The Water Fund reports \$205,000 in restricted cash as funds restricted to meet future bond covenants as established in a Village ordinance.

VILLAGE OF NEW HAVEN--MACOMB COUNTY

NOTES TO FINANCIAL STATEMENTS

For the Year Ended March 31, 2011

NOTE D--RESTRICTED ASSETS (Continued)

Restricted Asset-Due From County

The Sewer Fund reports \$105,545 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.

NOTE E--PROPERTY TAXES

Property Taxes

The Village's 2010 ad valorem tax is levied and collectible on July 1, 2010. It is the Village's policy to recognize revenues from the current tax levy in the current year when the proceeds of this levy are budgeted and made available for financing of the Village operations. Property taxes are recognized when received. The 2010 State taxable valuation of the Village amounted to \$94,845,047, on of which 13.75 mills were levied for operating purposes. The Village has elected to split the operating levy into three funds. The General Fund is currently allocated 9.4875 mills, the Municipal Street Improvement Fund is allocated 3.85 mills, and the Cemetery Fund is allocated .4125 mills. This resulted in total revenue of approximately \$1,322,769 for general operations, street improvements, and cemetery purposes.

In addition to the ad valorem tax, 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 approximately \$260,424.

Uncollected real property taxes, which become delinquent October 1, are purchased by Macomb County and paid to the Village in during the current fiscal year. As such, there is no delinquent taxes receivable recorded.

Delinquent Personal Property Taxes Receivable

It is the Village's policy to record the receivable related to the delinquent personal property taxes. The amounts recorded at year end are the balances still due from the last five years of tax levies that have not been collected. The General Fund, Municipal Street Fund, Fire Fund, and Cemetery Fund report receivable balances of \$12,801, \$2,546, \$545, and \$273, respectively. These amounts have not been collected within 60 days of fiscal year end and are offset by deferred revenue as they do not meet the definition of earned revenue under Generally Accepted Accounting Principles (GAAP).

VILLAGE OF NEW HAVEN--MACOMB COUNTY

NOTES TO FINANCIAL STATEMENTS

For the Year Ended March 31, 2011

NOTE F--RECEIVABLES

Accounts Receivable

The General Fund has an accounts receivable amount of \$66,997. Of this balance, \$13,782 relates to a cashier's check issued by the Village's bank that the Village is now attempting to recover, \$27,962 relates to payment in lieu of taxes due, \$5,080 relates to the SMART program, \$8,857 relates to ordinance fines due from Macomb County, \$10,269 relates to franchise fees, and \$1,047 is related to other charges for services. The Fire Fund has an accounts receivable balance consisting of an insurance refund due at year end of \$33,121. Of these amounts, the \$27,962 for payment in lieu of taxes and \$119 related to charges for services are offset by deferred revenue.

The Sewer and Water receivables are based on sewer and water services provided by the Village. The receivables do not have an allowance for doubtful accounts because any receivables not collected are placed on the customer's tax bill. The receivable for the Sewer Fund is \$228,905 and the receivable for the Water Fund is \$289,975. The Building Fund also reports an accounts receivable for \$423 for inspection fees. The receivables are not offset by deferred revenue.

NOTE G--DEFERRED REVENUE

Governmental funds report deferred revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, deferred revenue related to unavailable funds was as follows:

	<u>General</u>	<u>Major Street</u>	<u>Municipal Street</u>	<u>Fire</u>	<u>Cemetery</u>
Delinquent Personal Property Taxes	\$ 12,801		\$ 2,546	\$ 545	\$ 273
Payment in Lieu of Taxes	27,962				
Due From County-CDBG Funds	2,000	\$ 2,034			
Due From State-					
Revenue Sharing-Population Adjustment					
Volunteer Grant	70,140			3,527	
Due From Federal-DEA Officer OT	5,784				
Other Charges for Services	119				
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Deferred Revenue	<u>\$ 118,806</u>	<u>\$ 2,034</u>	<u>\$ 2,546</u>	<u>\$ 4,072</u>	<u>\$ 273</u>

VILLAGE OF NEW HAVEN--MACOMB COUNTY

NOTES TO FINANCIAL STATEMENTS

For the Year Ended March 31, 2011

NOTE H--INTERFUND RECEIVABLES AND PAYABLES/TRANSFERS

The amounts of interfund receivables and payables for the primary government are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Fund</u>	<u>Interfund Payable</u>
Municipal Street	\$827,644	Water	\$ 827,644
Nonmajor Governmental	6,603	General	4,366
		Nonmajor Governmental	2,237
Total	<u>\$834,247</u>		<u>\$ 834,247</u>

The outstanding balances between the Water Fund and Municipal Street Fund are amounts borrowed to finance the daily operations of the Water Fund. While the Village has raised rates, the full amount is not expected to be reimbursed within one year. The amount due from the General Fund to the nonmajor governmental funds is because drug law enforcement money was deposited into the General Fund in error and has not been transferred back. The final amount owed between the nonmajor governmental funds is the running balance due from the Perpetual Care Fund to the Cemetery Fund for maintenance work performed because the Perpetual Care funds are maintained in certificates of deposit that have not been used to pay down the amounts due.

The 2011 operating transfers from Exhibit D can be summarized as follows:

	<u>Transfers In</u>	<u>Transfers (Out)</u>
Primary Government		
General	\$ 279,000	\$ 70,415
Major Street		54,750
Local Street	54,750	
Municipal Street		279,000
Nonmajor Governmental	331	331
Nonmajor Business-Type	70,415	
Total Primary Government	<u>\$ 404,496</u>	<u>\$404,496</u>

Interfund transfers are used to 1) transfer revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, 2) transfer receipts restricted to debt service from the funds collecting the receipts to the debt service funds as debt service payments become due, and 3) transfer unrestricted revenues collected in the General Fund to other funds to finance various programs in accordance with budgetary authorizations.

As stated in Note D, the Village has elected to split the operating levy into three funds including the Municipal Street Fund. Since the operating levy is not restricted, the revenues of the Municipal Street Fund are also not restricted and can be transferred to the General Fund.



VILLAGE OF NEW HAVEN--MACOMB COUNTY

NOTES TO FINANCIAL STATEMENTS

For the Year Ended March 31, 2011

NOTE I--CAPITAL ASSETS

Beginning Net Capital Asset Adjustment

Prior to March 31, 2005, the Village did not maintain a capital asset listing. For the fiscal year ending March 31, 2011, the Village had an appraisal company compile a list of capital assets owned by the Village including its infrastructure. The following restatements are to adjust the beginning balances to the appraisal report. Also see Note O.

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Adjustment to Beginning Balance</u>	<u>Restated Beginning Balance</u>
Capital Assets Not Being Depreciated			
Land	\$ 37,907	\$ 936,797	\$ 974,704
Subtotal	<u>37,907</u>	<u>936,797</u>	<u>974,704</u>
Capital Assets Being Depreciated			
Land Improvements		290,403	290,403
Buildings and Building Improvements		482,631	482,631
Equipment	748,089	242,903	990,992
Vehicles	346,778	(42,352)	304,426
Infrastructure	44,288	11,356,562	11,400,850
Subtotal	<u>1,139,155</u>	<u>12,330,147</u>	<u>13,469,302</u>
Accumulated Depreciation	<u>735,894</u>	<u>5,948,437</u>	<u>6,684,331</u>
Net Capital Assets Being Depreciated	<u>403,261</u>	<u>6,381,710</u>	<u>6,784,971</u>
Governmental Activities Capital Total Capital Assets--Net of Depreciation	<u>\$ 441,168</u>	<u>\$ 7,318,507</u>	<u>\$ 7,759,675</u>

VILLAGE OF NEW HAVEN--MACOMB COUNTY

NOTES TO FINANCIAL STATEMENTS

For the Year Ended March 31, 2011

NOTE I--CAPITAL ASSETS (Continued)

<u>Business-Type Activities-Water Fund</u>	<u>Beginning Balance</u>	<u>Adjustment to Beginning Balance</u>	<u>Restated Beginning Balance</u>
Capital Assets Not Being Depreciated			
Land	\$ 33,350	\$ (33,350)	\$ -
Construction in Progress	<u>1,998,349</u>		<u>1,998,349</u>
Subtotal	<u>2,031,699</u>	<u>(33,350)</u>	<u>1,998,349</u>
Capital Assets Being Depreciated			
Land Improvements		42,800	42,800
Buildings and Building Improvements	101,000	833,064	934,064
Wells	86,911		86,911
Equipment		45,145	45,145
Meters	96,989	(48,494)	48,495
Water Mains	<u>2,280,174</u>		<u>2,280,174</u>
Subtotal	<u>2,565,074</u>	<u>872,515</u>	<u>3,437,589</u>
Less Accumulated Depreciation			
Land Improvements		16,138	16,138
Buildings and Building Improvements	101,000	555,191	656,191
Wells	86,911		86,911
Equipment		13,593	13,593
Meters	6,244	(5,436)	808
Water Mains	<u>673,741</u>	<u>1</u>	<u>673,742</u>
Accumulated Depreciation	<u>867,896</u>	<u>579,487</u>	<u>1,447,383</u>
Net Capital Assets Being Depreciated	<u>1,697,178</u>	<u>293,028</u>	<u>1,990,206</u>
Business-Type Activities-Water Capital Total			
Capital Assets--Net of Depreciation	<u>\$ 3,728,877</u>	<u>\$ 259,678</u>	<u>\$ 3,988,555</u>

VILLAGE OF NEW HAVEN--MACOMB COUNTY

NOTES TO FINANCIAL STATEMENTS

For the Year Ended March 31, 2011

NOTE I--CAPITAL ASSETS (Continued)

<u>Business-Type Activities-Sewer Fund</u>	<u>Beginning Balance</u>	<u>Adjustment to Beginning Balance</u>	<u>Restated Beginning Balance</u>
Capital Assets Being Depreciated			
Buildings and Building Improvements	\$ 35,782	\$ (35,782)	\$ -
Meters	96,989	(48,495)	48,494
Purification and Disposal Equipment	1,142,462	(1,142,462)	-
Sewer Mains	3,841,186	1	3,841,187
Equipment	<u>177,475</u>	<u>(169,149)</u>	<u>8,326</u>
Subtotal	<u>5,293,894</u>	<u>(1,395,887)</u>	<u>3,898,007</u>
Less Accumulated Depreciation			
Buildings and Building Improvements	35,782	(35,782)	-
Meters	3,233	(2,425)	808
Purification and Disposal Equipment	764,661	(764,661)	-
Sewer Mains	374,177		374,177
Equipment	<u>49,272</u>	<u>(43,444)</u>	<u>5,828</u>
Accumulated Depreciation	<u>1,227,125</u>	<u>(846,312)</u>	<u>380,813</u>
Business-Type Activities-Sewer Capital Total			
Capital Assets--Net of Depreciation	<u>\$ 4,066,769</u>	<u>\$ (549,575)</u>	<u>\$ 3,517,194</u>

VILLAGE OF NEW HAVEN--MACOMB COUNTY

NOTES TO FINANCIAL STATEMENTS

For the Year Ended March 31, 2011

NOTE I--CAPITAL ASSETS (Continue)

Capital asset activity of the Village's governmental funds for the current year was as follows:

<u>Governmental Activities</u>	Account Balances 04/01/10	Additions	Deductions	Account Balances 03/31/11
Capital Assets Not Being Depreciated				
Land	\$ 974,704			\$ 974,704
Subtotal	<u>974,704</u>	<u>\$ -</u>	<u>\$ -</u>	<u>974,704</u>
Capital Assets Being Depreciated				
Land Improvements	290,403			290,403
Buildings and Building Improvements	482,631	16,434		499,065
Equipment	990,992	46,027		1,037,019
Vehicles	304,426	22,044		326,470
Infrastructure	<u>11,400,850</u>	<u>10,000</u>		<u>11,410,850</u>
Total	<u>13,469,302</u>	<u>94,505</u>	<u>-</u>	<u>13,563,807</u>
Less Accumulated Depreciation				
Land Improvements	103,455	14,520		117,975
Buildings and Building Improvements	290,166	6,812		296,978
Equipment	575,729	64,867		640,596
Vehicles	171,787	28,141		199,928
Infrastructure	<u>5,543,194</u>	<u>557,871</u>		<u>6,101,065</u>
Total	<u>6,684,331</u>	<u>672,211</u>	<u>-</u>	<u>7,356,542</u>
Net Capital Assets Being Depreciated	<u>6,784,971</u>	<u>94,505</u>	<u>672,211</u>	<u>6,207,265</u>
Governmental Activities Capital Total				
Capital Assets--Net of Depreciation	<u>\$ 7,759,675</u>	<u>\$ 94,505</u>	<u>\$ 672,211</u>	<u>\$ 7,181,969</u>

VILLAGE OF NEW HAVEN--MACOMB COUNTY

NOTES TO FINANCIAL STATEMENTS

For the Year Ended March 31, 2011

NOTE I--CAPITAL ASSETS (Continued)

Capital asset activity of the Village's Enterprise funds for the current year was as follows:

<u>Business-Type Activities-Water</u>	Restated Account Balances 04/01/10	Additions	Deductions	Account Balances 03/31/11
Capital Assets Being Not Depreciated				
Construction in Progress	\$ 1,998,349	_____	\$ 1,998,349	\$ -
Subtotal	<u>1,998,349</u>	<u>\$ -</u>	<u>\$ 1,998,349</u>	<u>-</u>
Capital Assets Being Depreciated				
Land Improvements	42,800			42,800
Building and Building Improvements	934,064			934,064
Wells	86,911			86,911
Equipment	45,145			45,145
Meters	48,495	22,368		70,863
Water Mains	<u>2,280,174</u>	<u>4,587,976</u>	_____	<u>6,868,150</u>
Total	<u>3,437,589</u>	<u>4,610,344</u>	<u>-</u>	<u>8,047,933</u>
Less Accumulated Depreciation				
Land Improvements	16,138	1,931		18,069
Building and Building Improvements	656,191	12,182		668,373
Wells	86,911			86,911
Equipment	13,593	3,046		16,639
Meters	808	1,990		2,798
Water Mains	<u>673,742</u>	<u>91,483</u>	_____	<u>765,225</u>
Total	<u>1,447,383</u>	<u>110,632</u>	<u>-</u>	<u>1,558,015</u>
Net Capital Assets Being Depreciated	<u>1,990,206</u>	<u>4,610,344</u>	<u>110,632</u>	<u>6,489,918</u>
Business-Type Activities Capital Total				
Capital Assets--Net of Depreciation	<u>\$ 3,988,555</u>	<u>\$ 4,610,344</u>	<u>\$ 110,632</u>	<u>\$ 6,489,918</u>

VILLAGE OF NEW HAVEN--MACOMB COUNTY

NOTES TO FINANCIAL STATEMENTS  
For the Year Ended March 31, 2011

NOTE I--CAPITAL ASSETS (Continue)

	Account Balances 04/01/10	Additions	Deductions	Account Balances 03/31/11
Business-Type Activities-Sewer				
Capital Assets Being Depreciated				
Meters	\$ 48,494	\$ 8,550		\$ 57,044
Sewer Mains	3,841,187	5,013,549		8,854,736
Equipment	<u>8,326</u>			<u>8,326</u>
Total	<u>3,898,007</u>	<u>5,022,099</u>	<u>\$ -</u>	<u>8,920,106</u>
Less Accumulated Depreciation				
Meters	808	1,759		2,567
Sewer Mains	374,177	126,960		501,137
Equipment	<u>5,828</u>	<u>554</u>		<u>6,382</u>
Total	<u>380,813</u>	<u>129,273</u>	<u>-</u>	<u>510,086</u>
Business-Type Activities Capital Total				
Capital Assets--Net of Depreciation	<u>\$3,517,194</u>	<u>\$5,022,099</u>	<u>\$ 129,273</u>	<u>\$ 8,410,020</u>

Depreciation expense was charged to programs of the Village as follows:

Governmental Activities	
General Government	\$ 12,992
Public Safety	52,856
Public Works	593,102
Recreational and Cultural	<u>13,261</u>
Total Governmental Activities	<u>\$ 672,211</u>
Business-Type Activities	
Sewer	129,273
Water	<u>110,632</u>
Total Business-Type Activities	<u>\$ 239,905</u>

VILLAGE OF NEW HAVEN--MACOMB COUNTY

NOTES TO FINANCIAL STATEMENTS

For the Year Ended March 31, 2011

NOTE J--LONG-TERM DEBT

The individual long-term debt of the Village and the changes therein, may be summarized as follows:

	<u>Balance 04/01/10</u>	<u>Additions (Reductions)</u>	<u>Balance 03/31/11</u>	<u>Due Within One Year</u>
<u>Governmental Activities</u>				
2006 Capital Lease Payable of \$10,270 for six years, noninterest bearing, due in monthly installments of \$171 for the purchase of a copy machine.	\$ 3,423	\$ (2,054)	\$ 1,369	\$ 1,369
2003 Capital Lease Payable of \$212,012 for eight years at an interest rate of 5.5% due in annual installments of \$31,285 for the purchase of a fire truck.	29,838	(29,838)	-	
Vested Employee Benefits Payable	<u>113,177</u>	<u>30,695</u>	<u>143,872</u>	
Total Governmental Activities	<u>\$ 146,438</u>	<u>\$ (1,197)</u>	<u>\$ 145,241</u>	<u>\$ 1,369</u>
<u>Business-Type Activities</u>				
State of Michigan Drinking Water Revolving Loan Fund of \$3,177,000, due in annual installments ranging from \$122,000 to \$200,000 maturing serially through 2030 at an interest rate of 2.5%.	\$ 78,345	\$ 3,013,575 (122,000)	\$ 2,969,920	\$ 130,000
Limited Tax Obligation Bond issued by Macomb County Wastewater Disposal District of \$1,781,905 due in annual installments ranging from \$39,084 to \$95,716 maturing serially through 2033 an interest rate of 3.25% to 4.75%.	1,702,940	(39,882)	1,663,058	39,882
Less Unamortized Bond Discount	(14,919)	1,402	(13,517)	
Limited Tax Obligation Bond issued by Macomb County Wastewater Disposal District of \$1,112,814 due in annual installments ranging from \$16,462 to \$82,309 maturing serially through 2032 an interest rate of 3.75% to 4.25%.	1,055,198	(24,693)	1,030,505	24,693
Limited Tax Obligation Bond issued by Macomb County Wastewater Disposal District of \$88,659 due in annual installments ranging from \$1,945 to \$4,762 maturing serially through 2033 an interest rate of 2.0% to 4.25%.		88,659 (5,913)	82,746	1,984

VILLAGE OF NEW HAVEN--MACOMB COUNTY

NOTES TO FINANCIAL STATEMENTS

For the Year Ended March 31, 2011

NOTE J--LONG-TERM DEBT (Continued)

	<u>Balance 04/01/10</u>	<u>Additions (Reductions)</u>	<u>Balance 03/31/11</u>	<u>Due Within One Year</u>
<u>Business-Type Activities-Continued</u>				
Limited Tax Obligation Bond issued by Macomb County Wastewater Disposal District of \$8,244 due in annual installments ranging from \$158 to \$474 maturing serially through 2035 an interest rate of 2.0% to 4.25%.		\$ 8,244 (158)	\$ 8,086	\$ 253
Limited Tax Obligation Bond issued by Macomb County Wastewater Disposal District of \$3,868,614 due in annual installments ranging from \$74,111 to \$222,334 maturing serially through 2035 an interest rate of 1.0% to 6.35%.		3,868,614 (74,111)	3,794,503	118,578
Limited Tax Obligation Bond issued by Macomb County Wastewater Disposal District of \$36,039 due in annual installments ranging from \$1,022 to \$2,797 maturing serially through 2030 an interest rate of 2.0% to 4.25%.		36,039 (1,022)	35,017	1,210
Limited Tax Obligation Bond issued by Macomb County Wastewater Disposal District of \$871,729 due in annual installments ranging from \$27,213 to \$51,326 maturing serially through 2035 an interest rate of 2.0% to 4.25%.		871,729	871,729	27,213
Limited Tax Obligation Bond issued by Macomb County Wastewater Disposal District of \$140,263 due in annual installments ranging from \$5,465 to \$8,795 maturing serially through 2031 an interest rate of 2.0% to 4.25%.		140,263	140,263	5,465
Installment Purchase Agreement of \$125,000 for the purchase of a Vactor due in annual installments of \$28,243 through 2013 at an interest rate of 6.5%.	\$ 96,756	(21,954)	74,802	23,381
Vested Employee Benefits Payable	<u>9,685</u>	<u>(5,809)</u>	<u>3,876</u>	
Total Business-Type Activities	<u>\$ 2,928,005</u>	<u>\$ 7,732,983</u>	<u>\$ 10,660,988</u>	<u>\$ 372,659</u>
Total Long-Term Debt	<u>\$ 3,074,443</u>	<u>\$ 7,731,786</u>	<u>\$ 10,806,229</u>	<u>\$ 374,028</u>



VILLAGE OF NEW HAVEN--MACOMB COUNTY

NOTES TO FINANCIAL STATEMENTS

For the Year Ended March 31, 2011

NOTE J--LONG-TERM DEBT (Continued)

Annual Principal and Interest Requirements

The annual requirements to pay the principal and interest on the Village's long-term debt obligations outstanding at March 31, 2011, are as follows:

Year	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2012	\$ 1,369		\$ 1,369	\$ 371,256	\$ 339,909	\$ 711,165
2013				374,880	331,214	706,094
2014				411,810	321,787	733,597
2015				386,984	310,344	697,328
2016				394,940	300,117	695,057
2017-2021				2,189,948	1,294,189	3,484,137
2022-2026				2,524,645	936,161	3,460,806
2027-2031				2,677,711	507,454	3,185,165
2031-2035				1,324,938	93,157	1,418,095
Total	<u>\$ 1,369</u>	<u>\$ -</u>	<u>\$ 1,369</u>	<u>\$ 10,657,112</u>	<u>\$ 4,434,332</u>	<u>\$ 15,091,444</u>

2007 Capital Lease Payable

Date of Issue: December 6, 2006

Amount: \$10,270

Purpose: Copy Machine

Year Ending March 31	Principal	Interest	Annual Total
2012	\$ 1,369		\$ 1,369
	<u>\$ 1,369</u>	<u>\$ -</u>	<u>\$ 1,369</u>

VILLAGE OF NEW HAVEN--MACOMB COUNTY

NOTES TO FINANCIAL STATEMENTS  
For the Year Ended March 31, 2011

NOTE J--LONG-TERM DEBT (Continued)

The annual water and sewer fund principal and interest required through maturity for the bonds payable outstanding is as follows:

Drinking Water Revolving Loan Bond Payable

Date of Issue: April 15, 2010

Amount: \$3,177,000

Purpose: Water Bonds

<u>Date of Maturity</u>	<u>Maturity April 1</u>	<u>Interest Payments</u>	<u>Total Annual Requirements</u>
2012	\$ 130,000	\$ 74,248	\$ 204,248
2013	130,000	70,998	200,998
2014	135,000	67,748	202,748
2015	135,000	64,373	199,373
2016	140,000	60,998	200,998
2017-2021	760,000	250,364	1,010,364
2022-2026	855,000	134,740	989,740
2027-2031	684,920	40,242	725,162
	<u>\$ 2,969,920</u>	<u>\$ 763,711</u>	<u>\$ 3,733,631</u>

Interest is payable semi-annually at the rate indicated on April 1 and October 1.

Sewer Bond Payable

Date of Issue: May 1, 2008

Amount: \$1,781,905

Purpose: Sewer Bonds

<u>Date of Maturity</u>	<u>Maturity April 1</u>	<u>Bond Discount</u>	<u>Interest Payments</u>	<u>Total Annual Requirements</u>
2012	\$ 39,881	\$ (1,402)	\$ 75,874	\$ 114,353
2013	39,882	(1,402)	74,428	112,908
2014	59,822	(1,402)	72,934	131,354
2015	59,822	(1,402)	70,540	128,960
2016	59,822	(1,402)	68,148	126,568
2017-2021	358,933	(6,507)	272,215	624,641
2022-2026	406,791		209,028	615,819
2027-2031	446,672		109,766	556,438
2031-2035	191,433		13,638	205,071
	<u>\$ 1,663,058</u>	<u>\$ (13,517)</u>	<u>\$ 966,571</u>	<u>\$ 2,616,112</u>

Interest is payable semi-annually at the rate indicated on May 1 and November 1.

VILLAGE OF NEW HAVEN--MACOMB COUNTY

NOTES TO FINANCIAL STATEMENTS

For the Year Ended March 31, 2011

NOTE J--LONG-TERM DEBT (Continued)

Sewer Bond Payable

Date of Issue: May 1, 2008

Amount: \$88,659

Purpose: Sewer Bonds

<u>Date of Maturity</u>	<u>Maturity April 1</u>	<u>Interest Payments</u>	<u>Total Annual Requirements</u>
2012	\$ 1,984	\$ 3,776	\$ 5,760
2013	1,984	3,704	5,688
2014	2,976	3,628	6,604
2015	2,976	3,510	6,486
2016	2,976	3,390	6,366
2017-2021	17,859	14,880	32,739
2022-2026	20,241	10,400	30,641
2027-2031	22,224	5,460	27,684
2031-2035	9,526	678	10,204
	<u>\$ 82,746</u>	<u>\$ 49,426</u>	<u>\$ 132,172</u>

Interest is payable semi-annually at the rate indicated on May 1 and November 1.

Sewer Bond Payable

Date of Issue: May 1, 2010

Amount: \$8,244

Purpose: Sewer Bonds

<u>Date of Maturity</u>	<u>Maturity April 1</u>	<u>Interest Payments</u>	<u>Total Annual Requirements</u>
2012	\$ 253	\$ 238	\$ 491
2013	253	235	488
2014	258	231	489
2015	260	227	487
2016	265	222	487
2017-2021	1,422	797	2,219
2022-2026	1,643	785	2,428
2027-2031	1,933	491	2,424
2031-2035	1,799	128	1,927
	<u>\$ 8,086</u>	<u>\$ 3,354</u>	<u>\$ 11,440</u>

Interest is payable semi-annually at the rate indicated on May 1 and November 1.

VILLAGE OF NEW HAVEN--MACOMB COUNTY

NOTES TO FINANCIAL STATEMENTS

For the Year Ended March 31, 2011

NOTE J--LONG-TERM DEBT (Continued)

Sewer Bond Payable

Date of Issue: May 1, 2010

Amount: \$3,868,614

Purpose: Sewer Bonds

<u>Date of Maturity</u>	<u>Maturity April 1</u>	<u>Interest Payments</u>	<u>Total Annual Requirements</u>
2012	\$ 118,578	\$ 111,387	\$ 229,965
2013	118,578	110,267	228,845
2014	120,859	108,665	229,524
2015	121,999	106,662	228,661
2016	124,279	104,196	228,475
2017-2021	667,002	473,127	1,140,129
2022-2026	770,758	367,864	1,138,622
2027-2031	907,580	230,538	1,138,118
2031-2035	844,870	60,182	905,052
	<u>\$ 3,794,503</u>	<u>\$1,672,888</u>	<u>\$ 5,467,391</u>

Interest is payable semi-annually at the rate indicated on May 1 and November 1.

Sewer Bond Payable

Date of Issue: April 1, 2010

Amount: \$36,039

Purpose: Sewer Bonds

<u>Date of Maturity</u>	<u>Maturity April 1</u>	<u>Interest Payments</u>	<u>Total Annual Requirements</u>
2012	\$ 1,210	\$ 1,718	\$ 2,928
2013	1,237	1,700	2,937
2014	1,291	1,674	2,965
2015	1,345	1,642	2,987
2016	1,399	1,596	2,995
2017-2021	7,960	7,058	15,018
2022-2026	10,220	4,832	15,052
2027-2031	10,355	1,568	11,923
	<u>\$ 35,017</u>	<u>\$ 21,788</u>	<u>\$ 56,805</u>

Interest is payable semi-annually at the rate indicated on April 1 and October 1.

VILLAGE OF NEW HAVEN--MACOMB COUNTY

NOTES TO FINANCIAL STATEMENTS

For the Year Ended March 31, 2011

NOTE J--LONG-TERM DEBT (Continued)

Sewer Bond Payable

Date of Issue: April 1, 2010

Amount: \$871,729

Purpose: Sewer Bonds

<u>Date of Maturity</u>	<u>Maturity April 1</u>	<u>Interest Payments</u>	<u>Total Annual Requirements</u>
2012	\$ 27,213	\$ 25,142	\$ 52,355
2013	27,487	24,862	52,349
2014	27,806	24,559	52,365
2015	28,170	24,166	52,336
2016	28,626	23,743	52,369
2017-2021	153,115	109,094	262,209
2022-2026	176,086	86,478	262,564
2027-2031	208,224	54,773	262,997
2031-2035	<u>195,002</u>	<u>15,075</u>	<u>210,077</u>
	<u>\$ 871,729</u>	<u>\$ 387,892</u>	<u>\$ 1,259,621</u>

Interest is payable semi-annually at the rate indicated on April 1 and October 1.

Sewer Bond Payable

Date of Issue: April 1, 2010

Amount: \$140,263

Purpose: Sewer Bonds

<u>Date of Maturity</u>	<u>Maturity April 1</u>
2012	\$ 5,465
2013	5,621
2014	5,756
2015	5,890
2016	6,051
2017-2021	32,624
2022-2026	36,981
2027-2031	<u>41,875</u>
	<u>\$ 140,263</u>

Interest will be payable semi-annually at the rate indicated on April 1 and October 1. However, the project is still ongoing and all bond proceeds have not been drawn down yet to determine the interest schedule of payments.

VILLAGE OF NEW HAVEN--MACOMB COUNTY

NOTES TO FINANCIAL STATEMENTS

For the Year Ended March 31, 2011

NOTE J--LONG-TERM DEBT (Continued)

Sewer Bond Payable

Date of Issue: May 1, 2007

Amount: \$1,112,814

Purpose: Sewer Bonds

<u>Date of Maturity</u>	<u>Maturity April 1</u>	<u>Interest Payments</u>	<u>Total Annual Requirements</u>
2012	\$ 24,693	\$ 42,664	\$ 67,357
2013	26,339	41,678	68,017
2014	32,924	40,624	73,548
2015	32,924	39,224	72,148
2016	32,924	37,824	70,748
2017-2021	197,540	166,654	364,194
2022-2026	246,925	122,034	368,959
2027-2031	353,928	64,616	418,544
2031-2035	<u>82,308</u>	<u>3,456</u>	<u>85,764</u>
	<u>\$ 1,030,505</u>	<u>\$ 558,774</u>	<u>\$ 1,589,279</u>

Interest is payable semi-annually at the rate indicated on May 1 and November 1.

2009 Installment Purchase Payable

Date of Issue: September 18, 2009

Amount: \$125,000

Purpose: Vactor

<u>Date of Maturity</u>	<u>Maturity April 1</u>	<u>Interest Payments</u>	<u>Total Annual Requirements</u>
2012	\$ 23,381	\$ 4,862	\$ 28,243
2013	24,901	3,342	28,243
2014	<u>26,520</u>	<u>1,724</u>	<u>28,244</u>
	<u>\$ 74,802</u>	<u>\$ 9,928</u>	<u>\$ 84,730</u>

VILLAGE OF NEW HAVEN--MACOMB COUNTY

NOTES TO FINANCIAL STATEMENTS

For the Year Ended March 31, 2011

NOTE K--COMPENSATED ABSENCES

Vested Employee Benefits Payable

The Village's employment policies provide for vacation benefits to be earned in varying amounts depending on the employee's years of service. Vacation benefits earned are credited to each employee on a bi-weekly basis. The Village has established a formal policy regarding a maximum 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 with each day being made available as of the last day of the month. A maximum of 24 days may be accrued.

NOTE L--DEFINED CONTRIBUTION PENSION PLAN

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

Total compensation of covered employees and total compensation of all employees for the year ended March 31, 2011, amounted to \$824,070 and \$1,072,511, respectively. A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies 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, 2011, the Village contributed \$41,204 to the plan.

NOTE M--RISK MANAGEMENT

The Village is exposed to various risks of loss related to property loss, torts, and errors and omissions and employee injuries (workers' compensation). The Village has purchased commercial insurance coverage through various policies for general liability, property, vehicle and workers' compensation claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three years.

VILLAGE OF NEW HAVEN--MACOMB COUNTY

NOTES TO FINANCIAL STATEMENTS

For the Year Ended March 31, 2011

NOTE M--RISK MANAGEMENT (Continued)

The Michigan Township's Participating Plan operates as an insurance pool for local units of government in Michigan. The Plan purchases commercial insurance on behalf of its members at a lower cost than would be available on an individual basis.

NOTE N--COMMITMENTS

Effective October 2006, the Village became committed to a lease for its operating facility. The lease, which expires in October 2031, requires monthly base rent of \$16,500 exclusive of taxes, utilities, insurance, maintenance, and repairs. The lease also requires the Village to pay as additional rent each year any property taxes levied on the operating facility. Base rent and additional rent for the year ended March 31, 2011, amounted to \$198,000 and \$77,016, respectively. The Village may exercise an option to purchase the operating facility at any time after October 2008 for \$3,500,000.

Minimum future rental commitments for the operating facility are summarized as follows:

<u>Year Ending March 31</u>	<u>Amount</u>
2012	\$ 198,000
2013	198,000
2014	198,000
2015	198,000
2016	198,000
2017-2021	990,000
2022-2026	990,000
2027-2031	990,000
2032	<u>198,000</u>
Total	<u>\$ 4,158,000</u>



VILLAGE OF NEW HAVEN--MACOMB COUNTY

NOTES TO FINANCIAL STATEMENTS

For the Year Ended March 31, 2011

NOTE O--RESTATEMENT TO NET ASSETS

Prior to 2005, the Village did not maintain a capital asset listing. During fiscal year 2011, the Village had an appraisal company prepare a list for the Village. Net assets have been restated for the governmental activities in Exhibit B and the Sewer Fund and the Water Fund in Exhibit F to adjust the capital asset amounts. See Note I. Also, in the Water Fund, Drinking Water Revolving Loan Fund bonds issued were recorded as grant revenue instead of a liability. The net assets and liability have been restated to adjust the balances. The net effect of the restatement is as follows.

	<u>Governmental Activities</u>	<u>Sewer Fund</u>	<u>Water Fund</u>
From Exhibit B and F, respectively			
Net Assets--April 1, 2010	\$ 5,208,461	\$ 2,860,797	\$ 3,128,203
Add (Subtract) adjusted assets from appraisal report	7,318,507	(549,576)	259,676
Subtract bond liability posted as revenue			(330,768)
	<u>\$12,526,968</u>	<u>\$ 2,311,221</u>	<u>\$ 3,057,111</u>
Restated Net Assets--April 1, 2010			

NOTE P--UPCOMING REPORTING CHANGE

In March 2009, the Government Accounting Standards Board (GASB) issued statement No. 54, *Fund Balance Reporting and Governmental Fund-type Definitions*. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund-type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Under this standard, the fund balance classifications of reserved, designated, and unreserved will be replaced with five new classifications: non-spendable, restricted, committed, assigned, and unassigned. The Village will need to implement the standard with the fiscal year beginning April 1, 2011.

**VILLAGE OF NEW HAVEN--MACOMB COUNTY  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
For the Year Ended March 31, 2011**

**EXHIBIT H**

	<b>BUDGETED AMOUNTS</b>			Variance With Final Budget Positive (Negative)
	Original Budget	Final Amended Budget	Actual	
Revenues				
Taxes	\$ 1,012,320	\$ 895,100	\$ 922,466	\$ 27,366
Licenses and Permits	31,000	31,000	50,662	19,662
Federal Grants	82,000	17,400	10,112	(7,288)
State Grants	252,000	311,000	345,173	34,173
Charge for Services	12,500	17,300	16,341	(959)
Fines and Forfeitures	20,000	15,100	28,542	13,442
Interest and Rentals	320,000	186,400	155,083	(31,317)
Other Revenue	14,500	23,600	28,654	5,054
Total Revenue	<u>1,744,320</u>	<u>1,496,900</u>	<u>1,557,033</u>	<u>60,133</u>
Expenditures				
General Government	821,126	473,050	486,211	(13,161)
Public Safety	961,837	1,189,612	1,184,331	5,281
Public Works	11,900	8,900	10,690	(1,790)
Community and Economic Development	7,200	1,200	-	1,200
Capital Outlay	42,184	53,184	66,479	(13,295)
Debt Service	2,054	2,054	2,054	-
Total Expenditures	<u>1,846,301</u>	<u>1,728,000</u>	<u>1,749,765</u>	<u>(21,765)</u>
Excess of Revenues Over (Under) Expenditures	<u>(101,981)</u>	<u>(231,100)</u>	<u>(192,732)</u>	<u>38,368</u>
Other Financing Sources (Uses)				
Operating Transfers In	350,000	279,000	279,000	-
Operating Transfers (Out)		<u>(53,500)</u>	<u>(70,415)</u>	<u>(16,915)</u>
Total Other Financing Sources (Uses)	<u>350,000</u>	<u>225,500</u>	<u>208,585</u>	<u>(16,915)</u>
Net Change in Fund Balance	248,019	(5,600)	15,853	21,453
Fund Balance--April 1, 2010	<u>1,746,761</u>	<u>1,746,761</u>	<u>1,746,761</u>	<u>-</u>
Fund Balance--March 31, 2011	<u>\$ 1,994,780</u>	<u>\$ 1,741,161</u>	<u>\$ 1,762,614</u>	<u>\$ 21,453</u>

**The Notes to Financial Statements are an integral part of this statement.**

**VILLAGE OF NEW HAVEN--MACOMB COUNTY  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
MAJOR STREET--MAJOR SPECIAL REVENUE FUND  
For the Year Ended March 31, 2011**

**EXHIBIT I**

	<b>BUDGETED AMOUNTS</b>			Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Federal Grants - CDBG			\$ 19,838	\$ 19,838
State Grants				
Michigan Transportation Funds	\$ 120,000	\$ 109,500	122,303	12,803
Interest		200	4,790	4,590
Total Revenues	<u>120,000</u>	<u>109,700</u>	<u>146,931</u>	<u>37,231</u>
Expenditures				
Public Works				
Routine and Preventive Maintenance	148,350	68,955	51,913	17,042
Traffic	15,100	4,570	4,775	(205)
Winter Routine and Preventive Maintenance	4,650	11,900	24,489	(12,589)
Nonmotorized		10,000	10,001	(1)
Administration	9,700	10,100	9,869	231
Total Expenditures	<u>177,800</u>	<u>105,525</u>	<u>101,047</u>	<u>4,478</u>
Excess of Revenues Over (Under) Expenditures	<u>(57,800)</u>	<u>4,175</u>	<u>45,884</u>	<u>41,709</u>
Other Financing Sources (Uses)				
Interfund Transfers (Out)		(54,750)	(54,750)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(54,750)</u>	<u>(54,750)</u>	<u>-</u>
Net Change in Fund Balance	<u>(57,800)</u>	<u>(50,575)</u>	<u>(8,866)</u>	<u>41,709</u>
Fund Balance--April 1, 2010	<u>924,223</u>	<u>924,223</u>	<u>924,223</u>	<u>-</u>
Fund Balance--March 31, 2011	<u>\$ 866,423</u>	<u>\$ 873,648</u>	<u>\$ 915,357</u>	<u>\$ 41,709</u>

**The Notes to Financial Statements are an integral part of this statement.**

**VILLAGE OF NEW HAVEN--MACOMB COUNTY  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
LOCAL STREET--MAJOR SPECIAL REVENUE FUND  
For the Year Ended March 31, 2011**

**EXHIBIT J**

	<b>BUDGETED AMOUNTS</b>			Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
State Grants				
Michigan Transportation Funds	\$ 51,000	\$ 51,000	\$ 56,873	\$ 5,873
Interest		500	3,101	2,601
Total Revenues	<u>51,000</u>	<u>51,500</u>	<u>59,974</u>	<u>8,474</u>
Expenditures				
Public Works				
Routine and Preventive Maintenance	50,640	65,560	59,029	6,531
Traffic	2,000	1,690	1,065	625
Winter Routine and Preventive Maintenance	19,550	13,050	27,591	(14,541)
Administration	6,460	5,100	4,668	432
Total Expenditures	<u>78,650</u>	<u>85,400</u>	<u>92,353</u>	<u>(6,953)</u>
Excess of Revenues Over (Under) Expenditures	<u>(27,650)</u>	<u>(33,900)</u>	<u>(32,379)</u>	<u>1,521</u>
Other Financing Sources (Uses)				
Interfund Transfers In		54,750	54,750	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>54,750</u>	<u>54,750</u>	<u>-</u>
Net Change in Fund Balance	(27,650)	20,850	22,371	1,521
Fund Balance--April 1, 2010	<u>608,912</u>	<u>608,912</u>	<u>608,912</u>	<u>-</u>
Fund Balance--March 31, 2011	<u>\$ 581,262</u>	<u>\$ 629,762</u>	<u>\$ 631,283</u>	<u>\$ 1,521</u>

**VILLAGE OF NEW HAVEN--MACOMB COUNTY  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
MUNICIPAL STREET--MAJOR SPECIAL REVENUE FUND  
For the Year Ended March 31, 2011**

**EXHIBIT K**

	<b><u>BUDGETED AMOUNTS</u></b>			Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Taxes	\$ 390,000	\$ 324,000	\$ 361,570	\$ 37,570
Interest		500	5,907	5,407
Total Revenues	<u>390,000</u>	<u>324,500</u>	<u>367,477</u>	<u>42,977</u>
Expenditures				
Public Works	<u>30,950</u>	<u>44,800</u>	<u>57,095</u>	<u>(12,295)</u>
Total Expenditures	<u>30,950</u>	<u>44,800</u>	<u>57,095</u>	<u>(12,295)</u>
Excess of Revenues Over (Under) Expenditures	<u>359,050</u>	<u>279,700</u>	<u>310,382</u>	<u>30,682</u>
Other Financing Sources (Uses)				
Interfund Transfers (Out)	<u>(350,000)</u>	<u>(279,000)</u>	<u>(279,000)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(350,000)</u>	<u>(279,000)</u>	<u>(279,000)</u>	<u>-</u>
Net Change in Fund Balance	9,050	700	31,382	30,682
Fund Balance--April 1, 2010	<u>1,107,790</u>	<u>1,107,790</u>	<u>1,107,790</u>	<u>-</u>
Fund Balance--March 31, 2011	<u>\$ 1,116,840</u>	<u>\$ 1,108,490</u>	<u>\$ 1,139,172</u>	<u>\$ 30,682</u>

**The Notes to Financial Statements are an integral part of this statement.**

**VILLAGE OF NEW HAVEN--MACOMB COUNTY  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
FIRE--MAJOR SPECIAL REVENUE FUND  
For the Year Ended March 31, 2011**

**EXHIBIT L**

	<b><u>BUDGETED AMOUNTS</u></b>			Variance With
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget Positive (Negative)
Revenues				
Taxes	\$ 290,000	\$ 253,000	\$ 260,424	\$ 7,424
Federal Grants			3,000	3,000
Interest		500	1,858	1,358
Other		6,400	39,178	32,778
Total Revenues	<u>290,000</u>	<u>259,900</u>	<u>304,460</u>	<u>44,560</u>
Expenditures				
Public Safety	330,810	335,150	340,799	(5,649)
Capital Outlay	35,000	2,000	18,025	(16,025)
Debt Service				
Principal		30,050	29,838	212
Interest		1,450	1,447	3
Total Expenditures	<u>365,810</u>	<u>368,650</u>	<u>390,109</u>	<u>(21,459)</u>
Excess of Revenues Over (Under) Expenditures	<u>(75,810)</u>	<u>(108,750)</u>	<u>(85,649)</u>	<u>23,101</u>
Fund Balance--April 1, 2010	<u>364,542</u>	<u>364,542</u>	<u>364,542</u>	<u>-</u>
Fund Balance--March 31, 2011	<u>\$ 288,732</u>	<u>\$ 255,792</u>	<u>\$ 278,893</u>	<u>\$ 23,101</u>

**The Notes to Financial Statements are an integral part of this statement.**

**VILLAGE OF NEW HAVEN--MACOMB COUNTY  
 COMBINING BALANCE SHEET  
 NON-MAJOR GOVERNMENTAL FUNDS  
 March 31, 2011**

**EXHIBIT M**

	<u>SPECIAL REVENUE</u>		<u>PERMANENT</u>	<u>Total</u>
	<u>Cemetery</u>	<u>Drug Law Enforcement</u>	<u>Perpetual Care</u>	
<b><u>ASSETS</u></b>				
Cash and Cash Equivalents	\$ 63,216	\$ 13,788		\$ 77,004
Restricted Cash			\$ 43,215	43,215
Delinquent Personal Property Taxes Receivable	273			273
Due From Other Funds	<u>2,237</u>	<u>4,366</u>		<u>6,603</u>
Total Assets	<u>\$ 65,726</u>	<u>\$ 18,154</u>	<u>\$ 43,215</u>	<u>\$ 127,095</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
Due to Other Funds			\$ 2,237	2,237
Accrued Liabilities	\$ 159			159
Deferred Revenue	<u>273</u>			<u>273</u>
Total Liabilities	<u>432</u>	<u>\$ -</u>	<u>2,237</u>	<u>2,669</u>
Fund Balances				
Reserved				
Drug Law Enforcement		18,154		18,154
Perpetual Care			40,978	40,978
Unreserved--Undesignated	<u>65,294</u>			<u>65,294</u>
Total Fund Balances	<u>65,294</u>	<u>18,154</u>	<u>40,978</u>	<u>124,426</u>
Total Liabilities and Fund Balances	<u>\$ 65,726</u>	<u>\$ 18,154</u>	<u>\$ 43,215</u>	<u>\$ 127,095</u>

**VILLAGE OF NEW HAVEN--MACOMB COUNTY**  
**COMBINING STATEMENT OF REVENUES,**  
**EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended March 31, 2011**

**EXHIBIT N**

	<u>SPECIAL REVENUE</u>		<u>PERMANENT</u>	<u>Total</u>
	<u>Cemetery</u>	<u>Drug Law Enforcement</u>	<u>Perpetual Care</u>	
Revenues				
Taxes	\$ 38,733			\$ 38,733
Charges for Services	19,497			19,497
Fines and Forfeits		\$ 26,841		26,841
Interest and Rentals	326		\$ 334	660
Total Revenues	<u>58,556</u>	<u>26,841</u>	<u>\$ 334</u>	<u>85,731</u>
Expenditures				
General Government	50,426		3	50,429
Public Safety		19,143		19,143
Total Expenditures	<u>50,426</u>	<u>19,143</u>	<u>3</u>	<u>69,572</u>
Excess of Revenue Over (Under)				
Expenditures	<u>8,130</u>	<u>7,698</u>	<u>331</u>	<u>16,159</u>
Other Financing Sources (Uses)				
Interfund Transfers In	331			331
Interfund Transfers (Out)			(331)	(331)
Total Other Financing Sources (Uses)	<u>331</u>	<u>-</u>	<u>(331)</u>	<u>-</u>
Net Change in Fund Balance	8,461	7,698	-	16,159
Fund Balance--April 1, 2010	<u>56,833</u>	<u>10,456</u>	<u>40,978</u>	<u>108,267</u>
Fund Balance--March 31, 2011	<u>\$ 65,294</u>	<u>\$ 18,154</u>	<u>\$ 40,978</u>	<u>\$ 124,426</u>





STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

RICK SNYDER  
GOVERNOR

ANDY DILLON  
STATE TREASURER

January 30, 2012

Village of New Haven  
57775 Main Street  
P.O. Box 480429  
New Haven, Michigan 48048

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

Dear Council Members:

We have audited 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, Macomb County, Michigan, as of and for the year ended March 31, 2011, which collectively comprise the Village of New Haven's basic financial statements and have issued our report thereon dated January 30, 2012. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village of New Haven's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village of New Haven's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village of New Haven's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Village of New Haven's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Responses listed as Findings 2011-1 and 2011-2, to be material weaknesses and Finding 2011-3 to be a significant deficiency.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village of New Haven's financial statements are free of 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 that are required to be reported under Government Auditing Standards, and which are described in the accompanying Schedule of Findings and Responses as Findings Number 2011-4 through 2011-15.

The Village of New Haven's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. We did not audit the Village's responses and accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Village of New Haven's Council, management and others within the Village of New Haven, Federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.



Cary Jay Vaughn, CPA, CGFM  
Audit Manager  
Local Audit and Finance Division



STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

RICK SNYDER  
GOVERNOR

ANDY DILLON  
STATE TREASURER

January 30, 2012

Village of New Haven  
57775 Main Street  
P.O. Box 480429  
New Haven, Michigan 48048

RE: Report to Those Charged With Governance

We have audited 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, Macomb County, Michigan, for the fiscal year ended March 31, 2011, and have issued our report thereon dated January 30, 2012. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under U.S. Generally Accepted Auditing Standards and Government Auditing Standards

As stated in the engagement letter dated August 31, 2011, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

As part of our audit, we considered the internal control of the Village of New Haven. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning internal control.

As part of obtaining reasonable assurance about whether the Village of New Haven's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures to specifically identify such matters.

### Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on September 6, 2011.

### Significant Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Village of New Haven are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year ending March 31, 2011. We noted no transactions entered into by the Village of New Haven during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

Management's estimate of depreciation is based on the straight-line method. We evaluated the key factors and assumptions used to develop the depreciation in determining that it is reasonable in relation to the financial statements, taken as a whole.

### Difficulties Encountered in Performing the Audit

We encountered the following difficulties in dealing with management in performing and completing our audit.

- Significant delays in management providing required information as the bank statements were not being sent to the Village of New Haven.
- Extensive unexpected effort required to obtain sufficient appropriate audit evidence and the unavailability of expected information as we waited for information on a cashier's check being issued and the recourse to be taken by the Village of New Haven.

### Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of the audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated January 30, 2012.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Village of New Haven's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Village of New Haven's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Village of New Haven's Council and management of the Village of New Haven and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.



Cary Jay Vaughn, CPA, CGFM  
Audit Manager  
Local Audit and Finance Division

VILLAGE OF NEW HAVEN--MACOMB COUNTY

SCHEDULE OF FINDINGS AND RESPONSES

For the Year Ended March 31, 2011

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 Village of New Haven's financial statements will not be prevented or detected and corrected on a timely basis.

MATERIAL WEAKNESSES

Maintenance and Reconciliation of Bank Statements

*Finding 2011-1*

*Condition:* The contracted accountant was not given copies of bank statements for three accounts during the year to perform reconciliation procedures to ensure the accuracy of the general ledger. These three accounts were at Chase Bank, Bank of America, and Michigan Schools & Government Credit Union with bank balances of \$506,730, \$513,808, and \$2,296,810, respectively. This represents \$3,317,348 of the total \$5,403,522, or 61%, of the Village of New Haven's total bank balance not being reconciled on a monthly basis.

*Criteria:* The Uniform Accounting Procedures Manual issued by the Michigan Department of Treasury states the following related to the bank statements:

Recordkeeping Responsibilities--The treasurer, or designated individual, must keep track of the total cash and investments allocable to each fund, and must reconcile these amounts to each month's bank statements. A listing of all cash and investments, along with a copy of the bank reconciliations, must be provided to the local unit accountant or bookkeeper each month (this would be the clerk in a local unit of government without a separately employed bookkeeper). The accountant or bookkeeper must reconcile the cash and investments recorded in the general ledger to either the treasurer's reconciliation (if it is adequately reconciled to the bank statements) or to the bank statements directly.

*Cause:* Former Village of New Haven's personnel who are still signatories on these accounts had changed the mailing location on these bank accounts.

*Effect:* The bank accounts are not reconciled and increased opportunities for errors, omissions, and fraud activities are increased.

*Recommendation:* We recommend that the Village of New Haven immediately complete new signatory cards for each of these bank accounts and begin having the bank statements sent to the Village of New Haven's Hall where the accounts can be reconciled and the statements can be retained in accordance with state statute.

VILLAGE OF NEW HAVEN--MACOMB COUNTY

SCHEDULE OF FINDINGS AND RESPONSES

For the Year Ended March 31, 2011

MATERIAL WEAKNESSES (Continued)

*Management's Response:* All bank accounts were reconciled timely except the above referenced accounts by the contract accountants. New signatory cards were prepared for the Chase checking and credit union bank accounts subsequent to year-end. The President has been the only individual who could obtain these statements. The President has been the only individual who could obtain these statements. The President will follow up on the bank accounts at PNC and Bank of America, in addition to the Chase savings to ensure that the signatory cards are up-to-date.

Payment of Invoices

*Finding 2011-2*

*Condition:* As noted in the previous year, there were instances of payment where invoices could not be provided.

*Criteria:* According to the Uniform Accounting Procedures Manual issued by the Michigan Department of Treasury, appropriate documentation (supporting invoices) must be attached to check copies for all disbursements.

*Cause:* Various Village of New Haven's personnel did not maintain copies of the invoices after the expenses were paid.

*Effect:* Internal controls are weakened increasing the risks related to the Village of New Haven's funds.

*Recommendation:* We recommend that the Village of New Haven maintain copies of all invoices and file them accordingly so they may be retrieved as necessary.

*Management's Response:* The Village's policy is to have pre-approved invoices before payments are made and to maintain copies of all invoice packages and checks after payment is made. In FY11, the Village had a co-op students help with the filing during the year, which resulted in many invoices not being filed correctly. In addition, there are times when Community Events payments are made to vendors based on emails from people in charge of the event, rather than invoices being provided by the vendor.

Going forward, the Village will take care to obtain invoices for all payments and file invoices appropriately after payment. If filing is to be done by co-op student, explanation to the co-op student of the importance of filing the invoices correctly will be stressed.

VILLAGE OF NEW HAVEN--MACOMB COUNTY

SCHEDULE OF FINDINGS AND RESPONSES

For the Year Ended March 31, 2011

SIGNIFICANT DEFICIENCIES

Old Escrow and Bond Accounts

*Finding 2011-3*

*Condition:* As of March 31, 2011, the Village of New Haven has an escrow liability of \$32,069 and a customer bond liability of \$39,660 reported in its Building Fund. The escrow balance consists of 17 open accounts listed below, both positive and negative, dating back to 2004. The negative balances below reflect costs paid by the Village of New Haven that were never reimbursed to the Village of New Haven. The positive values reflect bonds that were never returned or costs that were never posted against the escrow account. For the bonds, there are 36 open bonds dating back to 2003 in which final determinations of the permits were never made.

ESCROWS			BONDS		
Company	Amount	Date of Last Entry	Year	Amount	Open Bonds
Middle School Conversion	639.25	10/27/2009	2003	\$ 3,150.00	3
Rite Aid (Clark and Gratiot)	(490.25)	3/14/2011	2004	1,570.00	3
Cassino Building	5,530.92	3/29/2007	2005	18,570.00	6
Civic Center/Town Center	6,587.03	12/21/2005	2006	10,710.00	12
Weathervane	(1,267.89)	2/22/2010	2007	2,710.00	4
Jack Hernandez	(1,489.25)	2/24/2006	2008	1,850.00	3
Cusumano	(360.17)	11/4/2004	2009	400.00	1
Downriver	6,440.68	5/30/2006	2010	600.00	3
Tractor Supply Company	(376.47)	7/28/2006	2011	100.00	1
Henry Hunter	258.20	7/1/2006			
Meadow Creek Expansion	(360.40)	11/4/2004	Total	<u>\$ 39,660.00</u>	<u>36</u>
Anthony Fanelli	(598.00)	5/1/2006			
Village Center Phase 1	2,177.62	2/24/2009			
Pembroke	8,254.87	6/23/2008			
Lombardo (Gratiot/Clawson)	299.00	12/1/2007			
Amherst	1,824.33	2/22/2008			
Decora Park	5,000.00	11/30/2007			
Total Escrows	<u>32,069.47</u>				

*Criteria:* The escrow account is used to record money deposited with the Village of New Haven by contractors or individuals to guarantee the performance of a certain act or acts regarding the construction of a business.



VILLAGE OF NEW HAVEN--MACOMB COUNTY

SCHEDULE OF FINDINGS AND RESPONSES

For the Year Ended March 31, 2011

SIGNIFICANT DEFICIENCIES (Continued)

The customer bond account is used to record money deposited with the Village of New Haven by contractors or individuals to guarantee the performance of a certain act or acts regarding the construction of individual residences.

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

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

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

*Management's Response:* The Village is working with the building inspector and attorney to resolve all old outstanding balances. This process began after year-end and should be completed during fiscal year 2013.

STATUTORY COMPLIANCE

Our examination revealed the following instances of noncompliance with State statutes.

Unaudited Cashier's Check

*Finding 2011-4*

*Condition:* In October 2010, a cashier's check of \$13,781.90 was issued from the Village of New Haven's general checking account. Village of New Haven's personnel were not immediately aware of the transaction and when made aware by the contracted accountant, made no effort to follow up on the cause of the issuance of the cashier's check. The cashier's check was recorded as a "legal expense" and then dismissed until its discovery during the audit.

*Criteria:* MCL 65.7 section 1 states, "The council shall audit and allow all accounts chargeable against the village. An account or claim or contract shall not be received for audit or allowance unless it is accompanied with a certificate of an officer of the village, or an affidavit of the person rendering it, that the services therein charged have been actually performed or the property delivered for the village, that the sums charged therefor are reasonable and just, and that

VILLAGE OF NEW HAVEN--MACOMB COUNTY

SCHEDULE OF FINDINGS AND RESPONSES

For the Year Ended March 31, 2011

STATUTORY COMPLIANCE (Continued)

to the best of his or her knowledge and belief, no set-off exists, and no payment has been made on account thereof, except such set-offs or payments as are endorsed or referred to in the account or claim. Each account shall exhibit in detail all the items making up the amount claimed, and the date of each.”

*Cause:* The Village of New Haven was issued a court order to garnish wages of an individual who was an employee of the Village of New Haven. However, Village of New Haven’s personnel overlooked the court order and did not contact the company that had the court order issued. The company’s recourse was another court order that required the issuance of a cashier’s check for the garnishment from the Village of New Haven’s general checking account.

*Effect:* The overall lack of internal control has led to the Village of New Haven’s cash balance to be reduced by \$13,781.90. The balance recorded affected the Village of New Haven’s financial reports and budgets, resulting in legal costs to try to have the funds returned to the Village of New Haven.

*Directive:* We direct the Village of New Haven to implement controls to ensure all accounts are reviewed by the Village of New Haven’s Council. If an event such as this occurs again, procedures should also be put into place to ensure a timely resolution.

*Management’s Response:* The disbursement was noted by the contract accounting department and forwarded to the President/Clerk to obtain the required back up. This occurred under the direction of the previous elected Clerk. Going forward, the current Clerk will develop procedures to ensure that all court orders to garnish wages are followed and properly forwarded to the board/accountants. The President will follow up with the bank to resolve any unauthorized deductions from bank accounts in a timely manner going forward.

Noncompliance with the Uniform Chart of Accounts-Trash Activity

*Finding 2011-5*

*Condition:* The Village of New Haven records all trash revenue and related expenses in its Sewer Fund. The result is that the shortages related to the trash activities are covered by amounts billed to the residents for the sewer operations. For 2010, expenses were \$126,113 and revenues were \$87,829, creating a loss of \$38,283. For 2011, expenses were \$115,553 and revenues were \$88,727, creating a net loss of \$26,826. The combined loss of \$65,109 is posted as an overall reduction to the Sewer Fund’s net assets.

VILLAGE OF NEW HAVEN--MACOMB COUNTY

SCHEDULE OF FINDINGS AND RESPONSES

For the Year Ended March 31, 2011

STATUTORY COMPLIANCE (Continued)

*Criteria:* According to the Uniform Chart of Accounts, the Sewer Fund is used to record the revenues and expenses for the operation of a sewer system.

*Cause:* The Village of New Haven's general ledger was established with the trash activity in the Sewer Fund.

*Effect:* The Village of New Haven cannot readily determine surpluses or shortages directly related to trash operations and sewer operations.

*Directive:* We direct the Village of New Haven to move the trash activities to Fund 596 in accordance with the Uniform Chart of Accounts. This will bring the Village of New Haven into compliance with State statute and allow the Village of New Haven's Council the ability to separately analyze the trash and sewer activities and any surpluses and shortages will be reflected in each individual fund's net assets.

*Management's Response:* The contract finance department as part of the annual budget process summarizes the annual revenues and expenditures related to trash operations and presents them to the President for rate consideration. Discussions have also taken place regarding creating a separate fund. The general ledger has been set up this way since the inception of the fee as trash services are billed in the Sewer Fund. The revenue and expenses for trash are easy to determine and are only two general ledger accounts. The decision was made to not create a separate fund that would just have two general ledger accounts. The setup was sufficient to conform with the uniform chart of accounts requirement of identification and proper disclosure on the F65.

Expenditures in Excess of Appropriations

*Finding 2011-6*

*Condition:* Our examination of procedures used by the Village of New Haven to adopt and maintain operating budgets for the Village of New Haven's budgetary funds revealed the following instances of noncompliance with the provisions of Public Act 2 of 1968, as amended, the Uniform Budgeting and Accounting Act.

The General Appropriations Act (budget) provided for expenditures of the General Fund and special revenue funds to be controlled to the activity level by the Village of New Haven. As detailed below, actual 2011 expenditures exceeded the Village of New Haven's Council approved budget allocations for the following General Fund activities and special revenue funds.

VILLAGE OF NEW HAVEN--MACOMB COUNTY

SCHEDULE OF FINDINGS AND RESPONSES

For the Year Ended March 31, 2011

STATUTORY COMPLIANCE (Continued)

During the fiscal year ended March 31, 2011, expenditures were incurred in excess of amounts appropriated in the amended budgets for the General Fund and special revenue funds as follows:

<u>Fund, Function and Activity</u>	<u>Budget</u>	<u>Actual</u>	<u>Excess Expenditures</u>
General Fund			
General Government	\$ 473,050	\$ 499,993	\$ (26,943)
Public Works	8,900	10,690	(1,790)
Capital Outlay	53,184	66,479	(13,295)
Operating Transfer (Out)	53,500	70,415	(16,915)
Major Street Fund			
Traffic	4,570	4,775	(205)
Winter Routine and Preventive Maintenance	11,900	24,489	(12,589)
Nonmotorized	10,000	10,001	(1)
Local Street Fund			
Winter Routine and Preventive Maintenance	13,050	27,591	(14,541)
Municipal Street Fund			
Public Works	44,800	57,095	(12,295)
Fire Fund			
Public Safety	335,150	340,799	(5,649)
Capital Outlay	2,000	18,025	(16,025)
Drug Law Enforcement Fund			
Public Safety	-	19,143	(19,143)

VILLAGE OF NEW HAVEN--MACOMB COUNTY

SCHEDULE OF FINDINGS AND RESPONSES

For the Year Ended March 31, 2011

STATUTORY COMPLIANCE (Continued)

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

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

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

*Management's Response:* The Village recognizes that actual expenditures should not exceed budgeted amounts. The Village will review their purchasing policies to ensure expenditures are not made if sufficient budget does not exist and will attempt to amend their budgets more frequently, especially at year-end.

Violation of Open Meetings Act

*Finding 2011-7*

*Condition:* On May 11, 2011, the Village of New Haven's Council approved to go into closed session to "discuss the accounting issues of the Village." On July 12, 2011, the Village of New Haven's Council approved to go into closed session to "discuss the Lombardo escrow accounts."

*Criteria:* MCL 15.268 states: "A public body may meet in a closed session only for the following purposes:

- (a) To consider the dismissal, suspension, or disciplining of, or to hear complaints or charges brought against, or to consider a periodic personnel evaluation of, a public officer, employee, staff member, or individual agent, if the named person requests a closed hearing. A person requesting a closed hearing may rescind the request at any time, in which case the matter at issue shall be considered after the rescission only in open sessions.
- (b) To consider the dismissal, suspension, or disciplining of a student if the public body is part of the school district, intermediate school district, or institution of higher education that the student is attending, and if the student or the student's parent or guardian requests a closed hearing.
- (c) For strategy and negotiation sessions connected with the negotiation of a collective bargaining agreement if either negotiating party requests a closed hearing.
- (d) To consider the purchase or lease of real property up to the time an option to purchase or lease that real property is obtained.

VILLAGE OF NEW HAVEN--MACOMB COUNTY

SCHEDULE OF FINDINGS AND RESPONSES

For the Year Ended March 31, 2011

STATUTORY COMPLIANCE (Continued)

- (e) To consult with its attorney regarding trial or settlement strategy in connection with specific pending litigation, but only if an open meeting would have a detrimental financial effect on the litigating or settlement position of the public body.
- (f) To review and consider the contents of an application for employment or appointment to a public office if the candidate requests that the application remain confidential. However, except as otherwise provided in this subdivision, all interviews by a public body for employment or appointment to a public office shall be held in an open meeting pursuant to this act.
- (h) To consider material exempt from discussion or disclosure by state or federal statute.”

*Cause:* The Village of New Haven’s Council was unaware of the Statute’s requirements.

*Effect:* The Village of New Haven is noncompliant with the Open Meetings Act.

*Directive:* We direct the Village of New Haven to discontinue holding closed sessions unless held in accordance with State statute. If a meeting is held in accordance with the Open Meetings Act, the purpose of the closed session should be clearly defined in the minutes of the council meeting.

*Management’s Response:* As discussed at the draft meeting and per the correspondence we forwarded from the attorney, he feels the Village never violated the open meetings act and believes the finding should be removed. As we discussed, the descriptions on the agenda may not have been the best and future descriptions will be changed.

Investment Policy

*Finding 2011-8*

*Condition:* As of March 31, 2011, the Village of New Haven’s Council had not adopted an investment policy in accordance with State statute.

*Criteria:* According to Public Act 20 of 1943, as amended, a formal investment policy is to be adopted by the Village of New Haven’s Council no later than September 30, 1998.

*Cause:* Village of New Haven’s personnel were not aware of the State statute.

*Effect:* The Village of New Haven is in noncompliance with State statute.

*Directive:* We direct that an investment policy be established in accordance with Public Act 20 of 1943, as amended.

VILLAGE OF NEW HAVEN--MACOMB COUNTY

SCHEDULE OF FINDINGS AND RESPONSES

For the Year Ended March 31, 2011

STATUTORY COMPLIANCE (Continued)

*Management's Response:* The Village has been in flux without a treasurer for several years. The Village believes they adopted a policy and will consult with their attorney to determine if an investment policy was actually adopted and have it on file with the clerk. If a policy has not been adopted, one will be adopted during the 2013 fiscal year.

Electronic Transactions of Public Funds

*Finding 2011-9*

*Condition:* The Village of New Haven has not adopted an Automated Clearing House (ACH) policy.

*Criteria:* According to MCL 124.303: "A local unit shall not be a party to an Automated Clearing House (ACH) arrangement unless the governing body of the local unit has adopted a resolution to authorize electronic transactions and the treasurer or the Electronic Transaction Officer (ETO) of the local unit has presented a written ACH policy to the governing body. The ACH policy shall include all of the following:

- (a) That an officer or employee designated by the treasurer or ETO is responsible for the local unit's ACH agreements, including payment approval, accounting, reporting, and generally for overseeing compliance with the ACH policy.
- (b) That the officer or employee responsible for disbursement of funds shall submit to the local unit documentation detailing the goods or services purchased, the cost of the goods or services, the date of the payment, and the department levels serviced by payment. This report can be contained in the electronic general ledger software system of the local unit or in a separate report to the governing body of the local unit.
- (c) A system of internal accounting controls to monitor the use of ACH transactions made by the local unit.
- (d) The approval of ACH invoices before payment.
- (e) Any other matters the treasurer or ETO considers necessary."

*Cause:* Village of New Haven's personnel were not aware of the State statute.

*Effect:* The Village of New Haven is electronically transferring funds without legal authority.

*Directive:* We direct the Village of New Haven's Council to adopt a resolution to authorize electronic transactions and to adopt a policy that includes the above mentioned items.

VILLAGE OF NEW HAVEN--MACOMB COUNTY

SCHEDULE OF FINDINGS AND RESPONSES

For the Year Ended March 31, 2011

STATUTORY COMPLIANCE (Continued)

*Management's Response:* The Village receives ACH monies from the federal government for drug forfeiture restitution cases. The Village did not make any payments via ACH during the 3/31/11. The Village will consult with their attorney and draft and adopt an electronic transfers policy.

Social Security Number Privacy Policy

*Finding 2011-10*

*Condition:* The Village of New Haven has not adopted a Social Security Number Privacy policy.

*Criteria:* According to the Social Security Privacy Act, PA 454 of 2004, MCL 445.84, Section 4: (1) Beginning January 1, 2006, a person in the ordinary course of business who obtains or retains information about one or more social security numbers must create a policy that does at least all of the following:

- (a) Ensures to the extent practicable, the confidentiality of the social security numbers.
- (b) Prohibits unlawful disclosure of social security numbers.
- (c) Limits who has access to information or documents that contain the social security numbers.
- (d) Describes how to properly dispose of documents that contain the social security numbers.
- (e) Establishes penalties for violation of the privacy policy.”

Section 4, subsection 2, requires a person that creates a privacy policy under subsection 1 shall publish the privacy policy in an employee handbook, in a procedures manual, or in one or more similar documents, which may be made available electronically.

*Cause:* Village of New Haven's personnel were not aware of the State statute.

*Effect:* Social security numbers may be unlawfully disclosed as access to the information is not limited, disposal procedures are not formalized, and no penalties for violating the Act are established.

*Directive:* We direct the Village of New Haven to adopt a Social Security Number Privacy policy by implementing at least the minimum protections and procedures listed above.

*Management's Response:* The Village attorney provided a draft resolution to the Village on January 13, 2009 that he believes was adopted. The Village will research the minutes to determine if it was adopted and have it on file with the clerk. If the policy was not adopted, the Village will establish a privacy policy with the assistance of the Village attorney.