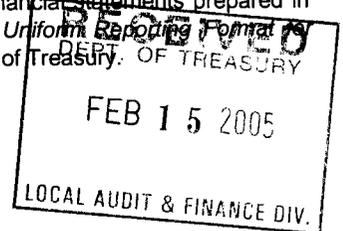


Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input checked="" type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name NEW HAVEN	County MACOMB
Audit Date 3/31/04	Opinion Date 12/21/04	Date Accountant Report Submitted to State: 2/11/05	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.



We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- Yes No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- Yes No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- Yes No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- Yes No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- Yes No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- Yes No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- Yes No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- Yes No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- Yes No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) JOHN W. RHINESMITH, C.P.A., P.C.			
Street Address 24825 LITTLE MACK AVENUE	City ST. CLAIR SHORES	State MI	ZIP 48080
Accountant Signature 		Date 2/11/05	

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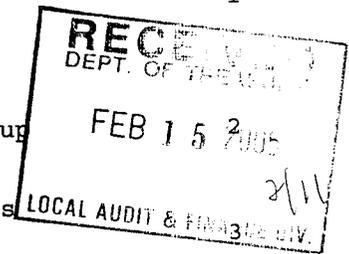
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JOHN W. RHINESMITH, C.P.A., P.C.

CERTIFIED PUBLIC ACCOUNTANT

TELEPHONE
(586) 772-7300

Member:
American Institute of
Certified Public Accountants
The Michigan Association of
Certified Public Accountants

24825 Little Mack Avenue
St. Clair Shores, Michigan 48080

FACSIMILE
(586) 772-8597

INDEPENDENT AUDITOR'S REPORT

To the Members of the Village Board
Village of New Haven
New Haven, Michigan

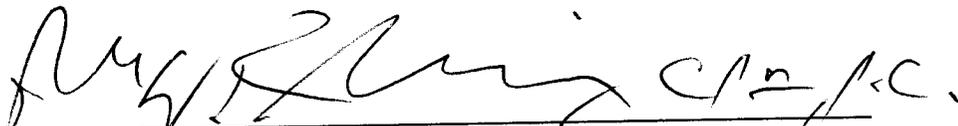
We have audited the accompanying general purpose financial statements of the Village of New Haven, Michigan, as of and for the year ended March 31, 2004, as listed in the table of contents. The general purpose financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The Village has not maintained a record of its general fixed assets, and accordingly, a general fixed assets account group, required by accounting principles generally accepted in the United States of America, is not included in the financial report. The effects of this omission on the general purpose financial statements referred to above are not reasonably determinable.

In our opinion, except for the effects on the financial statements of the omission described in the preceding paragraph, the general purpose financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Village of New Haven, Michigan, as of March 31, 2004, and the results of its operations and the cash flows of its proprietary fund types and nonexpendable trust fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements, and in our opinion, except for the effects on the general and special revenue funds of not maintaining a record of general fixed assets, as discussed above, such information is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.



JOHN W. RHINESMITH, C.P.A., P.C.
Certified Public Accountant

December 21, 2004

VILLAGE OF NEW HAVEN
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUP
 March 31, 2004

ASSETS AND OTHER DEBITS

	GOVERNMENTAL FUND TYPES			PROPRIETARY	FIDUCIARY	ACCOUNT	TOTALS	
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	FUND	FUND	GROUP	(MEMORANDUM ONLY)	
				ENTERPRISE	TRUST AND AGENCY	GENERAL	LONG TERM DEBT	2004
CASH	\$ 1,658,124	\$ 847,908	\$ -	\$ 1,947,870	\$ 8,120	\$ -	\$ 4,462,022	\$4,444,795
CERTIFICATES OF DEPOSIT	-	-	-	-	43,309	-	43,309	42,297
RECEIVABLES:								
Taxes(net of allowance for doubtful accts)	46,499	-	-	-	-	-	46,499	45,541
Accounts	1,632	61,518	-	294,090	-	-	357,240	245,934
PREPAID INTEREST	-	-	-	-	-	-	-	-
DUE FROM OTHER FUNDS	45,248	-	-	-	-	-	45,248	45,248
RESTRICTED ASSETS:								
Certificates of Deposit	-	-	-	152,049	-	-	152,049	150,641
UTILITY SYSTEM (NET OF DEPRECIATION)	-	-	-	2,557,376	-	-	2,557,376	2,548,044
AMOUNT TO BE PROVIDED FOR ACCRUED SICK, VACATION AND OTHER COMPENSATION	-	-	-	-	-	15,643	15,643	6,970
AMOUNT TO BE PROVIDED FOR PAYMENT OF CAPITAL LEASE OBLIGATION	-	-	-	-	-	270,927	270,927	69,744
	<u>\$ 1,751,503</u>	<u>\$ 909,426</u>	<u>\$ -</u>	<u>\$ 4,951,385</u>	<u>\$ 51,429</u>	<u>\$ 286,570</u>	<u>\$ 7,950,313</u>	<u>\$7,599,214</u>

LIABILITIES AND FUND EQUITY

LIABILITIES								
ACCOUNTS PAYABLE AND ACCRUED EXPENSES	\$ 113,990	\$ 23,941	\$ -	\$ 125,853	\$ -	\$ 15,643	\$ 279,427	\$ 164,665
CURRENT PORTION OF REVENUE BONDS	-	-	-	76,680	-	-	76,680	126,680
DUE TO OTHER FUNDS	-	-	-	45,248	-	-	45,248	45,248
DEPOSITS	-	-	-	108,824	-	-	108,824	152,517
BONDS PAYABLE:								
Revenue bonds	-	-	-	264,120	-	-	264,120	340,800
CAPITAL LEASE OBLIGATION	-	-	-	-	-	270,927	270,927	69,744
TOTAL LIABILITIES	113,990	23,941	-	620,725	-	286,570	1,045,226	899,654
FUND EQUITY								
CONTRIBUTED CAPITAL	-	-	-	389,613	-	-	389,613	389,613
RETAINED EARNINGS:								
Reserved - Replacement	-	-	-	152,049	-	-	152,049	150,641
Unreserved	-	-	-	3,788,998	-	-	3,788,998	3,777,717
FUND BALANCE:								
Reserved:								
Perpetual Care	-	-	-	-	48,564	-	48,564	58,077
Unreserved - Undesignated	1,637,513	885,485	-	-	2,865	-	2,525,863	2,323,512
TOTAL FUND EQUITY	1,637,513	885,485	-	4,330,660	51,429	-	6,905,087	6,699,560
	<u>\$ 1,751,503</u>	<u>\$ 909,426</u>	<u>\$ -</u>	<u>\$ 4,951,385</u>	<u>\$ 51,429</u>	<u>\$ 286,570</u>	<u>\$ 7,950,313</u>	<u>\$7,599,214</u>

The accompanying notes are an integral part of the financial statements.

VILLAGE OF NEW HAVEN
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES

Year Ended March 31, 2004

	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>	<u>TOTALS (MEMORANDUM ONLY)</u>	
			<u>2004</u>	<u>2003</u>
REVENUES				
Taxes	\$ 587,967	\$ 404,973	\$ 992,940	\$ 890,957
Licenses and permits	43,547	-	43,547	64,545
Intergovernmental	378,681	237,282	615,963	614,431
Charges for services	156,136	9,600	165,736	198,986
Miscellaneous	<u>105,793</u>	<u>16,572</u>	<u>122,365</u>	<u>189,035</u>
	<u>1,272,124</u>	<u>668,427</u>	<u>1,940,551</u>	<u>1,957,954</u>
EXPENDITURES				
General government	591,490	52,275	643,765	702,731
Public safety	575,458	110,766	686,224	599,382
Highways and streets	-	304,933	304,933	243,490
Parks and recreation	<u>83,850</u>	<u>-</u>	<u>83,850</u>	<u>22,637</u>
	<u>1,250,798</u>	<u>467,974</u>	<u>1,718,772</u>	<u>1,568,240</u>
REVENUES OVER (UNDER) EXPENDITURES	21,326	200,453	221,779	389,714
OTHER FINANCING SOURCES (USES)				
Operating transfers in	-	145,462	145,462	126,051
Operating transfers out	<u>(29,890)</u>	<u>(135,000)</u>	<u>(164,890)</u>	<u>(125,301)</u>
	<u>(29,890)</u>	<u>10,462</u>	<u>(19,428)</u>	<u>750</u>
REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(8,564)	210,915	202,351	390,464
FUND BALANCES				
Beginning of the year	<u>1,646,077</u>	<u>674,570</u>	<u>2,320,647</u>	<u>1,930,183</u>
FUND BALANCES				
End of the year	<u>\$1,637,513</u>	<u>\$ 885,485</u>	<u>\$2,522,998</u>	<u>\$2,320,647</u>

The accompanying notes are an integral part of the financial statements.

VILLAGE OF NEW HAVEN
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL
GENERAL AND SPECIAL REVENUE FUND TYPES
Year Ended March 31, 2004

	GENERAL FUND			SPECIAL REVENUE FUNDS			TOTALS (MEMORANDUM ONLY)	
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	2004	2003
REVENUES								
Taxes	\$ 577,284	\$ 587,967	\$ 10,683	\$ 398,700	\$ 404,973	\$ 6,273	\$ 992,940	\$ 890,957
Licenses and permits	45,000	43,547	(1,453)	-	-	-	43,547	64,545
Intergovernmental	375,233	378,681	3,448	238,000	237,282	(718)	615,963	614,431
Charges for services	157,050	156,136	(914)	8,600	9,600	1,000	165,736	198,986
Miscellaneous	93,599	105,793	12,194	7,720	16,572	8,852	122,365	189,035
Previous Fund Balance	62,609	-	(62,609)	-	-	-	-	-
	<u>1,310,775</u>	<u>1,272,124</u>	<u>(38,651)</u>	<u>653,020</u>	<u>668,427</u>	<u>15,407</u>	<u>1,940,551</u>	<u>1,957,954</u>
EXPENDITURES								
General government	577,925	591,490	(13,565)	50,482	52,275	(1,793)	643,765	702,731
Public safety	588,790	575,458	13,332	124,055	110,766	13,289	686,224	599,382
Highways and streets	-	-	-	333,126	304,933	28,193	304,933	243,490
Parks and recreation	114,170	83,850	30,320	-	-	-	83,850	22,637
	<u>1,280,885</u>	<u>1,250,798</u>	<u>30,087</u>	<u>507,663</u>	<u>467,974</u>	<u>39,689</u>	<u>1,718,772</u>	<u>1,568,240</u>
REVENUES OVER (UNDER) EXPENDITURES	29,890	21,326	(8,564)	145,357	200,453	55,096	221,779	389,714
OTHER FINANCING SOURCES (USES)								
Operating transfers in	-	-	-	145,462	145,462	-	145,462	126,051
Operating transfers out	(29,890)	(29,890)	-	(135,000)	(135,000)	-	(164,890)	(125,301)
	<u>(29,890)</u>	<u>(29,890)</u>	<u>-</u>	<u>10,462</u>	<u>10,462</u>	<u>-</u>	<u>(19,428)</u>	<u>750</u>
REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>\$ -</u>	<u>(8,564)</u>	<u>\$(8,564)</u>	<u>\$ 155,819</u>	<u>210,915</u>	<u>\$ 55,096</u>	<u>202,351</u>	<u>390,464</u>
FUND BALANCES								
Beginning of the year		<u>1,646,077</u>			<u>674,570</u>		<u>2,320,647</u>	<u>1,930,183</u>
FUND BALANCES								
End of the year		<u>\$1,637,513</u>			<u>\$ 885,485</u>		<u>\$2,522,998</u>	<u>\$2,320,647</u>

The accompanying notes are an integral part of the financial statements

VILLAGE OF NEW HAVEN

COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN

RETAINED EARNINGS/FUND BALANCE

PROPRIETARY FUND TYPE AND SIMILAR TRUST FUND

Year Ended March 31, 2004

	PROPRIETARY	FIDUCIARY	TOTALS	
	FUND TYPE	FUND TYPE	(MEMORANDUM ONLY)	
	ENTERPRISE	NONEXPENDABLE TRUST	2004	2003
OPERATING REVENUES				
User Charges	\$ 751,705	\$ -	\$ 751,705	\$ 860,679
Hydrant & sewer rental	21,475	-	21,475	21,375
Water and sewer tap-ins	233,580	-	233,580	463,681
Permits & Licenses	71,639	-	71,639	74,589
Miscellaneous	18,690	-	18,690	21,894
	<u>1,097,089</u>	<u>-</u>	<u>1,097,089</u>	<u>1,442,218</u>
OPERATING EXPENSES				
Salaries and wages	235,719	-	235,719	184,557
Plant charges	752,304	-	752,304	576,762
Sewer repair	-	-	-	47,207
Professional Fees-Building	9,714	-	9,714	(95)
Depreciation	87,654	-	87,654	80,301
Capital Outlay	1,455	-	1,455	680
Miscellaneous	400	63	463	1,115
	<u>1,087,246</u>	<u>63</u>	<u>1,087,309</u>	<u>890,527</u>
OPERATING INCOME (LOSS)	9,843	(63)	9,780	551,691
NONOPERATING REVENUES (EXPENSES)				
Interest on investments	1,450	1,012	2,462	3,488
Interest on bonds	(28,494)	-	(28,494)	(37,302)
Transfer in - General Fund	29,890	-	29,890	-
	<u>2,846</u>	<u>1,012</u>	<u>3,858</u>	<u>(33,814)</u>
NET INCOME (LOSS)	12,689	949	13,638	517,877
OTHER FINANCING SOURCES (USES)				
Operating transfers out - Cemetery Fund	-	(10,462)	(10,462)	(750)
REVENUE AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	12,689	(9,513)	3,176	517,127
RETAINED EARNINGS/FUND BALANCE				
Beginning of the year	<u>3,928,358</u>	<u>60,942</u>	<u>3,989,300</u>	<u>3,472,173</u>
RETAINED EARNINGS/FUND BALANCE				
End of the year	<u>\$3,941,047</u>	<u>\$ 51,429</u>	<u>\$3,992,476</u>	<u>\$3,989,300</u>

The accompanying notes are an integral part of the financial statements.

VILLAGE OF NEW HAVEN
COMBINED STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE AND SIMILAR TRUST FUND

Year Ended March 31, 2004

	<u>PROPRIETARY FUND TYPE</u>	<u>FIDUCIARY FUND TYPE</u>	<u>TOTALS (MEMORANDUM ONLY)</u>	
	<u>ENTERPRISE</u>	<u>NONEXPENDABLE TRUST</u>	<u>2004</u>	<u>2003</u>
CASH FLOWS-OPERATING ACTIVITIES:				
Net Income (loss)	\$ 12,689	\$ (9,513)	\$ 3,176	\$ 517,127
Adjustments to reconcile net income to net cash flows from operating activities:				
Noncash items included in net income:				
Depreciation	87,654	-	87,654	80,301
Changes in:				
Accounts receivable and Prepaids	(59,449)	-	(59,449)	(18,634)
Accounts payable	<u>4,920</u>	<u>-</u>	<u>4,920</u>	<u>140,849</u>
CASH FLOWS-OPERATING ACTIVITIES	45,814	(9,513)	36,301	719,643
CASH FLOWS-INVESTING ACTIVITIES:				
Utility systems purchases	(96,986)	-	(96,986)	(364,768)
CASH FLOWS-CAPITAL AND RELATED FINANCING ACTIVITIES:				
Payments on revenue bonds	<u>(126,680)</u>	<u>-</u>	<u>(126,680)</u>	<u>(118,160)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(177,852)	(9,513)	(187,365)	236,715
CASH AND CASH EQUIVALENTS Beginning of the year	<u>2,277,771</u>	<u>60,942</u>	<u>2,338,713</u>	<u>2,101,998</u>
CASH AND CASH EQUIVALENTS End of the year	<u>\$ 2,099,919</u>	<u>\$ 51,429</u>	<u>\$2,151,348</u>	<u>\$2,338,713</u>

The accompanying notes are an integral part of the financial statements.

VILLAGE OF NEW HAVEN
NOTES TO FINANCIAL STATEMENTS

March 31, 2004

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of New Haven was incorporated in 1896, under the provisions of Act 3, P.A. 1885, as amended. The Village operates under an elected Board of Trustees and a Village President and provides the following services as authorized by its charter: public safety (police, fire and inspections), public works, public utilities, parks and recreation, finance, community development, and environmental protection.

The accounting policies of the Village of New Haven conform to generally accepted accounting principles as applicable to Villages, except as noted in the paragraphs labeled "Fixed Assets and Long Term Liabilities." The following is a summary of the more significant accounting policies.

SCOPE OF REPORTING ENTITY - In accordance with the provisions of the Government Accounting Standards Board's Codification of Governmental Accounting and Financial Reporting Standards related to "Defining the Governmental Reporting Entity," the financial statements of the Village of New Haven contain all the Village funds, account groups, and authorities that are controlled by or dependent on the Village's executive or legislative branches. Control by or dependence on the Village was determined on the basis of appointment of governing authority, budget adoption, taxing authority, outstanding debt secured by revenues or general obligations of the Village, obligations of the Village to finance any deficits that may occur, receipt of significant subsidies from the Village, disposition of surplus funds, and scope of public service.

The New Haven Housing Commission is not part of the Village of New Haven and is excluded from the accompanying financial statements for the reasons stated:

Village is not responsible for funding any of the Commission's deficits
Village does not guarantee the Commission's debts
Village does not approve the operating budget
Village's subsidy is small in relation to the Commission's overall revenues

The Economic Development Corporation, a component unit of the Village, is excluded from the accompanying financial statements as it had no activity during the fiscal years ended March 31, 2004 and 2003.

BASIS OF PRESENTATION - FUND ACCOUNTING - The accounts of the Village are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Village resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped in the financial statements in this report into three fund types and account group as follows:

GOVERNMENTAL FUNDS

GENERAL FUND - The General Fund is the general operating fund of the Village. It is used to account for all financial resources except those required to be accounted for in another fund.

SPECIAL REVENUE FUNDS - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures of specified purposes.

VILLAGE OF NEW HAVEN
NOTES TO FINANCIAL STATEMENTS

March 31, 2004

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

PROPRIETARY FUNDS

ENTERPRISE FUND - The Enterprise Fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through users charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriated for capital maintenance, public policy, management control, accountability, or other purposes.

FIDUCIARY FUNDS

TRUST FUND - The Trust Fund is used to account for assets held by the Village in a trustee capacity for individuals and other funds. The Nonexpendable Trust Fund is accounted for in essentially the same manner as a proprietary fund since capital maintenance is critical.

ACCOUNT GROUP

GENERAL LONG TERM DEBT ACCOUNT GROUP - The General Long Term Debt Account Group is used to establish accounting control and accountability for the Village's general long term liabilities.

BASIS OF ACCOUNTING - Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting is related to the timing of the measurements made, regardless of the measurement focus applied.

All governmental funds are accounted for using the modified accrual basis of accounting. Under this method, revenues are recognized when they become measurable and available to finance current Village operations. Expenditures are generally recognized when the related fund liability is incurred.

Variances from the modified accrual basis are as follows:

1. Property taxes and other revenue that are both measurable and available for use to finance operations of the Village are recorded as revenue when earned. Other revenue is recorded when received.

Properties are assessed as of December 31, and the related property taxes become due July 1. These taxes become delinquent September 15, at which time the real estate taxes are added to county tax rolls. Delinquent personal property taxes are accounted for as a receivable.

VILLAGE OF NEW HAVEN

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

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

The 2003 state taxable values of the Village of New Haven amounted to \$55,243,668 on which 10.5713 mills were levied for operating purposes, 4.2898 mills for municipal street and road improvement, and .4597 mills for operating and maintaining the Village cemetery.

2. Interest on bonded indebtedness and other long term debt is not recorded as an expenditure until its due date.
3. Normally, expenditures are not divided between years by the recording of prepaid expenses.

All proprietary and fiduciary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred. As set forth by Government Accounting Standards Board Statement #20, the Village has elected to follow all Financial Accounting Standards Board Statements issued after November 30, 1989.

CASH AND CERTIFICATES OF DEPOSIT - Deposits are carried at cost. Deposits of the Village are at one bank in the name of the Village Treasurer. Act 217, PA 1982, authorizes the Village to deposit and invest in the accounts of the Federally insured banks, insured credit unions, and savings and loan associations; bonds and other direct obligations of the United States, or an agency or instrumentality of the United States; United States government or States Banks; commercial paper rated within the three highest classifications by not less than two standard rating services, which mature not more than 270 days after the date of purchase, and which involves no more than 50 percent of any one fund; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Michigan law prohibits security in the form of collateral, surety or bond, for the deposit of public money. An Attorney General's opinion states that public funds may not be deposited in financial institutions located in states other than Michigan. The Village's deposits are in accordance with statutory authority.

The Balance Sheet Caption "Cash" includes imprest cash of \$688.

The Governmental Accounting Standards Board Statement No. 3 risk disclosures for the Village's cash deposits are as follows:

	<u>INSURED (FDIC)</u>	<u>UNINSURED AND UNCOLLATERALIZED</u>	<u>TOTAL</u>
Petty cash	\$ -	\$ 688	\$ 688
Cash accounts	32,372	4,428,962	4,461,334
Certificates of Deposit	<u>67,628</u>	<u>127,730</u>	<u>195,358</u>
	<u>\$100,000</u>	<u>\$4,557,380</u>	<u>\$4,657,380</u>

VILLAGE OF NEW HAVEN
NOTES TO FINANCIAL STATEMENTS

March 31, 2004

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

FIXED ASSETS AND LONG TERM LIABILITIES - The accounting and reporting treatment applied to the fixed assets and long term liabilities associated with a fund are determined by its measurement focus. All governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources."

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in a General Fixed Assets Account Group, rather than in governmental funds. The Village, however, has not maintained a record of all its general fixed assets, and accordingly, a general fixed assets account group is not included in the financial report as required by generally accepted accounting principles.

Long term liabilities expected to be financed from governmental funds are accounted for in the General Long Term Debt Account Group, not in the governmental funds.

The Proprietary Fund is accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on its balance sheet. Its reported fund equity (net total assets) is segregated into contributed capital and retained earnings components.

In a Proprietary Fund, fixed assets are capitalized and depreciated over their useful lives. Major additions are charged to the property accounts, while maintenance and repairs which do not improve or extend the life of the respective assets are expensed currently. When property is retired, or otherwise disposed of, the cost of the property and related depreciation are removed from the accounts. Gains or losses from disposals are included in earnings. There were additions for the year ended March 31, 2004 totaling \$96,987. Construction of water mains was in progress.

The values for accumulated depreciation and the methods used in computing depreciation included in the Village's Enterprise Fund are as follows at March 31, 2004:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Depreciation Method</u>	<u>Rate</u>
Land	\$ 33,350	\$ -	N/A	N/A
Wells	86,911	86,911	S/L	3.5%
Buildings	136,782	124,017	S/L	2.0%
Purification and disposal equipment	1,142,462	593,084	S/L	3.0%
Mains and sewer	2,252,341	583,014	S/L	2.0%
Meters	125,305	19,909	S/L	10.0%
Construction in progress	<u>187,161</u>	<u>-</u>	N/A	N/A
	3,964,312	<u>\$1,406,935</u>		
Less accumulated depreciation	<u>1,406,935</u>			
	<u>\$2,557,377</u>			

VILLAGE OF NEW HAVEN

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

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

BUDGET AND BUDGETARY ACCOUNTING - The budget shown in the financial statements was prepared on the same modified accrual basis used to reflect actual results and consists only of those amounts contained in the formal budget approved or amended by the Village Council. The Village employs the following procedures in establishing the budgetary data reflected in the financial statements.

1. Prior to March 1, the Village President prepares from data submitted by the administrator and officials of the Village a proposed operating budget for the year commencing the following April 1. The operating budget includes proposed expenditures and resources to finance them.
2. A Public Hearing is conducted to obtain taxpayers' comments.
3. During the fiscal year, the budget is legally enacted through passage of a resolution. During the year ended March 31, 2004, the budget was amended.

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 assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

TOTAL COLUMNS ON COMBINED STATEMENTS - Total columns on the Combined Statements are captioned Memorandum Only to indicate that they are present only to facilitate financial analysis. Data in these columns do not present financial position, results of operations and cash flows in conformity with generally accepted accounting principles. Neither are such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

CASH EQUIVALENTS - Certificates of deposit are considered cash equivalents for purposes of the statement of cash flows as they are readily converted into cash and generally mature at intervals less than 12 months.

ENCUMBRANCES - Encumbrances are defined as commitments related to unperformed contracts for goods or services. The Village does not record encumbrances in the normal course of operating its accounting system and no encumbrances are recorded in the accompanying financial statements.

NOTE B - TAXES RECEIVABLE - DELINQUENT

The County of Macomb has established a Tax Collection Revolving Fund whereby all local units of government are paid for the delinquent real property taxes each year. The County will charge back to the local units of government any real property taxes not collected at the end of five years. Information from the bankruptcy case described below indicates a chargeback up to approximately \$65,000 may occur during the Village's next fiscal year ended. Delinquent personal property taxes payable to the Village amounted to \$150,522 and \$121,623 at March 31, 2004 and 2003, respectively. Of the amount receivable at March 31, 2004, \$114,426 is due from New Haven Foundry, Inc., a for profit corporation which filed for bankruptcy protection in November, 2001. Due to the uncertainty relating to the payment of these taxes and the condition of the collateral, an allowance for doubtful accounts has been recorded in the amount of \$114,426.

VILLAGE OF NEW HAVEN
NOTES TO FINANCIAL STATEMENTS

March 31, 2004

NOTE C - ACCOUNTS RECEIVABLE

The Enterprise Fund is due \$294,090 from Village residents and businesses for water and sewer user charges.

NOTE D - EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETARY FUNDS

Michigan Public Act 621 of 1978, section 18 (1) as amended, provides that a local governmental unit shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the Village's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis. The approved budgets of the Village for these budgetary funds were adopted to the functional level.

During the year ended March 31, 2004, the Village incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated, as follows:

<u>FUND</u>	<u>TOTAL APPROPRIATIONS</u>	<u>AMOUNT OF EXPENDITURES</u>	<u>BUDGET VARIANCE</u>
SPECIAL REVENUE FUND:			
Cemetary Fund	\$ 50,482	\$ 51,165	\$(683)
Major Street Fund	\$ 65,185	\$ 83,278	\$(18,093)
Drug Law Enforcement	\$ -	\$ 1,110	\$(1,110)

During the year ended March 31, 2003, the Village incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated, as follows:

<u>FUND</u>	<u>TOTAL APPROPRIATIONS</u>	<u>AMOUNT OF EXPENDITURES</u>	<u>BUDGET VARIANCE</u>
GENERAL FUND:			
Public Safety	\$ 512,200	\$ 519,459	\$(7,259)
SPECIAL REVENUE FUND:			
Cemetary Fund	\$ 59,036	\$ 68,088	\$(9,052)
Drug Law Enforcement	\$ -	\$ 4,044	\$(4,044)
ENTERPRISE FUND:			
Water Fund	\$ 365,254	\$ 462,807	\$(97,553)

NOTE E - OBLIGATION UNDER CAPITAL LEASE

In September, 2000 the Village purchased a street sweeper at a cost of \$111,200. The street sweeper was financed by a capital lease with annual payments of \$16,983 including interest at 6.94%. Payments are due through October, 2007 and the balance due at March 31, 2004 is \$57,600. The obligation is reported net of the amount representing interest based upon the fair market value of the street sweeper, and is reported in the general long term debt account group. Payments are made from general fund resources.

In May, 2003 the Village purchased a backhoe loader at a cost of \$55,500. The backhoe loader was financed by a capital lease with monthly payments of \$1,305 including interest at 5.5%. Payments are due through May, 2006 and the balance due at March 31, 2004 was \$31,315. The obligation is reported net of the amount representing interest based upon the fair market value of the backhoe loader, and is reported in the general long term debt account group. Payments are made from general fund resources.

VILLAGE OF NEW HAVEN
NOTES TO FINANCIAL STATEMENTS

March 31, 2004

NOTE E - OBLIGATION UNDER CAPITAL LEASE - (continued)

In September, 2003 the Village purchased a fire truck at a cost of \$212,012. The fire truck was financed by a capital lease with annual payments of \$31,285 including interest at 5.5%. Payments are due through October, 2010 and the balance due at March 31, 2004 was \$182,012. The obligation is reported net of the amount representing interest based upon the fair market value of the fire truck, and is reported in the general long term debt account group. Payments are made from fire fund resources.

Future minimum lease payments under the capital obligation and the present value of the net minimum lease payments as of March 31, 2004 are as follows:

<u>Year Ended</u> <u>March 31,</u>	<u>Amount</u>
2005	\$ 63,935
2006	63,935
2007	50,879
2008	48,268
2009	31,285
2010-2011	<u>62,570</u>
Net minimum lease payments	320,872
Less amount representing interest	(<u>49,945</u>)
Present value of net minimum lease payments.	<u>\$270,927</u>

NOTE F - LONG TERM DEBT

The Village of New Haven has two bond issues serviced from its Water and Sewer Funds:

On May 1, 1989, the Village issued \$945,720 in waste water disposal limited tax general obligation bonds to cover part of the cost of the construction of a new waste water disposal system. The bonds, which are recorded in the Sewer Fund, are payable first from net revenues derived from the operations of the system.

The principal balance on the bonds is due in varying annual installments starting at \$17,040 on October 1, 1990 and increasing by \$8,520 every two years thereafter until the principal is redeemed in full by October 1, 2007. The interest rate ranges from 7.50 to 5.00 percent, May, 1989 through October, 2007, payable semi-annually on April 1, and October 1.

The balance of this bond issue at March 31, 2004 is as follows:

Balance - March 31, 2003	\$417,480
Redemption	<u>76,680</u>
Balance - March 31, 2004	<u>\$340,800</u>

On July 1, 1990 the Village issued \$495,000 in water supply system limited tax general obligation bonds to cover part of the cost of the construction of new water mains. The bonds, which are recorded in the Water Fund, are payable first from net revenues derived from the operations of the system.

The principal balance on the bonds is due in varying annual installments on March 31, starting at \$20,000 in 1991 and increasing to \$25,000 in the years 1992 through 1998 and \$50,000 in the years 1999 through 2004. The interest rate ranges from 9.00 to 5.90 percent, March, 1991 through 2004 and is payable semi-annually on March 31, and September 30.

VILLAGE OF NEW HAVEN
NOTES TO FINANCIAL STATEMENTS

March 31, 2004

NOTE F - LONG TERM DEBT - (continued)

The balance of this bond issue at March 31, 2004 is as follows:

Balance - March 31, 2003	\$ 50,000
Redemption	<u>50,000</u>
Balance - March 31, 2004	<u>\$ -0--</u>

The following are the annual requirements to pay all bonds at March 31, 2004:

YEAR ENDING <u>MARCH 31,</u>	GENERAL LONG TERM DEBT ACCOUNT GROUP (1)			ENTERPRISE FUNDS		
	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL
2005	\$ -	\$ -	\$ -	\$ 76,680	\$20,303	\$ 96,983
2006	-	-	-	85,200	14,271	99,471
2007	-	-	-	85,200	7,881	93,081
2008	-	-	-	93,720	2,343	96,063
2009	-	-	-	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$340,800</u>	<u>\$44,798</u>	<u>\$385,598</u>

(1) Excludes accumulated vacation, sick, and other compensation pay of \$15,643.

NOTE G - INTERFUND RECEIVABLE AND PAYABLE BALANCES

Interfund receivable and payable balances described as Due From and Due To Other funds on the balance sheets reflect amounts due or owed to a particular fund by another fund of the Village. A summary of these balances at March 31, 2004 and 2003 is as follows:

	2004		2003	
	DUE FROM	DUE TO	DUE FROM	DUE TO
GENERAL FUND				
Enterprise Funds:				
Sewer Fund	\$ 45,248	\$ -	\$ 45,248	\$ -
	<u>45,248</u>	<u>-</u>	<u>45,248</u>	<u>-</u>
SPECIAL REVENUE FUNDS				
Major Street Fund:				
Local Street Fund	-	-	-	-
Local Street Fund:				
Major Street Fund	-	-	-	-
Fire Fund:				
General Fund	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
ENTERPRISE FUNDS				
Sewer Fund:				
General Fund	-	45,248	-	45,248
	<u>-</u>	<u>45,248</u>	<u>-</u>	<u>45,248</u>
	<u>\$ 45,248</u>	<u>\$ 45,248</u>	<u>\$ 45,248</u>	<u>\$ 45,248</u>

VILLAGE OF NEW HAVEN
NOTES TO FINANCIAL STATEMENTS

March 31, 2004

NOTE H - 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 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 Internal Revenue Service.

Total compensation of covered employees, and total compensation of all employees for the year ended March 31, 2004 amounted to \$475,484 and \$738,929, 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 individuals account 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% 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, 2004 and 2003 the Village contributed \$23,590 and \$24,008, respectively to the plan. The Village contributions are net of forfeitures.

NOTE I - ACCUMULATED EMPLOYEE VACATION, SICK, AND OTHER COMPENSATION

The Village of New Haven employees are granted vacation time in varying amounts based on length of service. Policies for accumulated vacation pay, which is paid at current rates, are summarized below:

Department of Public Works

Vacation days accumulated and not used shall be paid to the employee each year on March 31.

Police Department

Vacation days accumulated and not used shall be paid to the employee at termination of employment with a maximum accumulation of thirty days.

General

Vacation days accumulated and not used shall be paid to the employee at termination of employment.

The Village's approximate liability for accumulated vacation pay at March 31, 2004 and 2003 amounted to \$3,584 and \$1,540, respectively.

The Village of New Haven employees are also granted twelve days per year sick leave. Policies for accumulated sick pay, which is paid at current rates, are summarized below:

Department of Public Works

Sick days accumulated and not used shall be paid to the employee at termination of employment with a maximum accumulation of thirty days.

VILLAGE OF NEW HAVEN

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

NOTE I - ACCUMULATED EMPLOYEE VACATION, SICK, AND OTHER COMPENSATION -
(Continued)

Police Department

Sick days accumulated and not used shall be paid to the employee at termination of employment with a maximum accumulation of thirty days. Sick days accumulated in excess of thirty days shall be paid to the employee each year on July 1.

General

Sick days accumulated and not used shall be paid to the employee at termination of employment with a maximum accumulation of thirty days.

The Village's approximate liability for accumulated sick pay at March 31, 2004 and 2003 amounted to \$6,901 and \$5,430, respectively.

Those Village of New Haven police department employees under union contract are granted "comp time" as follows:

Employees have the option of being paid overtime currently or accumulating the unpaid overtime as "comp time" available for additional time off. Comp time accumulated and not used shall be paid to the employee at termination of employment with a maximum accumulation of 100 hours.

The liability for the accumulated vacation, sick pay, and other compensation is reported in the general long term debt account group.

NOTE J - LEASE ARRANGEMENTS

The Village leases property to an unrelated party. The lease calls for monthly rents of \$200. The lease is on a month-to-month basis and accounted for in the general fund.

NOTE K - COMMITMENTS

As part of the 1987 agreement to connect with the City of Detroit Sewer System, the Village is committed to clean and properly abandon its old waste water treatment plant. Based on preliminary estimates, the Village expects to complete the project at a cost of \$57,000.

The Village is currently monitoring groundwater quality near its police station pursuant to the removal of underground storage tanks. The monitoring is designed to provide information necessary to issue a favorable closure report. If issuance of the closure report is not possible, remedial costs could be significant.

Also, the Village has committed to participation in a sewer expansion project with various other surrounding communities. The estimated cost to the Village is between \$3,600,000 and \$4,400,000. Financing arrangements have not been determined.

NOTE L - FUND DEFICIT

A deficit of \$6,188 exists in the Cemetery Fund as of March 31, 2004.

VILLAGE OF NEW HAVEN

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

NOTE M - SEGMENT INFORMATION

The Village's Enterprise Fund consists of a Water Fund, Sewer Fund and Building Fund. Selected financial information for segments of the funds for the year ended March 31, 2004 and 2003 is as follows:

<u>March 31, 2004</u>	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Building Fund</u>	<u>Total</u>
Operating revenue	\$ 486,753	\$ 536,847	\$ 73,489	\$1,097,089
Depreciation	38,239	49,415	-	87,654
Operating income	2,675	43,076	(35,908)	9,843
Net income	158	18,549	(6,018)	12,689
Total assets	1,868,362	2,951,102	131,921	4,951,385
Bonds payable	-	340,800	-	340,800
Total liabilities	7,766	481,618	131,341	620,725
Total equity	1,860,596	2,469,484	580	4,330,660

<u>March 31, 2003</u>	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Building Fund</u>	<u>Total</u>
Operating revenue	\$ 567,934	\$ 792,905	\$ 81,379	\$1,442,218
Depreciation	36,919	43,382	-	80,301
Operating income	105,127	459,022	(12,458)	551,691
Net income	99,127	430,261	(12,458)	516,930
Total assets	1,930,239	2,964,767	165,450	5,060,456
Bonds payable	50,000	417,480	-	467,480
Total liabilities	69,801	506,832	158,852	735,485
Total equity	1,860,438	2,457,935	6,598	4,324,971

NOTE N - FIRE FUND

The Village has established a special assessment district to finance its fire department. The district includes all real property within the Village. The Village Board of Trustees is authorized to levy a special assessment upon these property owners of up to 3 mills annually. The special assessment must be used for fire department purposes only. Michigan law requires establishment of a separate special revenue fund to account for this activity.

SUPPLEMENTAL INFORMATION

VILLAGE OF NEW HAVEN

GENERAL FUND

BALANCE SHEET

March 31, 2004 and 2003

ASSETS

	<u>2004</u>	<u>2003</u>
CASH	\$ 1,658,124	\$ 1,610,016
RECEIVABLES:		
Taxes	160,925	132,025
Accounts	<u>1,632</u>	<u>11,293</u>
	162,557	143,318
Less: Allowance for doubtful assets	<u>(114,426)</u>	<u>(86,484)</u>
	48,131	56,834
DUE FROM OTHER FUNDS	<u>45,248</u>	<u>45,248</u>
	<u>\$ 1,751,503</u>	<u>\$ 1,712,098</u>

LIABILITIES AND FUND BALANCE

LIABILITIES		
Accounts payable	\$ 93,515	\$ 46,673
Accrued expenses	20,475	17,154
Deposits	<u>-</u>	<u>2,194</u>
	113,990	66,021
DUE TO OTHER FUNDS	-	-
FUND BALANCE		
Unreserved - undesignated	<u>1,637,513</u>	<u>1,646,077</u>
	<u>\$ 1,751,503</u>	<u>\$ 1,712,098</u>

VILLAGE OF NEW HAVEN

GENERAL FUND

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL**

Year Ended March 31, 2004

With Comparative Actual Amounts For The Year Ended March 31, 2003

	<u>2004</u>		VARIANCE	2003
	<u>BUDGET</u>	<u>ACTUAL</u>	FAVORABLE (UNFAVORABLE)	<u>ACTUAL</u>
REVENUES				
Taxes	\$ 577,284	\$ 587,967	\$ 10,683	\$ 538,040
License and permits	45,000	43,547	(1,453)	64,545
Intergovernmental	375,233	378,681	3,448	416,979
Charges for services	157,050	156,136	(914)	187,848
Miscellaneous	93,599	105,793	12,194	165,778
Previous Fund Balance	<u>62,609</u>	<u>-</u>	<u>(62,609)</u>	<u>-</u>
	<u>1,310,775</u>	<u>1,272,124</u>	<u>(38,651)</u>	<u>1,373,190</u>
EXPENDITURES				
General government	577,925	591,490	(13,565)	630,599
Public safety	588,790	575,458	13,332	519,459
Parks and recreation	<u>114,170</u>	<u>83,850</u>	<u>30,320</u>	<u>22,637</u>
	<u>1,280,885</u>	<u>1,250,798</u>	<u>30,087</u>	<u>1,172,695</u>
REVENUES OVER (UNDER) EXPENDITURES	29,890	21,326	(8,564)	200,495
OTHER FINANCING SOURCES (USES)				
Operating Transfers Out				
Building Fund	<u>(29,890)</u>	<u>(29,890)</u>	<u>-</u>	<u>-</u>
	<u>(29,890)</u>	<u>(29,890)</u>	<u>-</u>	<u>-</u>
REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>\$ -</u>	(8,564)	\$ (<u>8,564</u>)	200,495
FUND BALANCE				
Beginning of the year		<u>1,646,077</u>		<u>1,445,582</u>
FUND BALANCE				
End of the year		<u>\$ 1,637,513</u>		<u>\$1,646,077</u>

VILLAGE OF NEW HAVEN

GENERAL FUND

DETAILED STATEMENT OF REVENUES - BUDGET (GAAP BASIS) AND ACTUAL

Year Ended March 31, 2004

With Comparative Actual Amounts For The Year Ended March 31, 2003

	2004		VARIANCE	2003
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>FAVORABLE (UNFAVORABLE)</u>	<u>ACTUAL</u>
TAXES				
Property	\$ 575,000	\$ 584,447	\$ 9,447	\$ 534,325
Trailer park	<u>2,284</u>	<u>3,520</u>	<u>1,236</u>	<u>3,715</u>
	577,284	587,967	10,683	538,040
LICENSE AND PERMITS	45,000	43,547	(1,453)	64,545
INTERGOVERNMENTAL				
Sales tax	372,000	372,640	640	409,296
Liquor tax	1,683	1,306	(377)	1,683
CDBG	<u>1,550</u>	<u>4,735</u>	<u>3,185</u>	<u>6,000</u>
	375,233	378,681	3,448	416,979
CHARGES FOR SERVICES				
Equipment rental	87,050	86,136	(914)	127,848
Clerical and office rent	<u>70,000</u>	<u>70,000</u>	<u>-</u>	<u>60,000</u>
	157,050	156,136	(914)	187,848
MISCELLANEOUS				
Fines and forfeits	15,000	16,146	1,146	12,238
Miscellaneous	33,007	26,689	(6,318)	49,479
Interest earned	25,000	27,451	2,451	49,789
Cops Grant	20,592	20,580	(12)	47,452
Police Fund	-	6,168	6,168	-
Smart Fund	-	8,759	8,759	6,820
Previous Fund Balance	<u>62,609</u>	<u>-</u>	<u>(62,609)</u>	<u>-</u>
	<u>156,208</u>	<u>105,793</u>	<u>(50,415)</u>	<u>165,778</u>
	<u>\$1,310,775</u>	<u>\$1,272,124</u>	<u>\$(38,651)</u>	<u>\$1,373,190</u>

VILLAGE OF NEW HAVEN

GENERAL FUND

DETAILED STATEMENT OF EXPENDITURES - BUDGET (GAAP BASIS) AND ACTUAL

Year Ended March 31, 2004

With Comparative Actual Amounts For The Year Ended March 31, 2003

	2004		VARIANCE FAVORABLE (UNFAVORABLE)	2003 ACTUAL
	BUDGET	ACTUAL		
GENERAL GOVERNMENT				
Salaries - General	\$ 69,810	\$ 74,468	\$ (4,658)	\$ 69,588
Council	9,250	6,350	2,900	13,880
Assessor	-	-	-	-
Clerk	7,000	6,928	72	6,080
Treasurer	1,200	1,200	-	1,200
Presidents Day	8,250	8,250	-	1,500
Planning and housing	2,140	2,510	(370)	1,850
Payroll taxes and benefits	45,000	45,422	(422)	28,705
Election	4,894	6,466	(1,572)	798
Supplies	17,420	14,566	2,854	17,678
Professional services	119,000	99,605	19,395	152,169
Bad debts	-	19,280	(19,280)	59,674
Inspectors	29,630	30,712	(1,082)	58,109
Telephone	6,500	7,967	(1,467)	7,184
Printing and publishing	5,721	4,756	965	4,603
Hydrant charge	11,375	11,375	-	11,375
Sewer charge	10,000	10,000	-	10,000
Insurance	80,000	78,284	1,716	56,979
Heat, light and power	3,500	3,320	180	2,991
Bldg. Repair & Maintenance	13,000	15,576	(2,576)	19,450
Equipment repair and maintenance	54,235	43,686	10,549	21,270
Miscellaneous	9,000	6,245	2,755	10,244
Memberships and dues	4,000	3,727	273	2,549
Capital outlay	61,000	86,184	(25,184)	66,723
CDBG - Beatrice Perry Fund	1,000	1,000	-	-
CDBG - Senior Chores	3,000	1,613	1,387	-
CDBG - Grace House	2,000	2,000	-	6,000
General Government - balances forwarded	\$ 577,925	\$ 591,490	(\$ 13,565)	\$630,599

VILLAGE OF NEW HAVEN

GENERAL FUND

DETAILED STATEMENT OF EXPENDITURES - BUDGET (GAAP BASIS) AND ACTUAL

Year Ended March 31, 2004

With Comparative Actual Amounts For The Year Ended March 31, 2003

	2004		VARIANCE FAVORABLE (UNFAVORABLE)	2003 ACTUAL
	BUDGET	ACTUAL		
PUBLIC SAFETY				
Police:				
Salaries	\$ 345,976	\$ 331,751	\$ 14,225	\$ 295,651
Payroll taxes and benefits	87,644	80,278	7,366	75,967
Supplies	12,377	11,456	921	8,480
Training costs	1,200	580	620	1,229
Gasoline and oil	13,000	14,789	(1,789)	11,811
Uniforms	5,100	5,378	(278)	5,108
Professional services	20,000	20,639	(639)	33,739
Telephone	11,093	14,331	(3,238)	10,811
Vehicle	14,000	14,406	(406)	14,843
Insurance	16,570	16,557	13	24,309
Heat, light and power	4,000	3,328	672	3,650
Repair and maintenance	3,580	2,745	835	5,471
Capital outlay	53,500	59,145	(5,645)	28,190
Miscellaneous	750	75	675	200
	<u>588,790</u>	<u>575,458</u>	<u>13,332</u>	<u>519,459</u>
PARKS, RECREATION and SMART				
Salaries and wages	\$ 6,836	\$ 6,739	\$ 97	\$ 8,462
Payroll taxes and benefits	3,806	590	3,216	89
Supplies	1,845	1,340	505	2,556
Gasoline and oil	106	128	(22)	40
Insurance	175	1,366	(1,191)	2,236
Professional Services	1,060	1,060	-	1,070
Vehicle Expense	342	(893)	1,235	5,684
Miscellaneous	100,000	73,520	26,480	2,500
Parks, Recreation & SMART	<u>114,170</u>	<u>83,850</u>	<u>30,320</u>	<u>22,637</u>
Total Expenditures	<u>\$1,280,885</u>	<u>\$ 1,250,798</u>	<u>\$ 30,087</u>	<u>\$1,172,695</u>

**VILLAGE OF NEW HAVEN
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
March 31, 2004
With Comparative Totals For March 31, 2003**

	<u>MAJOR STREET</u>	<u>LOCAL STREET</u>	<u>MUNICIPAL STREET</u>	<u>FIRE FUND</u>	<u>CEMETERY</u>	<u>DRUG LAW ENFORCEMENT</u>	<u>TOTALS</u>	
							2004	2003
ASSETS								
CASH	\$ 367,169	\$ 27,297	\$ 317,453	\$ 115,804	\$ (5,465)	\$ 25,650	\$ 847,908	\$ 689,004
ACCOUNTS RECEIVABLE	-	61,518	-	-	-	-	61,518	-
DUE FROM OTHER FUNDS	-	-	-	-	-	-	-	-
	<u>\$ 367,169</u>	<u>\$ 88,815</u>	<u>\$ 317,453</u>	<u>\$ 115,804</u>	<u>\$ (5,465)</u>	<u>\$ 25,650</u>	<u>\$ 909,426</u>	<u>\$ 689,004</u>
LIABILITIES AND FUND BALANCE								
LIABILITIES								
Accounts Payable	\$ 7,772	\$ 3,339	\$ -	\$ 6,358	\$ 497	\$ -	\$ 17,966	\$ 14,131
Accrued expenses	267	232	-	5,250	226	-	5,975	303
Due to other funds	-	-	-	-	-	-	-	-
	8,039	3,571	-	11,608	723	-	23,941	14,434
FUND BALANCE								
Unreserved - undesignated	359,130	85,244	317,453	104,196	(6,188)	25,650	885,485	674,570
	<u>\$ 367,169</u>	<u>\$ 88,815</u>	<u>\$ 317,453</u>	<u>\$ 115,804</u>	<u>\$ (5,465)</u>	<u>\$ 25,650</u>	<u>\$ 909,426</u>	<u>\$ 689,004</u>

**VILLAGE OF NEW HAVEN
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES**

Year Ended March 31, 2004

With Comparative Totals For The Year Ended March 31, 2003

	MAJOR STREET	LOCAL STREET	MUNICIPAL STREET	FIRE FUND	CEMETERY	DRUG LAW ENFORCEMENT	TOTALS	
							2004	2003
REVENUES								
Taxes	\$ -	\$ -	\$ 236,831	\$ 142,768	\$ 25,374	\$ -	\$ 404,973	\$ 352,917
Intergovernmental	132,816	103,458	-	1,008	-	-	237,282	197,452
Charges for services	-	-	-	-	9,600	-	9,600	11,138
Miscellaneous	-	-	-	-	5,900	10,672	16,572	23,257
	<u>132,816</u>	<u>103,458</u>	<u>236,831</u>	<u>143,776</u>	<u>40,874</u>	<u>10,672</u>	<u>668,427</u>	<u>584,764</u>
EXPENDITURES								
General government	-	-	-	-	51,165	1,110	52,275	72,132
Public Safety	-	-	-	110,766	-	-	110,766	79,923
Highway and streets	<u>83,278</u>	<u>180,203</u>	<u>41,452</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>304,933</u>	<u>243,490</u>
	<u>83,278</u>	<u>180,203</u>	<u>41,452</u>	<u>110,766</u>	<u>51,165</u>	<u>1,110</u>	<u>467,974</u>	<u>395,545</u>
REVENUES OVER (UNDER) EXPENDITURES)	49,538	(76,745)	195,379	33,010	(10,291)	9,562	200,453	189,219
OTHER FINANCING SOURCES (USES)								
Operating transfers in	-	135,000	-	-	10,462	-	145,462	126,051
Operating transfers out	<u>-</u>	<u>-</u>	<u>(135,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(135,000)</u>	<u>(125,301)</u>
	<u>-</u>	<u>135,000</u>	<u>(135,000)</u>	<u>-</u>	<u>10,462</u>	<u>-</u>	<u>10,462</u>	<u>750</u>
REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	49,538	58,255	60,379	33,010	171	9,562	210,915	189,969
FUND BALANCES (DEFICIT)								
Beginning of the year	<u>309,592</u>	<u>26,989</u>	<u>257,074</u>	<u>71,186</u>	<u>(6,359)</u>	<u>16,088</u>	<u>674,570</u>	<u>484,601</u>
FUND BALANCES (DEFICIT)								
End of the year	<u>\$ 359,130</u>	<u>\$ 85,244</u>	<u>\$ 317,453</u>	<u>\$ 104,196</u>	<u>\$ (6,188)</u>	<u>\$ 25,650</u>	<u>\$ 885,485</u>	<u>\$ 674,570</u>

VILLAGE OF NEW HAVEN

MAJOR STREET FUND

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL**

Year Ended March 31, 2004

With Comparative Actual Amounts For The Year Ended March 31, 2003

	<u>2004</u>		<u>VARIANCE</u>	<u>2003</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>FAVORABLE</u> <u>(UNFAVORABLE)</u>	<u>ACTUAL</u>
REVENUES				
Intergovernmental -				
Motor Vehicle				
Highway Fund	\$ 132,000	\$ 132,816	\$ 816	\$ 125,868
CDBG	-	-	-	-
Federal Title 23	-	-	-	31,622
Previous Fund Balance	-	-	-	-
	<u>132,000</u>	<u>132,816</u>	<u>816</u>	<u>157,490</u>
EXPENDITURES				
Wages and clerical	27,103	22,228	4,875	13,173
Payroll taxes and benefits	10,400	8,217	2,183	8,216
Professional fees	525	785	(260)	548
Supplies	2,200	3,247	(1,047)	3,612
Gas & Oil	1,000	902	98	1,002
Road maintenance and				
traffic service	5,000	4,222	778	32,707
Bridge Maintenance	357	25,239	(24,882)	-
Equipment rental	18,600	18,438	162	10,253
Uniforms	-	-	-	149
Insurance & bonds	-	-	-	382
	<u>65,185</u>	<u>83,278</u>	<u>(18,093)</u>	<u>70,042</u>
REVENUES OVER (UNDER)				
EXPENDITURES	66,815	49,538	(17,277)	87,448
OTHER FINANCING SOURCES (USES)				
Operating transfers out -				
Local Street Fund	-	-	-	(28,217)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(28,217)</u>
REVENUES AND OTHER				
SOURCES OVER (UNDER)				
EXPENDITURES AND				
OTHER USES	<u>\$ 66,815</u>	49,538	<u>\$ (17,277)</u>	59,231
FUND BALANCE (DEFICIT)				
Beginning of the year		<u>309,592</u>		<u>250,361</u>
FUND BALANCE (DEFICIT)				
End of the year		<u>\$ 359,130</u>		<u>\$ 309,592</u>

VILLAGE OF NEW HAVEN

LOCAL STREET FUND

STATEMENT OF REVENUES, EXPENDITURES AND

CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL

Year Ended March 31, 2004

With Comparative Actual Amounts For The Year Ended March 31, 2003

	<u>2004</u>		VARIANCE FAVORABLE (UNFAVORABLE)	2003 ACTUAL
	<u>BUDGET</u>	<u>ACTUAL</u>		
REVENUES				
Intergovernmental -				
CDBG	\$ 65,000	\$ 61,518	\$ (3,482)	\$ -
Motor Vehicle				
Highway Fund	41,000	41,940	940	39,962
Previous Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	106,000	103,458	(2,542)	39,962
EXPENDITURES				
Wages and clerical	24,550	21,473	3,077	38,841
Payroll taxes and benefits	11,286	7,248	4,038	8,657
Professional fees	8,000	270	7,730	1,308
Supplies	6,496	3,247	3,249	4,657
Gas & oil	600	677	(77)	749
Road maintenance and				
traffic service	161,000	126,460	34,540	2,520
Equipment rental	22,000	20,261	1,739	58,965
Uniforms	-	-	-	112
Insurance & bonds	-	-	-	381
Miscellaneous	<u>-</u>	<u>567</u>	<u>(567)</u>	<u>-</u>
	<u>233,932</u>	<u>180,203</u>	<u>53,729</u>	<u>116,190</u>
REVENUES OVER (UNDER)				
EXPENDITURES	(127,932)	(76,745)	51,187	(76,228)
OTHER FINANCING SOURCES (USES)				
Operating transfers in -				
Municipal Street Fund	135,000	135,000	-	97,084
Major Street Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,217</u>
	<u>135,000</u>	<u>135,000</u>	<u>-</u>	<u>125,301</u>
REVENUES AND OTHER				
SOURCES OVER (UNDER)				
EXPENDITURES AND				
OTHER USES	<u>\$ 7,068</u>	58,255	<u>\$ 51,187</u>	49,073
FUND BALANCE (DEFICIT)				
Beginning of the year		<u>26,989</u>		<u>(22,084)</u>
FUND BALANCE (DEFICIT)				
End of the year		<u>\$ 85,244</u>		<u>\$ 26,989</u>

VILLAGE OF NEW HAVEN

MUNICIPAL STREET FUND

STATEMENT OF REVENUES, EXPENDITURES AND

CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL

Year Ended March 31, 2004

With Comparative Actual Amounts For The Year Ended March 31, 2003

	<u>2004</u>		VARIANCE FAVORABLE (UNFAVORABLE)	<u>2003 ACTUAL</u>
	<u>BUDGET</u>	<u>ACTUAL</u>		
REVENUES				
Taxes	<u>\$231,000</u>	<u>\$ 236,831</u>	<u>\$ 5,831</u>	<u>\$ 212,586</u>
	231,000	236,831	5,831	212,586
EXPENDITURES				
Wages and clerical	5,500	5,500	-	5,500
Street lights	28,000	27,595	405	27,543
Bad debts	-	7,824	(7,824)	24,215
Miscellaneous	<u>509</u>	<u>533</u>	<u>(24)</u>	<u>-</u>
	<u>34,009</u>	<u>41,452</u>	<u>(7,443)</u>	<u>57,258</u>
REVENUES OVER (UNDER) EXPENDITURES	196,991	195,379	(1,612)	155,328
OTHER FINANCING SOURCES (USES)				
Operating transfers out - Local Street Fund	<u>(135,000)</u>	<u>(135,000)</u>	<u>-</u>	<u>(97,084)</u>
	<u>(135,000)</u>	<u>(135,000)</u>	<u>-</u>	<u>(97,084)</u>
REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>\$ 61,991</u>	60,379	<u>\$ (1,612)</u>	58,244
FUND BALANCE (DEFICIT) Beginning of the year		<u>257,074</u>		<u>198,830</u>
FUND BALANCE (DEFICIT) End of the year		<u>\$ 317,453</u>		<u>\$ 257,074</u>

VILLAGE OF NEW HAVEN

FIRE FUND

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL

Year Ended March 31, 2004

With Comparative Actual Amounts For The Year Ended March 31, 2003

	2004		VARIANCE	2003
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>(UNFAVORABLE)</u>	<u>ACTUAL</u>
REVENUES				
Taxes -				
Special Assessment	\$ 142,000	\$ 142,768	\$ 768	\$ 117,554
Intergovernmental -				
CDBG	-	1,008	1,008	-
Miscellaneous	-	-	-	500
	<u>142,000</u>	<u>143,776</u>	<u>1,776</u>	<u>118,054</u>
EXPENDITURES				
Salaries & Clerical	40,000	35,957	4,043	35,220
Payroll taxes				
and benefits	4,000	3,040	960	4,107
Supplies	6,800	6,750	50	6,190
Training	10,000	9,041	959	1,992
Gas & oil	1,000	922	78	1,052
Uniforms	1,000	790	210	155
Professional services	4,000	2,295	1,705	4,289
Telephone	6,200	5,531	669	6,839
Insurance	4,055	4,065	(10)	-
Heat, light and power	2,400	2,375	25	2,559
Vehicle expense	5,500	1,812	3,688	5,872
Repair and maintenance	3,300	1,699	1,601	833
Miscellaneous	800	703	97	316
Capital outlay	<u>35,000</u>	<u>35,786</u>	<u>(786)</u>	<u>10,499</u>
	<u>124,055</u>	<u>110,766</u>	<u>13,289</u>	<u>79,923</u>
REVENUE AND OTHER				
SOURCES OVER (UNDER)				
EXPENDITURES AND				
OTHER USES				
	<u>\$ 17,945</u>	33,010	<u>\$ 15,065</u>	38,131
FUND BALANCE (DEFICIT)				
Beginning of the year		<u>71,186</u>		<u>33,055</u>
FUND BALANCE (DEFICIT)				
End of the year		<u>\$ 104,196</u>		<u>\$ 71,186</u>

VILLAGE OF NEW HAVEN

CEMETERY FUND

STATEMENT OF REVENUES, EXPENDITURES AND

CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL

Year Ended March 31, 2004

With Comparative Actual Amounts For The Year Ended March 31, 2003

	<u>2004</u>		VARIANCE FAVORABLE (UNFAVORABLE)	<u>2003</u> ACTUAL
	<u>BUDGET</u>	<u>ACTUAL</u>		
REVENUES				
Property taxes	\$ 25,700	\$ 25,374	\$ (326)	\$ 22,777
Charges for services	8,600	9,600	1,000	11,138
Miscellaneous:				
Sale of lots	5,024	4,980	(44)	6,800
Foundations	696	710	14	1,117
Interest earned	-	210	210	372
Previous Fund Balance	-	-	-	-
	<u>40,020</u>	<u>40,874</u>	<u>854</u>	<u>42,204</u>
EXPENDITURES				
Wages and clerical	17,500	18,919	(1,419)	15,018
Payroll taxes and benefits	7,000	6,696	304	6,397
Supplies	2,600	2,535	65	5,764
Gas & oil	700	677	23	749
Uniforms	-	-	-	112
Professional fees	1,375	270	1,105	4,590
Insurance	207	25	182	65
Repair and maintenance	100	18	82	-
Equipment rental	20,000	20,099	(99)	32,637
Miscellaneous	1,000	1,088	(88)	161
Bad debts	-	838	(838)	2,595
	<u>50,482</u>	<u>51,165</u>	<u>(683)</u>	<u>68,088</u>
REVENUES OVER (UNDER) EXPENDITURES	(10,462)	(10,291)	171	(25,884)
OTHER FINANCING SOURCES (USES)				
Operating transfers in - Perpetual Care Fund	<u>10,462</u>	<u>10,462</u>	<u>-</u>	<u>750</u>
	<u>10,462</u>	<u>10,462</u>	<u>-</u>	<u>750</u>
REVENUE AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES				
	<u>\$ -</u>	171	<u>\$ 171</u>	(25,134)
FUND BALANCE				
Beginning of the year		<u>(6,359)</u>		<u>18,775</u>
FUND BALANCE				
End of the year		<u>\$ (6,188)</u>		<u>\$ (6,359)</u>

**VILLAGE OF NEW HAVEN
DRUG LAW ENFORCEMENT FUND**

**DETAILED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL**

Year Ended March 31, 2004

With Comparative Actual Amounts For The Year Ended March 31, 2003

	2004		VARIANCE FAVORABLE (UNFAVORABLE)	2003 ACTUAL
	BUDGET	ACTUAL		
REVENUE				
Seizures & forfeiture	\$ 2,000	\$ 10,672	\$ 8,672	\$ 14,468
	2,000	10,672	8,672	14,468
EXPENDITURE				
Capital Outlay	-	450	(450)	3,826
Miscellaneous	-	660	(660)	218
	-	1,110	(1,110)	4,044
REVENUES OVER (UNDER) EXPENDITURES	\$ 2,000	9,562	\$ 7,562	10,424
FUND BALANCE Beginning of the year		16,088		5,664
FUND BALANCE End of the year		\$ 25,650		\$ 16,088

VILLAGE OF NEW HAVEN
ENTERPRISE FUND - WATER

BALANCE SHEET

March 31, 2004 and 2003

ASSETS

	2004	2003
CURRENT ASSET		
Cash	\$ 262,430	\$ 404,329
Accounts receivable	170,909	143,354
	433,339	547,683
UTILITY SYSTEMS		
Land	33,350	33,350
Wells	86,911	86,911
Buildings	101,000	101,000
Mains	1,529,079	1,529,079
Meters	62,652	56,372
Construction in progress	187,161	102,735
	2,000,153	1,909,447
Less accumulated depreciation	(565,130)	(526,891)
	1,435,023	1,382,556
	\$1,868,362	\$1,930,239

LIABILITIES AND FUND EQUITY

CURRENT LIABILITIES		
Accounts payable	\$ 6,776	\$ 19,801
Accrued expenses	990	-
Current portion of revenue bond	-	50,000
	7,766	69,801
LONG TERM DEBT		
Revenue bonds	-	-
FUND EQUITY		
Contributed capital	264,613	264,613
Retained earnings (deficit):		
Unreserved	1,595,983	1,595,825
	1,860,596	1,860,438
	\$ 1,868,362	\$ 1,930,239

VILLAGE OF NEW HAVEN
ENTERPRISE FUND - WATER
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGS - BUDGET (GAAP BASIS) AND ACTUAL

Year Ended March 31, 2004

With Comparative Actual Amounts For The Year Ended March 31, 2003

	<u>2004</u>		VARIANCE FAVORABLE (UNFAVORABLE)	<u>2003</u> ACTUAL
	<u>BUDGET</u>	<u>ACTUAL</u>		
OPERATING REVENUES				
User charges	\$ 433,942	\$ 372,398	\$ (61,544)	\$ 440,295
Hydrant rental	11,375	11,475	100	11,375
Water taps-ins	84,000	86,040	2,040	101,160
Miscellaneous	-	<u>16,840</u>	<u>16,840</u>	<u>15,140</u>
	<u>529,317</u>	486,753	(42,564)	567,970
OPERATING EXPENSES				
Salaries and wages	80,312	74,893	5,419	58,149
Plant charges	396,855	370,056	26,799	367,244
Depreciation	24,000	38,239	(14,239)	36,919
Capital Outlay	<u>400</u>	<u>890</u>	<u>(490)</u>	<u>495</u>
	<u>501,567</u>	<u>484,078</u>	<u>17,489</u>	<u>462,807</u>
OPERATING INCOME (LOSS)	27,750	2,675	(25,075)	105,127
NONOPERATING REVENUES (EXPENSES)				
Interest on bonds	<u>(3,000)</u>	<u>(2,517)</u>	<u>483</u>	<u>(6,000)</u>
	<u>(3,000)</u>	<u>(2,517)</u>	<u>483</u>	<u>(6,000)</u>
NET INCOME (LOSS)	<u>\$ 24,750</u>	158	<u>\$ 24,592</u>	99,127
RETAINED EARNINGS (DEFICIT)				
Beginning of the year		<u>1,595,825</u>		<u>1,496,698</u>
RETAINED EARNINGS (DEFICIT)				
End of the year		<u>\$1,595,983</u>		<u>\$1,595,825</u>

VILLAGE OF NEW HAVEN
ENTERPRISE FUND - SEWER

BALANCE SHEET

March 31, 2004 and 2003

ASSETS

	<u>2004</u>	<u>2003</u>
CURRENT ASSETS		
Cash	\$ 1,553,519	\$ 1,557,351
Accounts Receivable	<u>123,181</u>	<u>91,287</u>
	1,676,700	1,648,638
RESTRICTED ASSETS		
Certificates of Deposit	152,049	150,641
UTILITY SYSTEMS		
Buildings	35,782	35,782
Purification disposal equipment	1,142,462	1,142,462
Sewers	723,262	723,262
Meters	<u>62,652</u>	<u>56,372</u>
	1,964,158	1,957,878
Less accumulated depreciation	<u>(841,805)</u>	<u>(792,390)</u>
	<u>1,122,353</u>	<u>1,165,488</u>
	<u>\$ 2,951,102</u>	<u>\$ 2,964,767</u>

LIABILITIES AND FUND EQUITY

CURRENT LIABILITIES		
Accounts payable	\$ 93,103	\$ 49,285
Accrued expenses	648	-
Current portion of revenue bonds	76,680	76,680
Due to other funds	45,248	45,248
Deposits	<u>1,819</u>	<u>1,819</u>
	217,498	173,032
LONG TERM DEBT		
Revenue bonds	264,120	340,800
FUND EQUITY		
Contributed capital	125,000	125,000
Retained earnings:		
Reserved for replacement	152,049	150,641
Unreserved	<u>2,192,435</u>	<u>2,175,294</u>
	<u>2,344,484</u>	<u>2,325,935</u>
	<u>2,469,484</u>	<u>2,450,935</u>
	<u>\$2,951,102</u>	<u>\$2,964,767</u>

VILLAGE OF NEW HAVEN
ENTERPRISE FUND - SEWER
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGS - BUDGET (GAAP BASIS) AND ACTUAL

Year Ended March 31, 2004

With Comparative Actual Amounts For The Year Ended March 31, 2003

	<u>2004</u>		VARIANCE FAVORABLE (UNFAVORABLE)	<u>2003</u> ACTUAL
	<u>BUDGET</u>	<u>ACTUAL</u>		
OPERATING REVENUES				
User charges	\$ 394,000	\$ 379,307	\$ (14,693)	\$ 420,384
Sewer rental	10,000	10,000	-	10,000
Sewer tap-ins	<u>105,000</u>	<u>147,540</u>	<u>42,540</u>	<u>362,521</u>
	509,000	536,847	27,847	792,905
OPERATING EXPENSES				
Salaries and wages	69,000	61,543	7,457	33,591
Plant charges	351,910	382,248	(30,338)	209,518
Sewer repair	-	-	-	47,207
Depreciation	30,000	49,415	(19,415)	43,382
Capital Outlay	<u>1,500</u>	<u>565</u>	<u>935</u>	<u>185</u>
	<u>452,410</u>	<u>493,771</u>	<u>(41,361)</u>	<u>333,883</u>
OPERATING INCOME (LOSS)	56,590	43,076	(13,514)	459,022
NONOPERATING REVENUES (EXPENSES)				
Interest on investments	-	1,450	1,450	2,541
Interest on bonds	<u>(26,000)</u>	<u>(25,977)</u>	<u>23</u>	<u>(31,302)</u>
	<u>(26,000)</u>	<u>(24,527)</u>	<u>1,473</u>	<u>(28,761)</u>
NET INCOME (LOSS)	<u>\$ 30,590</u>	18,549	<u>\$ (12,041)</u>	430,261
RETAINED EARNINGS				
Beginning of the year		<u>2,325,935</u>		<u>1,895,674</u>
RETAINED EARNINGS				
End of the year		<u>\$2,344,484</u>		<u>\$2,325,935</u>

VILLAGE OF NEW HAVEN
ENTERPRISE FUND - BUILDING

BALANCE SHEET

March 31, 2004 and 2003

ASSETS

	<u>2004</u>	<u>2003</u>
CURRENT ASSETS		
Cash	<u>\$ 131,921</u>	<u>\$ 165,450</u>

LIABILITIES AND FUND EQUITY

CURRENT LIABILITIES		
Accounts payable	\$ 21,363	\$ 6,402
Accrued expenses	2,973	3,946
Deposits	<u>107,005</u>	<u>148,504</u>
	131,341	158,852
FUND EQUITY		
Retained earnings (deficit):	<u>580</u>	<u>6,598</u>
	<u>\$ 131,921</u>	<u>\$ 165,450</u>

VILLAGE OF NEW HAVEN
ENTERPRISE FUND - BUILDING
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGS

Year ended March 31, 2004

With Comparative Actual Amounts for the Year Ended March 31, 2003

	<u>2004</u>		VARIANCE	2003
	<u>BUDGET</u>	<u>ACTUAL</u>	FAVORABLE (UNFAVORABLE)	<u>ACTUAL</u>
OPERATING REVENUE				
Permits & licenses	\$ 81,000	\$ 71,639	\$(9,361)	\$ 74,589
Miscellaneous	-	1,850	1,850	6,790
Previous fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>81,000</u>	<u>73,489</u>	<u>(7,511)</u>	<u>81,379</u>
OPERATING EXPENSE:				
Salaries and wages	101,720	99,283	2,437	92,817
Professional fees	8,320	9,714	(1,394)	(95)
Miscellaneous	<u>850</u>	<u>400</u>	<u>450</u>	<u>1,115</u>
	<u>110,890</u>	<u>109,397</u>	<u>1,493</u>	<u>93,837</u>
OPERATING INCOME (LOSS)	(29,890)	(35,908)	(6,018)	(12,458)
NONOPERATING REVENUES (EXPENSES)				
Operating transfer in - General Fund	<u>29,890</u>	<u>29,890</u>	<u>-</u>	<u>-</u>
	<u>29,890</u>	<u>29,890</u>	<u>-</u>	<u>-</u>
NET INCOME (LOSS)	<u>\$ -</u>	(6,018)	<u>\$(6,018)</u>	(12,458)
RETAINED EARNINGS (DEFICIT)				
Beginning of the year		<u>6,598</u>		<u>19,056</u>
RETAINED EARNINGS (DEFICIT)				
End of the year		<u>\$ 580</u>		<u>\$ 6,598</u>

**VILLAGE OF NEW HAVEN
CEMETERY PERPETUAL CARE TRUST FUND**

BALANCE SHEET

March 31, 2004 and 2003

ASSETS

	<u>2004</u>	<u>2003</u>
CASH	\$ 8,120	\$ 18,645
CERTIFICATES OF DEPOSIT	<u>43,309</u>	<u>42,297</u>
	<u>\$ 51,429</u>	<u>\$ 60,942</u>

LIABILITIES AND FUND BALANCE

FUND BALANCE		
Reserved	\$ 48,564	\$ 58,077
Unreserved - undesignated	<u>2,865</u>	<u>2,865</u>
	<u>\$ 51,429</u>	<u>\$ 60,942</u>

STATEMENT OF REVENUES, EXPENDITURES AND

CHANGES IN FUND BALANCE

Years Ended March 31, 2004 and 2003

REVENUES		
Miscellaneous - interest	\$ 1,012	\$ 947
	1,012	947
EXPENDITURES		
Miscellaneous	<u>(63)</u>	<u>-</u>
	(63)	-
REVENUES OVER (UNDER) EXPENDITURES	949	947
OTHER FINANCING SOURCES (USES)		
OPERATING TRANSFER OUT Cemetery Fund	<u>(10,462)</u>	<u>(750)</u>
REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(9,513)	197
FUND BALANCE		
Beginning of the year	<u>60,942</u>	<u>60,745</u>
FUND BALANCE		
End of the year	<u>\$ 51,429</u>	<u>\$ 60,942</u>

VILLAGE OF NEW HAVEN
CEMETERY PERPETUAL CARE TRUST FUND

STATEMENT OF CASH FLOWS

Years Ended March 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
CASH FLOWS - OPERATING ACTIVITIES:		
Net income (loss)	\$ <u>(9,513)</u>	\$ <u>197</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(9,513)	197
CASH AND CASH EQUIVALENTS Beginning of the year	<u>60,942</u>	<u>60,745</u>
CASH AND CASH EQUIVALENTS End of the year	<u>\$ 51,429</u>	<u>\$ 60,942</u>

VILLAGE OF NEW HAVEN
CURRENT TAX COLLECTION FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
Years Ended March 31, 2004 and 2003

ASSETS

	<u>BALANCE</u> <u>APRIL 1,</u> <u>2003</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> <u>MARCH 31,</u> <u>2004</u>
CASH	\$ -	\$ 991,783	\$ 991,783	\$ -
	<u>\$ -</u>	<u>\$ 991,783</u>	<u>\$ 991,783</u>	<u>\$ -</u>

LIABILITIES

ACCOUNTS PAYABLE:				
DUE TO GENERAL FUND	\$ -	\$ 584,447	\$ 584,447	\$ -
DUE TO MUNICIPAL STREET FUND	-	236,831	236,831	-
DUE TO FIRE FUND	-	142,768	142,768	-
DUE TO CEMETERY FUND	-	25,375	25,375	-
DUE TO WATER AND SEWER FUNDS	-	2,362	2,362	-
	<u>\$ -</u>	<u>\$ 991,783</u>	<u>\$ 991,783</u>	<u>\$ -</u>

ASSETS

	<u>BALANCE</u> <u>APRIL 1,</u> <u>2002</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> <u>MARCH 31,</u> <u>2003</u>
CASH	\$ -	\$ 899,749	\$ 899,749	\$ -
	<u>\$ -</u>	<u>\$ 899,749</u>	<u>\$ 899,749</u>	<u>\$ -</u>

LIABILITIES

ACCOUNTS PAYABLE				
DUE TO GENERAL FUND	\$ -	\$ 523,874	\$ 523,874	\$ -
DUE TO MUNICIPAL STREET FUND	-	212,587	212,587	-
DUE TO FIRE FUND	-	117,554	117,554	-
DUE TO CEMETERY FUND	-	22,777	22,777	-
DUE TO WATER AND SEWER FUNDS	-	22,957	22,957	-
	<u>\$ -</u>	<u>\$ 899,749</u>	<u>\$ 899,749</u>	<u>\$ -</u>

JOHN W. RHINESMITH, C.P.A., P.C.
CERTIFIED PUBLIC ACCOUNTANT

TELEPHONE
(586) 772-7300

FACSIMILE
(586) 772-8597

Member:

American Institute of
Certified Public Accountants

The Michigan Association of
Certified Public Accountants

24825 Little Mack Avenue
St. Clair Shores, Michigan 48080

December 21, 2004

Board of Trustees
Village of New Haven
P.O. Box 480429
58725 Havenridge Avenue
New Haven, MI 48045

In planning and performing our audit of the general purpose financial statements of Village of New Haven for the year ended March 31, 2004, we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control. However, we noted certain matters involving the internal control and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of internal control that, in our judgment, could adversely affect Village of New Haven's ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements.

1. PA 621 of 1978 Section 18 (1), as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated. During the year ended March 31, 2004, the Village incurred expenditures in certain budgetary funds which were in excess of the amount appropriated as follows:

	<u>AMOUNT APPROPRIATED</u>	<u>AMOUNT OF EXPENDITURE</u>
General Fund – General		
Government – Capital Outlay	\$ 61,000	\$ 86,184
Drug Law Enforcement Fund	\$ --0--	\$ 1,110
Cemetery Fund	\$ 50,482	\$ 51,165
Major Street Fund –		
Bridge Maintenance	\$ 357	\$ 25,239

2. Pursuant to ordinance No.280, as amended, Board of Trustee approval is required for Village purchases in excess of \$1,500.00. The following discrepancies were noted in that regard:

We noted no Board approval for the following:

- Payments to mobile communications totaling \$3,198.00 for pagers purchased by the Fire Fund on June 10, 2003 and September 9, 2003.
- Payment to Fund Balance totaling \$2,935.00 for a computer support contract purchased by the General Fund on June 13, 2003.
- Payment to Fund Balance totaling \$3,695.00 for computer upgrade purchased by the General Fund on October 14, 2003.
- Payments to Anacon totaling \$2,260.00 for computers purchased by the General Fund on November 11, 2003.
- Payment to Anacon totaling \$2,126.85 for a computer for the Police Department purchased by the General Fund on July 8, 2003.
- Payment to SLC Meter Service totaling \$5,696.44 for water meters and transpondents purchased by the Water Fund on August 12, 2003.

We noted the following purchase exceeded the amounts approved:

- Payments to Display Sales totaling \$5,677.00 for banners purchased by the General Fund on December 12, 2003 and December 19, 2003 exceeded Board approval by \$1,677.00.

3. The Metro Authority Act (PA48 of 2002) allows municipalities to participate in revenue sharing generated from telecommunication companies. New Haven's annual estimated revenue is \$7,800. The Village adopted this Act on May 13, 2003. However, it appears as though the paperwork necessary to effectuate this process with the State of Michigan was not timely filed. We discussed this matter with the Village Attorney immediately upon discovery. We recommend management follow up this matter.

4. We noted the following regarding use of the Village credit card:
 - Employee personal use:

Although in each case noted the employee reimbursed the Village, we recommend employees not be allowed to use the credit card for personal purchases, as this violates both the Village credit card policy and State law (PA 266 of 1995) and runs contrary to sound internal control.
 - Missing receipts/documentation:

Several charges could not be supported with the signed charge slip. We recommend management insist the user of the credit card provide an original signed charge slip to help ensure use of the credit card is not abused.
5. Activity within the Drug Law Enforcement Fund was not posted to general ledger for the entire fiscal year ended March 31, 2004. As the general ledger represents the Village's primary control over accounting and operating activity, we recommend the Village Office Manager be instructed to post this activity at least monthly. Our auditors accounted for this activity for the year ended March 31, 2004 via audit adjustments.
6. During the year under audit, the Police Department opened two bank accounts (A/C 00884489621 and A/C 00884489648). Apparently, amounts deposited into the accounts were derived from enforcement of the Village's cost recovery ordinance. The balances in these two accounts at March 31, 2004, were \$5,997.99 and \$492.21. We noted the following with respect to these accounts:
 - No New Haven elected officials were signers on the accounts. The Police Chief and a police officer were the only signers. We recommend the President and Treasurer be signers on these accounts. We further recommend the Village evaluate whether or not the Police Chief and police officer should remain signers.
 - Activity within these two accounts was not posted to general ledger from inception (January, 2004) to March 21, 2004. As the general ledger represents the Village's primary control over accounting and operating activity, we recommend the Village Office Manager be instructed to post this activity at least monthly. Our auditors accounted for this activity for the year ended March 31, 2004 via audit adjustments.
7. We noted the Village does not routinely store computer backups off site. To help ensure uninterrupted use of the computers and timely financial reporting throughout a catastrophic event, we recommend the Village routinely store computer backups off site.

8. On October 22, 2003, New Haven entered a new water and sewer billing agreement with Meadowcreek and Riverbrook. In conjunction with that agreement, outstanding accounts were settled. However, two accounts due New Haven remain open: 1) Riverbrook A/C GR10-058935-1, \$1,911.00 and 2) Meadowcreek A/C TW10-032980-4, \$864.50. The Parks claim these amounts are incorrect because they are based on an incorrect number of homes reported on the County Tax Report. Yet, the Parks are responsible for this reporting. We recommend immediate follow up of this matter.

9. As mentioned above, New Haven entered a water and sewer billing agreement with Meadowcreek and Riverbrook referred to as the Water and Sewer Meter Agreement. One of the reasons New Haven entered this agreement was to eliminate the need for manually computed master meter adjustments required by the previous agreement. The Water and Sewer Meter Agreement calls for master meter billing. There is no discussion of adjustments to the master meter read.

Apparently, New Haven has begun to credit Meadowcreek for sewer charges applicable to a sprinkler meter at it's club house. The credit is computed manually – defeating a major reason the Village entered into the Water and Sewer Meter Agreement. Additionally, we believe issuance of the credit violates the Agreement. The Agreement appears to have been negotiated in good faith. We question why New Haven should be responsible for Meadowcreek's oversight. It seems that Meadowcreek should install a proper bypass if it wishes to avoid sewer charges on this sprinkler meter. We recommend this matter be investigated immediately.

10. We noted no management approval of adjustments to water and sewer bills (write-offs, credits, reductions, etc.). We recommend the President approve all adjustments.

11. We noted sewer charges billed by Macomb County increased from the prior year \$103,905, or 65%. Sewer revenue, however, did not increase. And water charges billed by the City of Detroit increased only 6%. We recommend this situation be analyzed.

12. As of the completion of our fieldwork, the following community development block grants allocated in 2001 and 2002 have not yet been received:

<u>Year</u>	<u>Description</u>	<u>Amount</u>
2001	Stevens Street Reconstruction	\$45,000
2002	Stevens Street Reconstruction	20,000
2002	New Haven Fire Department	<u>3,000</u>
		<u>\$68,000</u>

We recommend collection be pursued immediately as block grants do expire over time.

13. The cooperation agreement between the Village of New Haven and New Haven Housing Commission provides for an annual payment in lieu of taxes to the Village. These payments appear to be two years delinquent (2003 and 2004). We believe the amount due to be approximately \$10,000.00. We suggest effort be directed toward resolving this matter as quickly as possible. We further suggest that a deadline for resolution be delivered to the New Haven Housing Commission.
14. We noted the following inefficiencies relating to the payroll system:
 - Payroll is not properly set up on the Fund Balance system so as to accrue MESC expense per employee.
 - Payroll is not properly set up on the Fund Balance system so as to produce an accurate MESC report.
 - Payroll is not properly set up on the Fund Balance system so as to accrue pension expense.
15. Our review of invoices from Anacon revealed excess charges of approximately \$1,100.00. The hourly rate charged on the invoices we reviewed exceeded the contract rate of \$120 per hour. We immediately brought this to the attention of the Village Office Manager.
16. Regarding the Village's contract with waste management, we noted the following:
 - Village cost to provide trash service throughout New Haven during the year ended March 31, 2004, increased 87% from the prior year.
 - Village revenue billed to trash service customers during the year ended March 31, 2004, increased only 8%.
 - Trash service cost (\$57,375) exceeded trash service revenue (\$54,245).

We recommend this matter be investigated immediately.

17. The schedule of outstanding building bonds does not agree with general ledger. Although it appears the design of the schedule is sufficient to provide the information necessary to reconcile to general ledger, that step has not been taken. We recommend the schedule be reconciled to general ledger on a monthly basis.

18. It appears to our auditors that Lombardo Companies, LLC, was obligated to make improvements to Havenridge Park pursuant to the Amherst P.U.D. approval. It further appears that improvements have been made to the Park, but at a cost to New Haven during the year ended March 31, 2004 of \$73,391. Village Council minutes from June 10, 2003 indicate New Haven will seek reimbursement of amount expended for park improvement. We noted no reimbursement during the year ended March 31, 2004. We recommend this matter be investigated.
19. As also noted during our audit last year, building bonds relating to Permit No. 1924 (26 Mile Gratiot, LLC \$15,333) and Permit No. 1958 (26 Mile Gratiot, LLC \$10,668.35) need to be investigated. Village Building Department personnel indicate that these bonds have either been forfeited or consumed by outstanding professional fees. Yet the bonds remain on the books as liabilities. We recommend immediate attention be given to this situation. If in fact these bonds will not be returned, we recommend the Board take action to authorize the above stated amounts be recognized as revenue and the appropriate journal entries be made.
20. Minutes from the Board of Trustees meeting on March 11, 2003 indicate the hiring of Mr. Robert Crayton should be accompanied by an Employment Agreement. As of the date of completion of our fieldwork, an executed Employment Agreement was not available. We recommend immediate attention be given to this matter.
21. Minutes from the Board of Trustees meeting on January 13, 2004 indicate the Board authorized DPW to purchase $\frac{3}{4}$ inch water meters at \$80 each on an "as needed" basis. Listed below are purchases we do not believe fall under this authorization and for which we found no other approval:
 - Payment to SLC Meter Service totaling \$3,610.54 for transpondents and miscellaneous supplies purchased by the Water Fund on January 13, 2004.
 - Payment to SLC Meter Service totaling \$1,741.47 for 2 inch water meters and supplies purchased by the Water Fund on March 9, 2004.

We believe these items are examples of problems that arise when purchase authorization is granted on an "as needed" basis. We further believe management control is significantly compromised under this arrangement. We recommend Ordinance No. 280 be applied uniformly for all Village purchases.

22. According to information provided to our auditors, Village of New Haven is seriously delinquent in its obligation to clean and properly abandon its waste water treatment plant. We suggest remedial action be taken immediately.

Village of New Haven

Page 7

December 21, 2004

This report is intended solely for the information and use of Village of New Haven, management and Board of Trustees of Village of New Haven. This restriction is not intended to limit distribution of this report, which is matter of public record.

If you have any questions or comments regarding the above, or would like to discuss other items of concern, please do not hesitate to call.

A handwritten signature in black ink, appearing to read "John W. Rhinesmith", followed by the initials "CAZ, P.C." written in a similar style.

John W. Rhinesmith, CPA, P.C.
Certified Public Accountants