



CITY OF SOUTH HAVEN

**Van Buren County
Michigan**

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2010

Prepared by: Finance Department



CITY OF SOUTH HAVEN, MICHIGAN

COMPREHENSIVE ANNUAL FINANCIAL REPORT

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CITY OF SOUTH HAVEN

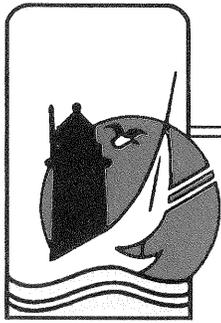
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INTRODUCTORY SECTION



City of South Haven

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November 3, 2010

To the Honorable Mayor, Members of the City Council and the Citizens of the City of South Haven, Michigan:

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of South Haven for the fiscal year ended June 30, 2010.

This report consists of management's representations concerning the finances of the City of South Haven. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of South Haven has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of South Haven's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of South Haven's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of South Haven's financial statements have been audited by Vredevelde Haefner LLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of South Haven for the fiscal year ended June 30, 2010, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion on the City of South Haven's financial statements for the fiscal year ended June 30, 2010. The financial statements are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of South Haven's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The City of South Haven was incorporated as a Village in 1869 and as a City in 1902. The City is located in the southwest area of the State of Michigan where the Black River flows into Lake Michigan. The City of South Haven covers a land area of 3.5 square miles. With a 2000 Census population of 5,021, The City

increases to over 15,000 during the summer boating and recreational season. In addition, the City provides electric, water and wastewater services in an area exceeding 60 square miles.

The City operates under the council-manager form of government. Policy making and legislative authority are vested in the City Council, which consists of a mayor and a six-member council. The City Council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees and hiring the City Manager. The City Manager is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the City, and for appointing the heads of City departments. The City is divided into three wards of which two members are elected from each ward to four-year staggered terms. Three Council members are elected every two years on a non-partisan basis. The mayor is elected to a two-year term.

The City provides a full range of municipal services for the public's health, safety, welfare and quality of life. These services include general administration, police protection, fire protection, planning and zoning, water and wastewater services, construction and maintenance of streets and other infrastructure, building and code enforcement, cemetery operations, park operations and maintenance, library, and marina and beach operations.

In addition to general City activities, three Local Development Finance Authorities (LDFA), the Downtown Development Authority (DDA) and the Brownfield Redevelopment Authority are included in the City reporting entity as component units. Component units are reported in a separate column in the financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial position, results of operations and cash flows from those of the primary government. The South Haven Area Emergency Services, a joint venture with other area units of government, provides fire and ambulance services and has been excluded from the City's financial statement because the City does not exercise significant oversight over this entity. This entity can independently generate revenue, adopt budgets, enter into contracts, and borrow funds.

The annual budget serves as the foundation for the City's financial planning and control. All agencies of the City are required to submit requests for appropriation to the City Manager. The City Manager uses these requests as the starting point for developing a proposed budget. The City Manager then presents this proposed budget to the council who is required to hold a public hearing on the proposed budget and to adopt a final budget prior to the start of the fiscal year. The appropriated budget is prepared by fund and department. Department heads may make transfers of appropriations within a department. Transfers of appropriations between departments, however, require the approval of the City Council. Budget-to-actual comparisons are provided in this report for the general fund and all special revenue and debt service funds for which an appropriated annual budget has been adopted.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates.

Local economy The overall local economy remains in relatively decent shape, although the unemployment rate remains a concern.

The State Equalized Value of real and personal property in the City has increased from \$226,592,144 in tax year 1999 to \$559,902,250 in tax year 2009 (fiscal year 2010). State Equalized Value for the fiscal year beginning July 1, 2010 has decreased to \$513,849,819. The area unemployment rate in June of 2010 was 12.8 percent compared to a State of Michigan unemployment rate of 13.2 percent. .

The City of South Haven is enjoying an expanding profile as a national and international tourist destination and a place where visitors from major metropolitan areas continue to purchase second homes.

There are six area and regional commercial bank branches and thrift institutions within the City serving the banking needs of the City and its residents and visitors.

Interstate 196 traverses the City with connections north and east to Grand Rapids and Lansing and south to Interstate 94. State highway M-43 connects South Haven to Kalamazoo area markets and the campus of Western Michigan University.

Lake Michigan Community College has a campus in South Haven and has partnered with Western Michigan University to offer classes in South Haven.

Long-term financial planning

- Infrastructure Improvements - The City will be using the City's Street millage, the County Road millage and state and federal grants to pay for extensive street improvements. Construction of non-motorized pathways will also be constructed using both local and grant funds.
- Capital Projects – Work will continue on the construction of the new water treatment plant. This project is expected to be completed in 2011.
- Economic Development - The City of South Haven Brownfield Redevelopment Authority will continue working with five property owners on various grants and tax increment financing proposals in order that brownfield sites can become productive. Those sites include the Belgravia Building, the former Everett Building site, the National Motors site, all residential development projects, and two industrial projects - Albemarle and Michigan Aluminum Alloys.
- Technology Improvements – The City has upgraded its website and work to improve on-line access to assessing records, tax records, council minutes and agendas and other City documents. City Council meetings will be broadcast over the internet.
- Recreation - The City will operate an ice rink in the downtown during the winter months. The City will work to find a permanent location for the skate park. Fund raising will continue for the construction of a regional recreation park.

Cash management policies and practices The City has a cash management system designed to invest temporarily idle funds in obligations of the United States Government, certificates of deposit from banks, municipal investment pools, and other securities as permitted by state law and the City's investment policy. The maturities of investments generally range from one to three years, although some federal agency securities and negotiable certificate of deposits have longer maturities.

Risk Management As of June 30, 2010, the City of South Haven participated in two public entity risk pools. The Michigan Municipal Risk Management Authority pool provided insurance coverage for liability, auto, crime, and property damage risks. The Michigan Municipal Liability and Property Pool provided coverage for workers' compensation.

Pension and other post employment benefits The City provides pension benefits for all full-time employees through a defined benefit plan administered by the Michigan Employment Retirement System

(MERS). Under the defined contribution plan, the City contributes 2.91% to 3.45% of the employee's base annual compensation.

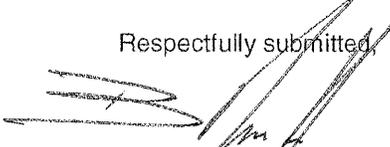
Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of South Haven for its comprehensive annual financial report for the fiscal year ended June 30, 2009. This was the tenth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire administrative staff and other City departments that contributed to the preparation of this report. Credit also must be given to the Mayor and the City Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City's finances.

Respectfully submitted,



Brian Dissette
City Manager

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of South Haven
Michigan

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2009

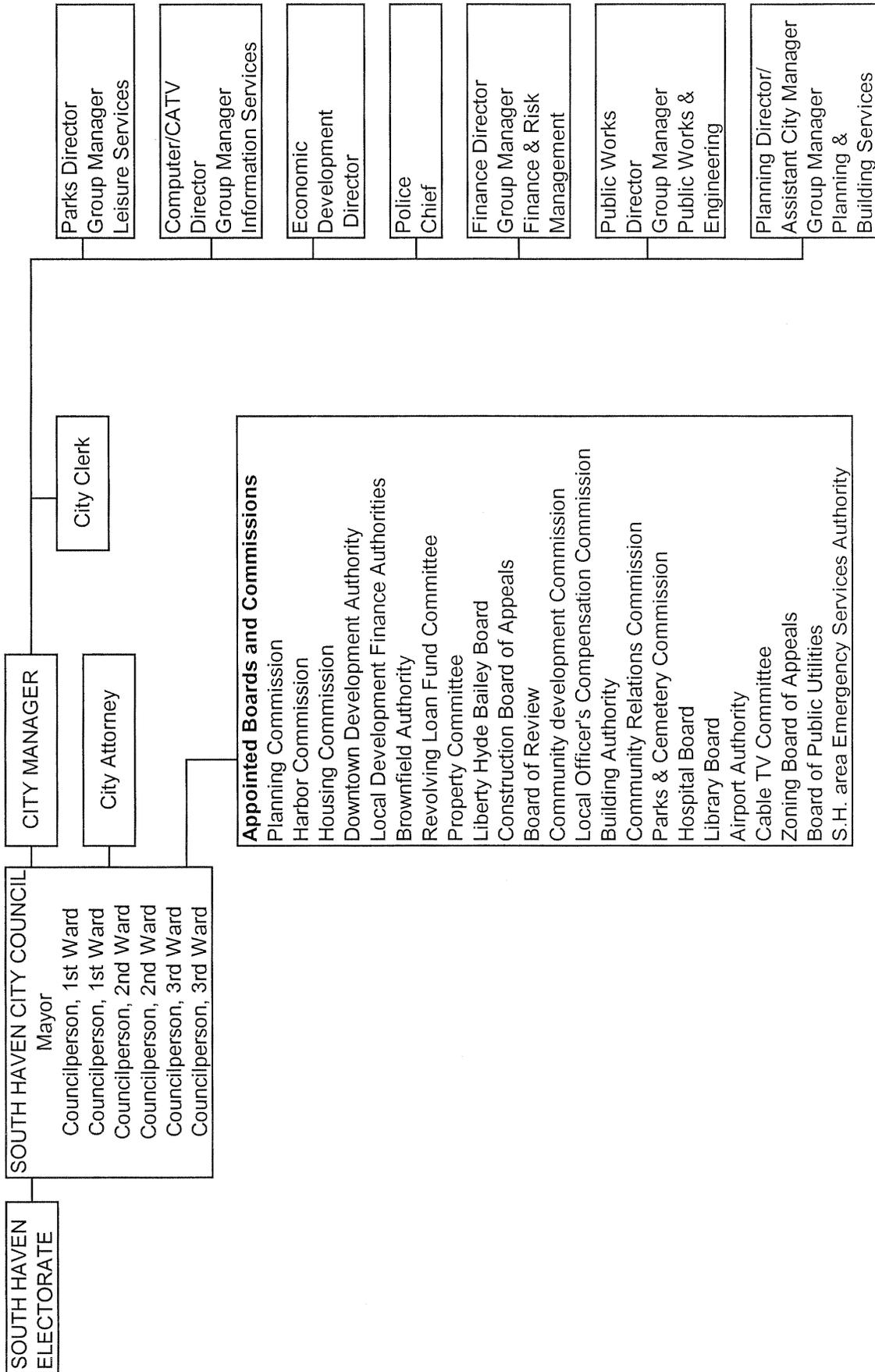
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

**CITY OF SOUTH HAVEN
Organizational Chart**



City of South Haven, Michigan

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

For the Fiscal Year Ended
June 30, 2010

City Officials at June 30, 2010

Robert Burr
Mayor

Susan Fitzgibbon
Mayor Pro-Tem

Donald Bemis
Councilmember

Andis Klavins
Councilmember

Sally Newton
Councilmember

Gail Patterson
Councilmember

Vickiy Kozlik Wall
Councilmember

Brian Disette
City Manager

Prepared by
City of South Haven
Finance Department

FINANCIAL SECTION



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INDEPENDENT AUDITORS' REPORT

November 3, 2010

Honorable Mayor and Members of the City Council
City of South Haven, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of South Haven, Michigan, (the "City") as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the City of South Haven, Michigan. 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. 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 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information for the City of South Haven, Michigan as of June 30, 2010, and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 11, the major fund budget and actual schedule on page 47, and the benefit plans schedules of funding progress on pages 48 and 49 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of South Haven's financial statements as a whole. The introductory section, combining and individual fund financial statements and schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the financial

statements. The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Wredenseld Haefner LLC

Management's Discussion and Analysis

As management of the City of South Haven, we offer readers of the City of South Haven financial statements this narrative overview and analysis of the financial activities of the City of South Haven for the fiscal year ended June 30, 2010. We encourage readers to consider the information presented here in conjunction with additional information that is furnished in our transmittal letter, the financial statements and notes to the financial statements.

Financial Highlights

- Continuing construction on a new water treatment plant
- Rebuilding of an electric substation
- Completion of South Haven Place paving project
- The early call of \$550,000 in electric utility bonds
- The establishment of a budget stabilization fund

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of South Haven financial statements. The City of South Haven basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City of South Haven finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the City of South Haven assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of South Haven is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of South Haven that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of South Haven include general government, public safety, public works, health and welfare, and culture and recreation. The business-type activities of the City of South Haven include electric, water, and sewer utilities as well as marina, parks and beach activities.

The government-wide financial statements include not only the City of South Haven itself (known as the *primary government*), but also legally separate component units for which the City of South Haven is financially accountable. Component units include the Downtown Development Authority, three Local Development Finance Authorities, and the Brownfield Redevelopment Authority. Financial information for these *component units* are reported separately from the financial information presented for the primary government itself.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of South Haven, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of South Haven can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund which is considered to be major fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City of South Haven adopts an annual appropriated budget for its general, special revenue, and debt service funds. Budgetary comparison statements or schedules have been provided herein to demonstrate compliance with those budgets.

Proprietary funds. The City of South Haven maintains 2 different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of South Haven uses enterprise funds to account for its electric, water and sewer and other nonmajor operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City of South Haven various functions. The City of South Haven uses internal service funds to account for its Motor Pool, Information Services, and Self-insurance operations. Because these services predominantly benefits governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the operations of the Electric, Water, and Sewer utilities which are considered to be major funds of the City of South Haven. All internal service fund operations and nonmajor enterprise funds are combined into single aggregated presentations in the proprietary fund financial statements. Individual data from these funds is provided in the form of combining statements elsewhere in this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City of South Haven's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information. This is limited to the letter of transmittal, this discussion and analysis, combining statements and schedules, and statistical information.

Government-wide Financial Analysis

Statement of Net Assets - As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of South Haven, assets exceeded liabilities by \$46,744,765 at the close of the most recent fiscal year.

By far the largest portion of the City of South Haven's net assets (68.9%) reflects its investment in capital assets (e.g., land, buildings, vehicles, equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City of South Haven uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

An additional part of the City of South Haven's net assets (6.3%) represents resources that are subject to external restrictions on how they may be used. The remaining balance (\$11,561,225) may be used to meet the government's ongoing obligations to citizens and creditors.

The following table illustrates the composition of net assets:

City of South Haven Net Assets

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$ 7,112,013	\$ 5,476,658	\$ 20,471,930	\$ 27,970,821	\$ 27,583,943	\$ 33,447,479
Capital assets	<u>20,029,036</u>	<u>20,171,065</u>	<u>34,432,423</u>	<u>25,956,689</u>	<u>54,461,459</u>	<u>46,127,754</u>
Total assets	<u>27,141,049</u>	<u>25,647,723</u>	<u>54,904,353</u>	<u>53,927,510</u>	<u>82,045,402</u>	<u>79,575,233</u>
Long-term liabilities outstanding	10,585,635	11,213,976	20,118,124	21,015,408	30,703,759	32,229,384
Other liabilities	<u>892,776</u>	<u>831,602</u>	<u>3,704,102</u>	<u>2,637,104</u>	<u>4,596,878</u>	<u>3,468,706</u>
Total liabilities	<u>11,478,411</u>	<u>12,045,578</u>	<u>23,822,226</u>	<u>23,652,512</u>	<u>35,300,637</u>	<u>35,698,090</u>
Net assets:						
Invested in capital assets, net of related debt	9,703,248	9,135,065	22,521,811	21,345,979	32,225,059	30,481,044
Restricted	2,778,475	2,290,539	180,006	257,475	2,958,481	2,548,014
Unrestricted	<u>3,180,915</u>	<u>2,176,541</u>	<u>8,380,310</u>	<u>8,671,544</u>	<u>11,561,225</u>	<u>10,848,085</u>
Total net assets	<u>\$ 15,662,638</u>	<u>\$ 13,602,145</u>	<u>\$ 31,082,127</u>	<u>\$ 30,274,998</u>	<u>\$ 46,744,765</u>	<u>\$ 43,877,143</u>

At the end of the current fiscal year, the City of South Haven is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the previous year.

Statement of Activities - The government's net assets increased by \$2,867,622 during the current fiscal year.

Governmental activities increased the City of South Haven's net assets by \$2,060,493, accounting for 72% of the total growth in the net assets of the City of South Haven. Key elements in the change of net assets are as follows:

During the year a significant portion of governmental fund revenues were utilized to purchase long-term capital assets and pay down long-term debt rather than being consumed by operational expenses. These long-term investments in combination with stable depreciation expense resulted in the current year increases.

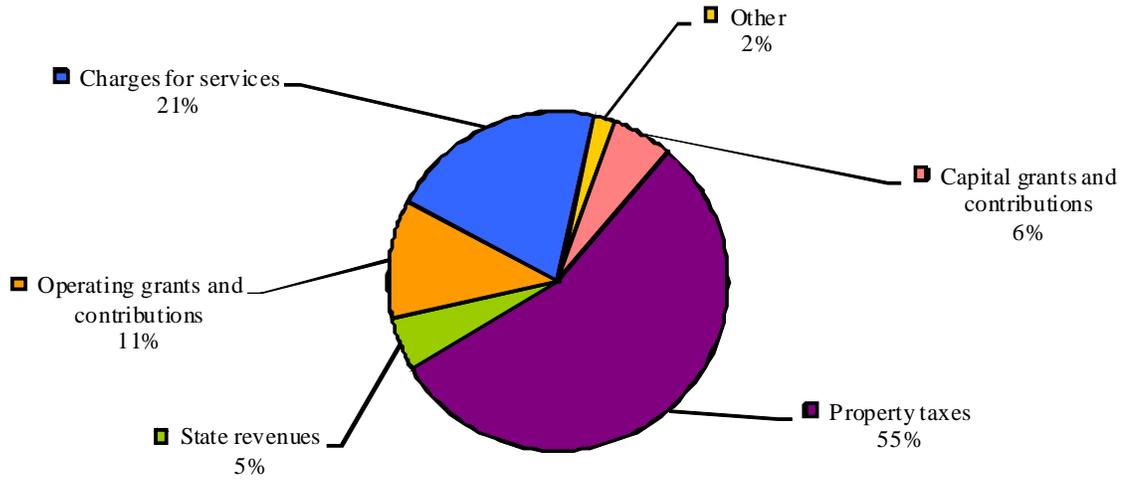
Business-type activities increased the City of South Haven's net assets by \$807,129, accounting for 28% of the total growth in the net assets of the City of South Haven. The key element of this increase is due to the city utility funds (water, sewer and electric) and marina having operating surpluses for the year.

The following table presents a summary of the changes in net assets:

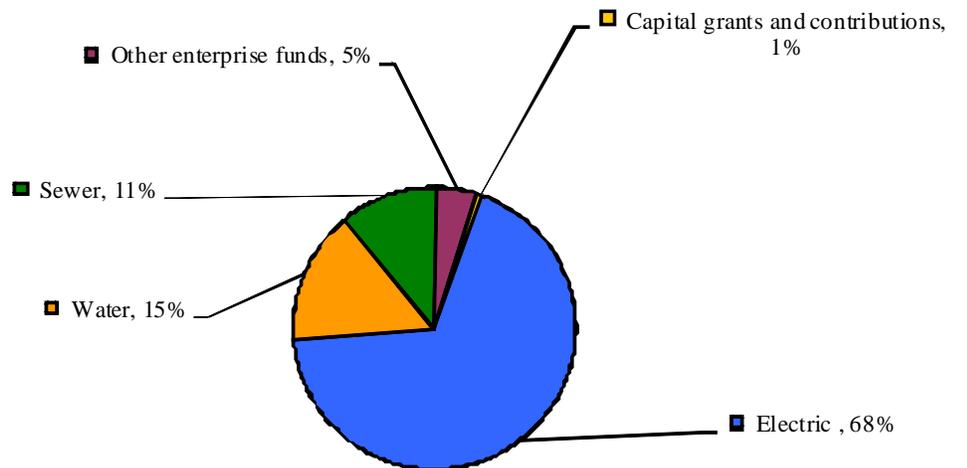
City of South Haven Changes in Net Assets

	<u>Governmental</u> <u>Activities</u>		<u>Business-type</u> <u>Activities</u>		<u>Total</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Revenue:						
Program revenue						
Charges for service	\$ 1,727,826	\$ 1,820,831	\$ 18,022,725	\$ 17,677,883	\$ 19,750,551	\$ 19,498,714
Operating grants and contributions	943,745	894,614	-	-	943,745	894,614
Capital grants and contributions	472,044	591,426	120,318	389,531	592,362	980,957
General revenue:						
Property taxes	4,599,158	4,581,654	-	-	4,599,158	4,581,654
State	419,990	470,121	-	-	419,990	470,121
Other	161,102	172,635	252,513	221,209	413,615	393,844
Total revenue	<u>8,323,865</u>	<u>8,531,281</u>	<u>18,395,556</u>	<u>18,288,623</u>	<u>26,719,421</u>	<u>26,819,904</u>
Expenses:						
General government	1,334,355	1,277,697	-	-	1,334,355	1,277,691
Public safety	3,046,626	2,948,164	-	-	3,046,626	2,948,164
Public works	1,668,514	1,896,910	-	-	1,668,514	1,896,910
Health and welfare	516,136	536,700	-	-	516,136	536,700
Recreation and culture	585,626	511,308	-	-	585,626	511,308
Interest on long-term debt	457,497	481,688	-	-	457,497	481,688
Electric fund	-	-	11,102,046	11,412,606	11,102,046	11,412,606
Water fund	-	-	2,694,258	2,151,847	2,694,258	2,151,847
Sewer fund	-	-	1,643,790	1,720,004	1,643,790	1,720,004
Other enterprise funds	-	-	802,951	806,259	802,951	806,259
Total expenses	<u>7,608,754</u>	<u>7,652,467</u>	<u>16,243,045</u>	<u>16,090,716</u>	<u>23,851,799</u>	<u>23,743,183</u>
Transfers –						
Internal activities	542,997	590,927	(542,997)	(590,927)	-	-
Property tax equivalents	802,385	763,709	(802,385)	(763,709)	-	-
Increase (decrease) in net assets	2,060,493	2,233,450	807,129	843,271	2,867,622	3,076,721
Net assets – beginning of year	13,602,145	11,368,695	30,274,998	29,431,727	43,877,143	40,800,422
Net assets – end of year	<u>\$ 15,662,638</u>	<u>\$ 13,602,145</u>	<u>\$ 31,082,127</u>	<u>\$ 30,274,998</u>	<u>\$ 46,744,765</u>	<u>\$ 43,877,143</u>

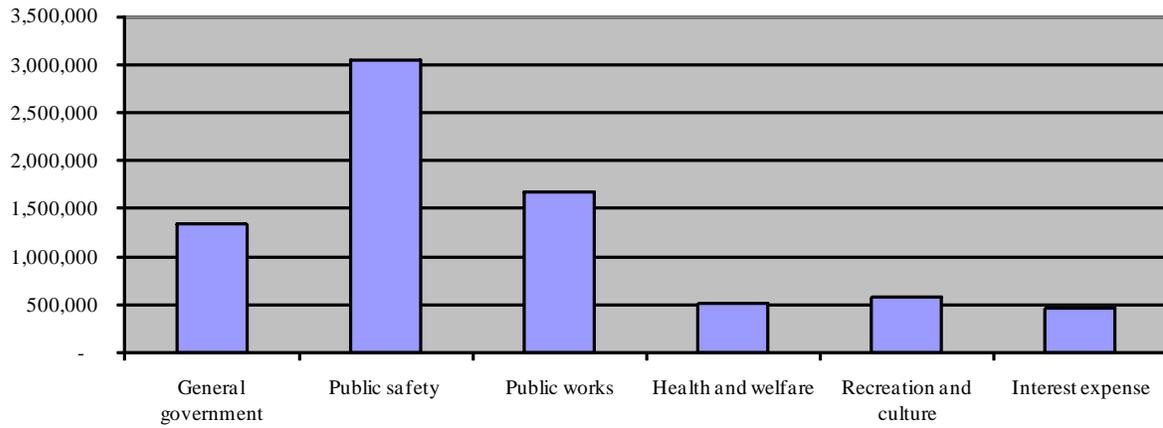
Revenues by Source - Governmental Activities



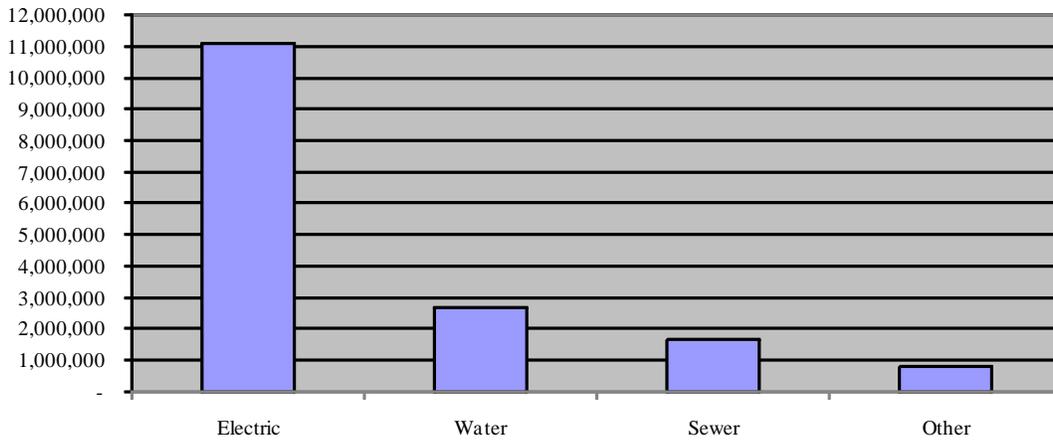
Revenues by Source – Business-type Activities



Expenses - Governmental Activities



Expenses – Business-type Activities



Financial Analysis of the Government's Funds

As noted earlier, the City of South Haven uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City of South Haven *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City of South Haven financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

A \$198,088 surplus in the general fund allowed money to be set aside for anticipated reductions in future state shared revenue payments. The street improvement fund had a surplus of \$230,909 as funds were accumulated for future paving projects. Donations to reimburse the City of South Haven for a land purchase increased the fund balance of the capital projects fund by \$136,321. Lease payments to the building authority bond debt service fund helped reduce the deficit in the fund by \$180,467. Special assessment collections allowed repayment to the sewer rehab fund of 130,166 for previous construction projects. These factors resulted in an increase in governmental fund balances of \$1,120,953.

Proprietary funds. The City of South Haven proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The proprietary fund operations all resulted in an increase in net assets. Overall the net assets of the proprietary funds increased \$807,129.

General Fund Budgetary Highlights

There are minimal differences between the original budget and the amended budget.

Capital Asset and Debt Administration

City of South Haven Capital Assets (net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land	\$ 643,295	\$ 643,295	\$ 23,062	\$ 23,062	\$ 666,357	\$ 666,357
Land improvements	142,387	263,781	1,550,670	1,692,613	1,693,057	1,956,394
Building, equipment, and infrastructure, net	19,243,354	19,263,989	32,858,691	24,241,014	52,102,045	43,505,003
Total	\$ 20,029,036	\$ 20,171,065	\$ 34,432,423	\$ 25,956,689	\$ 54,461,459	\$ 46,127,754

Additional information on the City of South Haven capital assets can be found in note 6 of this report.

Long-Term Debt

	City of South Haven Outstanding Debt					
	General Obligation and Revenue Bonds					
	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
General obligation bonds	\$ 10,120,000	\$ 10,805,000	\$ 19,293,124	19,500,408	\$ 29,413,124	\$ 30,305,408
Revenue bonds	-	-	825,000	1,515,000	825,000	1,515,000
Other debt	656,910	597,235	-	-	656,910	597,235
Total	\$ 10,776,910	\$ 11,402,235	\$ 20,118,124	\$ 21,015,408	\$ 30,895,034	\$ 32,417,643

The City of South Haven's most recent general obligation bond issues had ratings of A+ from both Standard & Poor's and Fitch.

In FY 2009-10 both Standard & Poor's and Fitch ratings services raised the rating on City of South Haven general obligation debt to AA-.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10% of the State Equalized Value. For FY 2009-10 the debt limitation for the City of South Haven was \$55,990,225.

Additional information on the City of South Haven long-term debt can be found in note 8 of this report.

Economic Factors and Next Year's Budgets and Rates

The economic factors utilized to create the 2011 budget included a decline in the taxable value of city property and a reduction of state funding. The 2011 budget identifies street paving and public safety as high priorities.

Requests for Information

This financial report is designed to provide a general overview of the City of South Haven finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Finance Department, 539 Phoenix Street, South Haven, Michigan 49090.

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BASIC FINANCIAL STATEMENTS

CITY OF SOUTH HAVEN
STATEMENT OF NET ASSETS
JUNE 30, 2010

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
Assets				
Cash and pooled investments	\$ 6,713,410	\$ 15,871,683	\$ 22,585,093	\$ 3,936,834
Accounts receivable	121,579	2,610,519	2,732,098	3,283
Prepaid items	72,626	154,524	227,150	-
Due from other governments	137,050	-	137,050	-
Inventory	-	558,210	558,210	-
Bond issuance costs	-	185,995	185,995	-
Special assessments receivable	67,348	910,993	978,341	-
Restricted cash and pooled investments	-	180,006	180,006	-
Capital assets				
Land	643,295	23,062	666,357	191,453
Construction in progress	-	11,642,440	11,642,440	-
Depreciable capital assets, net	19,385,741	22,766,921	42,152,662	-
Total assets	27,141,049	54,904,353	82,045,402	4,131,570
Liabilities				
Accounts payable	380,760	2,887,873	3,268,633	38,224
Accrued liabilities	512,016	343,975	855,991	955
Customer deposits	-	224,120	224,120	-
Unearned revenue	-	248,134	248,134	-
Noncurrent liabilities				
Accrued compensated absences	103,801	-	103,801	-
Other post employment benefits	156,046	-	156,046	-
Due within one year	731,096	280,000	1,011,096	27,208
Due in more than one year	9,594,692	19,838,124	29,432,816	129,241
Total liabilities	11,478,411	23,822,226	35,300,637	195,628
Net assets				
Invested in capital assets, net of related debt	9,703,248	22,521,811	32,225,059	191,453
Restricted for				
Debt service	-	180,006	180,006	-
Streets	1,131,487	-	1,131,487	-
Garbage and refuse	72,230	-	72,230	-
Narcotics unit	106,499	-	106,499	-
Other projects	87,596	-	87,596	-
Capital projects	1,140,044	-	1,140,044	-
Permanent trust				
Cemetery - nonexpendable portion	132,245	-	132,245	-
Cemetery - expendable	108,374	-	108,374	-
Unrestricted	3,180,915	8,380,310	11,561,225	3,744,489
Total net assets	\$ 15,662,638	\$ 31,082,127	\$ 46,744,765	\$ 3,935,942

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

CITY OF SOUTH HAVEN

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2010

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government					
Governmental activities					
General government	\$ 1,334,355	\$ 1,031,187	\$ 107,500	\$ -	\$ (195,668)
Public safety	3,046,626	234,066	49,578	-	(2,762,982)
Public works	1,668,514	416,206	748,867	357,072	(146,369)
Health and welfare	516,136	46,367	-	-	(469,769)
Culture and recreation	585,626	-	37,800	114,972	(432,854)
Interest on long-term debt	457,497	-	-	-	(457,497)
Total governmental activities	7,608,754	1,727,826	943,745	472,044	(4,465,139)
Business-type activities					
Electric utility	11,102,046	12,377,286	-	54,939	1,330,179
Water utility	2,694,258	2,767,339	-	51,980	125,061
Wastewater utility	1,643,790	2,039,436	-	-	395,646
Marina	459,234	521,247	-	13,399	75,412
Parks and beach	343,717	317,417	-	-	(26,300)
Total business-type activities	16,243,045	18,022,725	-	120,318	1,899,998
Total primary government	\$ 23,851,799	\$ 19,750,551	\$ 943,745	\$ 592,362	\$ (2,565,141)
Component units					
Downtown Development Authority	\$ 1,434,132	\$ -	\$ 11,945	\$ 80,000	\$ (1,342,187)
Local Development Finance Authority #1	222,978	-	-	-	(222,978)
Local Development Finance Authority #2	19,810	-	-	-	(19,810)
Local Development Finance Authority #3	78,010	-	155,056	-	77,046
Brownfield Redevelopment Authority	439,908	-	-	-	(439,908)
Total component units	\$ 2,194,838	\$ -	\$ 167,001	\$ 80,000	\$ (1,947,837)

(Continued)

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

CITY OF SOUTH HAVEN
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Changes in net assets				
Net (expense) revenue	\$ (4,465,139)	\$ 1,899,998	\$ (2,565,141)	\$ (1,947,837)
General revenues				
Property taxes	4,599,158	-	4,599,158	2,336,126
State shared revenues	419,990	-	419,990	-
Unrestricted investment earnings	93,929	252,513	346,442	39,257
Other general revenues	67,173	-	67,173	-
Property tax equivalent payments	802,385	(802,385)	-	-
Transfers - internal activities	542,997	(542,997)	-	-
Total general revenues and transfers	<u>6,525,632</u>	<u>(1,092,869)</u>	<u>5,432,763</u>	<u>2,375,383</u>
Change in net assets	2,060,493	807,129	2,867,622	427,546
Net assets, beginning of year	<u>13,602,145</u>	<u>30,274,998</u>	<u>43,877,143</u>	<u>3,508,396</u>
Net assets, end of year	<u>\$ 15,662,638</u>	<u>\$ 31,082,127</u>	<u>\$ 46,744,765</u>	<u>\$ 3,935,942</u>

(Concluded)

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

CITY OF SOUTH HAVEN

**GOVERNMENTAL FUNDS
BALANCE SHEET**

JUNE 30, 2010

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Assets			
Cash and pooled investments	\$ 2,502,235	\$ 2,647,076	\$ 5,149,311
Accounts receivable	78,219	30,643	108,862
Accrued interest receivable	9,984	2,733	12,717
Special assessment receivable	21,314	46,034	67,348
Prepaid items	72,626	-	72,626
Due from other funds	30,500	440,702	471,202
Due from other governments	74,123	62,927	137,050
Total assets	<u>\$ 2,789,001</u>	<u>\$ 3,230,115</u>	<u>\$ 6,019,116</u>
Liabilities and fund balances			
Liabilities			
Accounts payable	\$ 278,456	\$ 64,843	\$ 343,299
Accrued liabilities	214,144	3,907	218,051
Due to other funds	-	471,202	471,202
Deferred revenue	65,767	71,177	136,944
Total liabilities	<u>558,367</u>	<u>611,129</u>	<u>1,169,496</u>
Fund balances			
Reserved for			
Permanent fund corpus	-	132,245	132,245
Unreserved			
Undesignated	2,230,634	-	2,230,634
Undesignated reported in nonmajor			
Special revenue funds	-	1,557,995	1,557,995
Debt service funds	-	51,258	51,258
Capital projects funds	-	769,114	769,114
Permanent funds	-	108,374	108,374
Total fund balances	<u>2,230,634</u>	<u>2,618,986</u>	<u>4,849,620</u>
Total liabilities and fund balances	<u>\$ 2,789,001</u>	<u>\$ 3,230,115</u>	<u>\$ 6,019,116</u>

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

CITY OF SOUTH HAVEN

RECONCILIATION OF FUND BALANCE ON THE BALANCE SHEET FOR GOVERNMENTAL FUNDS TO NET ASSETS OF GOVERNMENTAL ACTIVITIES ON THE STATEMENT OF NET ASSETS

JUNE 30, 2010

Fund balances - total governmental funds	\$ 4,849,620
Amounts reported for <i>governmental activities</i> in the statement of net assets are different because	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.	
Add - land	643,295
Add - capital assets (net of accumulated depreciation)	18,321,438
Certain assets are not due and receivable in the current period and therefore are offset with deferred revenue in the funds.	
Add - long-term deferred receivables	136,944
Internal service funds are used by management to charge the costs of centralized services, to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities.	
Add - net assets of governmental activities accounted for in the internal service funds	2,562,809
Certain liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Deduct - compensated absences payable	(295,076)
Deduct - other post employment benefits	(156,046)
Deduct - bonds payable	(10,325,788)
Deduct - accrued interest on bonds payable	<u>(74,558)</u>
Net assets of governmental activities	<u>\$ 15,662,638</u>

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

CITY OF SOUTH HAVEN
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2010

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Revenues			
Taxes	\$ 3,763,512	\$ 1,032,854	\$ 4,796,366
Intergovernmental revenues			
State	410,907	421,316	832,223
Local	25,212	356,374	381,586
Licenses and permits	142,162	-	142,162
Charges for services	448,976	-	448,976
Fines	30,237	-	30,237
Special assessments	3,144	15,770	18,914
Investment earnings	86,904	25,386	112,290
Miscellaneous	420,588	1,173,813	1,594,401
Total revenues	<u>5,331,642</u>	<u>3,025,513</u>	<u>8,357,155</u>
Expenditures			
Current			
General government	1,185,846	-	1,185,846
Public safety	2,852,636	231,122	3,083,758
Public works	718,393	1,300,070	2,018,463
Health and welfare	183,921	350,135	534,056
Culture and recreation	458,600	26,285	484,885
Other	106,867	-	106,867
Debt service			
Principal	25,212	685,000	710,212
Interest	-	457,497	457,497
Total expenditures	<u>5,531,475</u>	<u>3,050,109</u>	<u>8,581,584</u>
Revenues over (under) expenditures	<u>(199,833)</u>	<u>(24,596)</u>	<u>(224,429)</u>
Other financing sources (uses)			
Property tax equivalent payments	802,385	-	802,385
Transfers in	-	1,015,861	1,015,861
Transfers out	(404,464)	(68,400)	(472,864)
Total other financing sources (uses)	<u>397,921</u>	<u>947,461</u>	<u>1,345,382</u>
Net changes in fund balances	198,088	922,865	1,120,953
Fund balances, beginning of year	<u>2,032,546</u>	<u>1,696,121</u>	<u>3,728,667</u>
Fund balances, end of year	<u>\$ 2,230,634</u>	<u>\$ 2,618,986</u>	<u>\$ 4,849,620</u>

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

CITY OF SOUTH HAVEN

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2010

Net changes in fund balances - total governmental funds	\$ 1,120,953
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Amounts reported for *governmental activities* in the statement of activities are different because

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense.

Add - capital outlay	1,428,014
Deduct - depreciation expense	(1,434,911)

Certain receivables are long-term in nature and are collectable over several years. However only the current year's receipts are reflected as revenues on the fund statements.

Deduct - decrease in deferred revenues	(35,095)
--	----------

Bond or note proceeds provide current financial resources to governmental funds in the period issued, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond or note 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 debt	710,212
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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.

Deduct - increase in compensated absences	(5,929)
Deduct - increase in other post employment benefit liability	(78,958)
Add - decrease in accrued interest	5,480

Internal service funds are used by management to charge the costs of certain services to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities.

Add - increase in net assets from the internal service funds	<u>350,727</u>
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Change in net assets of governmental activities	<u>\$ 2,060,493</u>
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The accompanying notes are an integral part of these financial statements.

CITY OF SOUTH HAVEN
PROPRIETARY FUNDS
STATEMENT OF NET ASSETS

JUNE 30, 2010

	Enterprise Funds				Enterprise Fund Total	Governmental Activities
	Electric Utility	Water Utility	Sewer Utility	Nonmajor Enterprise Funds		Internal Service Funds
Assets						
Current assets						
Cash and pooled investments	\$ 2,969,866	\$ 10,615,346	\$ 801,852	\$ 1,484,619	\$ 15,871,683	\$ 1,564,099
Accounts receivable	1,945,997	348,128	273,472	-	2,567,597	-
Accrued interest receivable	6,217	32,992	1,491	2,222	42,922	-
Prepaid items	74,005	42,485	38,034	-	154,524	-
Inventory	434,474	119,496	4,240	-	558,210	-
Restricted cash and pooled investments	120,000	60,006	-	-	180,006	-
Total current assets	5,550,559	11,218,453	1,119,089	1,486,841	19,374,942	1,564,099
Non-current assets						
Special assessments receivable	63,611	374,520	472,862	-	910,993	-
Bond issuance costs	-	185,995	-	-	185,995	-
Capital assets						
Land	1,001	9,394	7,331	5,336	23,062	-
Construction in progress	-	11,642,440	-	-	11,642,440	-
Buildings and equipment	2,716,790	4,536,273	4,971,680	137,033	12,361,776	621,843
Vehicles	-	-	-	-	-	2,188,129
Infrastructure	13,318,819	8,278,568	7,175,538	2,855,742	31,628,667	-
Less accumulated depreciation	(5,413,118)	(7,529,044)	(6,889,658)	(1,391,702)	(21,223,522)	(1,745,669)
Total non-current assets	10,687,103	17,498,146	5,737,753	1,606,409	35,529,411	1,064,303
Total assets	16,237,662	28,716,599	6,856,842	3,093,250	54,904,353	2,628,402
Liabilities						
Current liabilities						
Accounts payable	995,406	1,733,910	136,128	22,429	2,887,873	37,461
Accrued liabilities	138,894	147,666	54,313	3,102	343,975	28,132
Unearned revenue	-	-	-	248,134	248,134	-
Customer deposits	224,120	-	-	-	224,120	-
Current portion of long-term debt	-	280,000	-	-	280,000	-
Total current liabilities	1,358,420	2,161,576	190,441	273,665	3,984,102	65,593
Long-term liabilities						
Discount on bonds	(27,437)	(414,439)	-	-	(441,876)	-
Bonds payable, net of current portion	510,000	19,770,000	-	-	20,280,000	-
Total long-term liabilities	482,563	19,355,561	-	-	19,838,124	-
Total liabilities	1,840,983	21,517,137	190,441	273,665	23,822,226	65,593
Net assets						
Invested in capital assets, net of related debt	10,140,929	5,509,582	5,264,891	1,606,409	22,521,811	1,064,303
Restricted for:						
Revenue bond retirement	120,000	60,006	-	-	180,006	-
Unrestricted	4,135,750	1,629,874	1,401,510	1,213,176	8,380,310	1,498,506
Total net assets	\$ 14,396,679	\$ 7,199,462	\$ 6,666,401	\$ 2,819,585	\$ 31,082,127	\$ 2,562,809

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

CITY OF SOUTH HAVEN
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2010

	Enterprise Funds				Enterprise Fund Total	Governmental Activities
	Electric Utility	Water Utility	Sewer Utility	Nonmajor Enterprise Funds		Internal Service Funds
Operating revenue						
Charges for services	\$ 12,180,239	\$ 2,699,113	\$ 1,957,034	\$ 180,208	\$ 17,016,594	\$ 1,230,014
Dock rental	-	-	-	657,346	657,346	-
Other	197,047	120,206	82,402	14,509	414,164	13,048
Total operating revenue	<u>12,377,286</u>	<u>2,819,319</u>	<u>2,039,436</u>	<u>852,063</u>	<u>18,088,104</u>	<u>1,243,062</u>
Operating expense						
Operating costs and expenses	10,602,630	1,542,498	1,364,732	653,973	14,163,833	652,975
Depreciation	461,669	191,201	276,240	148,978	1,078,088	253,008
Total operating expense	<u>11,064,299</u>	<u>1,733,699</u>	<u>1,640,972</u>	<u>802,951</u>	<u>15,241,921</u>	<u>905,983</u>
Operating income (loss)	<u>1,312,987</u>	<u>1,085,620</u>	<u>398,464</u>	<u>49,112</u>	<u>2,846,183</u>	<u>337,079</u>
Non-operating revenue (expense)						
Gain on sale of capital assets	-	-	-	-	-	11,843
Investment earnings	59,298	138,747	33,646	20,822	252,513	1,805
Interest expense	(37,747)	(960,559)	(2,818)	-	(1,001,124)	-
Total non-operating revenue (expense)	<u>21,551</u>	<u>(821,812)</u>	<u>30,828</u>	<u>20,822</u>	<u>(748,611)</u>	<u>13,648</u>
Income (loss) before other items	<u>1,334,538</u>	<u>263,808</u>	<u>429,292</u>	<u>69,934</u>	<u>2,097,572</u>	<u>350,727</u>
Transfers and other items						
Property tax equivalent payments	(596,014)	(78,677)	(85,134)	(42,560)	(802,385)	-
Contribution in aid of construction	54,939	-	-	-	54,939	-
Transfers out	(193,222)	(50,454)	(279,712)	(19,609)	(542,997)	-
Total transfers and other items	<u>(734,297)</u>	<u>(129,131)</u>	<u>(364,846)</u>	<u>(62,169)</u>	<u>(1,290,443)</u>	<u>-</u>
Changes in net assets	600,241	134,677	64,446	7,765	807,129	350,727
Net assets, beginning of year	<u>13,796,438</u>	<u>7,064,785</u>	<u>6,601,955</u>	<u>2,811,820</u>	<u>30,274,998</u>	<u>2,212,082</u>
Net assets, end of year	<u>\$ 14,396,679</u>	<u>\$ 7,199,462</u>	<u>\$ 6,666,401</u>	<u>\$ 2,819,585</u>	<u>\$ 31,082,127</u>	<u>\$ 2,562,809</u>

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

CITY OF SOUTH HAVEN
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2010

	Enterprise Funds				Enterprise Fund Total	Governmental
	Electric Utility	Water Utility	Sewer Utility	Nonmajor Enterprise Funds		Internal Service Funds
Cash flows from operating activities						
Receipts from internal services provided	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,247,488
Receipts from customers and users	12,033,087	2,860,083	2,121,617	842,369	17,857,156	-
Payments to employees	(1,165,595)	(709,584)	(490,462)	(179,054)	(2,544,695)	(159,333)
Payments to suppliers	(9,254,932)	(766,906)	(890,183)	(477,609)	(11,389,630)	(576,099)
Net cash provided by (used in) operating activities	<u>1,612,560</u>	<u>1,383,593</u>	<u>740,972</u>	<u>185,706</u>	<u>3,922,831</u>	<u>512,056</u>
Cash flows from non-capital financing activities						
Due to other funds	-	-	(167,762)	-	(167,762)	-
Due from other funds	167,762	-	-	248,467	416,229	-
Property tax equivalents	(596,014)	(78,677)	(85,134)	(42,560)	(802,385)	-
Transfers out	(193,222)	(50,454)	(279,712)	(19,609)	(542,997)	-
Net cash provided by (used in) non-capital financing activities	<u>(621,474)</u>	<u>(129,131)</u>	<u>(532,608)</u>	<u>186,298</u>	<u>(1,096,915)</u>	<u>-</u>
Cash flows from capital and related financing activities						
Proceeds from sale of capital assets	-	-	-	-	-	13,858
Interest expense	(45,541)	(932,309)	(2,818)	-	(980,668)	-
Contribution in aid of construction	54,939	-	-	-	54,939	-
Principal paid on bonds and notes	(670,000)	(250,000)	-	-	(920,000)	-
Acquisitions of capital assets	(936,161)	(7,584,580)	(107,267)	(13,136)	(8,641,144)	(119,891)
Net cash provided by (used in) capital and related financing activities	<u>(1,596,763)</u>	<u>(8,766,889)</u>	<u>(110,085)</u>	<u>(13,136)</u>	<u>(10,486,873)</u>	<u>(106,033)</u>
Cash flows from investing activities						
Interest income	70,946	109,566	38,529	20,536	239,577	1,805
Advance to component unit	-	-	-	67,697	67,697	-
Net cash provided by (used in) investing activities	<u>70,946</u>	<u>109,566</u>	<u>38,529</u>	<u>88,233</u>	<u>307,274</u>	<u>1,805</u>
Net increase (decrease) in cash and pooled investments	(534,731)	(7,402,861)	136,808	447,101	(7,353,683)	407,828
Cash and pooled investments, beginning of year	<u>3,624,597</u>	<u>18,078,213</u>	<u>665,044</u>	<u>1,037,518</u>	<u>23,405,372</u>	<u>1,156,271</u>
Cash and pooled investments, end of year	<u>\$ 3,089,866</u>	<u>\$ 10,675,352</u>	<u>\$ 801,852</u>	<u>\$ 1,484,619</u>	<u>\$ 16,051,689</u>	<u>\$ 1,564,099</u>
Cash flows from operating activities						
Operating income (loss)	\$ 1,312,987	\$ 1,085,620	\$ 398,464	49,112	\$ 2,846,183	\$ 337,079
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities						
Depreciation	461,669	191,201	276,240	148,978	1,078,088	253,008
Change in operating assets and liabilities which provided (used) cash						
Receivables	(371,091)	42,264	82,181	-	(246,646)	4,426
Prepaid expenses	26,167	20,372	12,862	4,971	64,372	2,361
Inventory	(12,437)	25,495	3,111	-	16,169	-
Accounts payable	158,370	9,878	(38,585)	(1,627)	128,036	(88,960)
Accrued liabilities	10,003	10,263	6,699	(6,034)	20,931	4,142
Customer deposits	26,892	(1,500)	-	-	25,392	-
Deferred revenue	-	-	-	(9,694)	(9,694)	-
Net cash provided by (used in) operating activities	<u>\$ 1,612,560</u>	<u>\$ 1,383,593</u>	<u>\$ 740,972</u>	<u>\$ 185,706</u>	<u>\$ 3,922,831</u>	<u>\$ 512,056</u>

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

CITY OF SOUTH HAVEN
AGENCY FUNDS
STATEMENT OF ASSETS AND LIABILITIES

JUNE 30, 2010

	<u>Total</u>
Assets	
Cash and pooled investments	\$ 112,927
Prepaid items	<u>52,773</u>
Total assets	<u><u>\$ 165,700</u></u>
Liabilities	
Accounts payable	\$ 73,977
Deposits	71,489
Due to other governmental units	<u>20,234</u>
Total liabilities	<u><u>\$ 165,700</u></u>

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

CITY OF SOUTH HAVEN
COMPONENT UNITS
COMBINING STATEMENT OF NET ASSETS
JUNE 30, 2010

	Downtown Development Authority	Local Development Finance Authority #1	Local Development Finance Authority #2	Local Development Finance Authority #3	Brownfield Redevelopment Authority	Total
Assets						
Cash and pooled investments	\$ 299,929	\$ 1,236,289	\$ 156,096	\$ 836,005	\$ 1,408,515	\$ 3,936,834
Accounts receivable	-	301	50	214	2,718	3,283
Capital assets not being depreciated	-	-	55,373	136,080	-	191,453
Total assets	<u>299,929</u>	<u>1,236,590</u>	<u>211,519</u>	<u>972,299</u>	<u>1,411,233</u>	<u>4,131,570</u>
Liabilities						
Accounts payable	25,693	4,917	-	7,614	-	38,224
Accrued liabilities	342	368	-	245	-	955
Long-term debt						
Due within one year	-	-	-	27,208	-	27,208
Due in more than one year	-	-	-	129,241	-	129,241
Total liabilities	<u>26,035</u>	<u>5,285</u>	<u>-</u>	<u>164,308</u>	<u>-</u>	<u>195,628</u>
Net assets						
Invested in capital assets, net of related debt	-	-	55,373	136,080	-	191,453
Unrestricted	273,894	1,231,305	156,146	671,911	1,411,233	3,744,489
Total net assets	<u>\$ 273,894</u>	<u>\$ 1,231,305</u>	<u>\$ 211,519</u>	<u>\$ 807,991</u>	<u>\$ 1,411,233</u>	<u>\$ 3,935,942</u>

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

CITY OF SOUTH HAVEN
COMPONENT UNITS
COMBINING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010

	Downtown Development Authority	Local Development Finance Authority #1	Local Development Finance Authority #2	Local Development Finance Authority #3	Brownfield Redevelopment Authority	Total
Expenses						
Community development	\$ 1,434,132	\$ 222,978	\$ 19,810	\$ 78,010	\$ 439,908	\$ 2,194,838
Total expenses	<u>1,434,132</u>	<u>222,978</u>	<u>19,810</u>	<u>78,010</u>	<u>439,908</u>	<u>2,194,838</u>
Revenues						
Program revenues						
Operating grants and contributions	11,945	-	-	155,056	-	167,001
Capital grants	80,000	-	-	-	-	80,000
General revenues						
Property taxes	1,616,607	188,569	41,032	184,568	305,350	2,336,126
Unrestricted investment earnings	3,583	11,308	973	7,400	15,993	39,257
Total revenues	<u>1,712,135</u>	<u>199,877</u>	<u>42,005</u>	<u>347,024</u>	<u>321,343</u>	<u>2,622,384</u>
Change in net assets	278,003	(23,101)	22,195	269,014	(118,565)	427,546
Net assets (deficit), beginning of year	<u>(4,109)</u>	<u>1,254,406</u>	<u>189,324</u>	<u>538,977</u>	<u>1,529,798</u>	<u>3,508,396</u>
Net assets, end of year	<u>\$ 273,894</u>	<u>\$ 1,231,305</u>	<u>\$ 211,519</u>	<u>\$ 807,991</u>	<u>\$ 1,411,233</u>	<u>\$ 3,935,942</u>

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

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CITY OF SOUTH HAVEN

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of South Haven, Michigan (the "City") conform to generally accepted accounting principles as applicable to governments. The following is a summary of the significant policies.

Reporting Entity

These financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the City's operations, so data from these units are combined with data of the primary government. Discretely presented component units are reported in a separate column in the financial statements to emphasize they are legally separate from the City. A separate section of the Basic Financial Statements provides detailed financial information on the discretely presented component units.

Blended Component Unit

The South Haven Building Authority — The members of the governing board of the Building Authority are appointed by the City Council. The City has significant influence over operations of the Building Authority and is also accountable for its fiscal matters. The Building Authority provides services exclusively to the City.

Discretely Presented Component Units

The component unit columns in the government-wide financial statements include the financial data of the Downtown Development Authority (DDA), three Local Development Finance Authorities (LDFA) and a Brownfield Redevelopment Authority. These component units provide services to the businesses located within the districts. They are reported in a separate column to emphasize they are legally separate from the City.

The DDA was created to correct and prevent deterioration in the downtown area, encourage historical preservation and promote economic growth within downtown. The DDA governing body consists of nine individuals that are appointed by the City's mayor and confirmed by City Council.

The LDFA's were formed to develop a program of ongoing industrial development, retention and expansion, reclamation of vacant industrial buildings and sites, environmental corrections, industrial park expansion, infrastructure improvements, as well as industrial and community promotion. Seven of the ten members of each of the LDFA's governing bodies are appointed by City Council, two are selected by the South Haven School Board and one by Van Buren County.

The Brownfield Redevelopment Authority accounts for captured tax revenue on specific properties within the City that have been identified and approved by the State of Michigan as brownfields requiring site reclamation. These revenues are used to reimburse property owners for expenditures incurred for brownfield cleanup. The City Council appoints the governing body of the Brownfield Redevelopment Authority.

CITY OF SOUTH HAVEN

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

The budgets of these Authorities must be approved by the City Council, and the City has the ability to significantly influence their operations. Financial statements are not separately issued for the component units.

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 and its component units. For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges between enterprise functions and other various functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements, except for agency funds which do not have a measurement focus. Revenues are recorded when earned and expenses are recorded when liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, except for reimbursement-based grants and interest which use a one year collection period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

CITY OF SOUTH HAVEN

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

Property taxes, state revenue, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund are charges for services. The principal operating revenues of the City's internal service funds are charges to City departments for shared costs, equipment utilization, and insurance coverage. Operating expenses for the enterprise funds include depreciation on capital assets, labor, supplies and contracted services. Operating expenses for the internal funds include the cost of services (including claims), administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The City reports the following major governmental funds:

The *General Fund* is the general operating fund of the City. It is used to account for all financial resources, except those required to be accounted for in another fund.

The City reports the following major proprietary funds:

The *Electric Utility Enterprise Fund* is used to account for electric services provided to the residences and businesses of the City and surrounding area on a user charge basis.

The *Water Utility Enterprise Fund* is used to account for the operations of the City's water department that provides water services to most residents of the City and surrounding area on a user charge basis.

The *Sewer Utility Enterprise Fund* is used to account for the operations of the City's sewer department that provides sewer services to most residents of the City and surrounding area on a user charge basis.

Additionally, the City reports the following fund types:

The *Special Revenue Funds* are used to account for the proceeds of specific revenue sources (other than permanent trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

The *Debt Service Funds* are used to account for the accumulation of resources for, and payment of, long-term debt principal, interest, and related costs of governmental activities.

The *Capital Projects Funds* account for the accumulation and disbursement of resources for the construction of governmental activities capital projects.

The *Permanent Fund* is used to account for resources that are legally restricted to the extent that only earnings, and not principal may be used for purposes that support the City programs.

The *Enterprise Funds* are used to account for self-supporting operations of the City that are financed by charges for the services provided.

CITY OF SOUTH HAVEN

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

The *Internal Service Funds* are used to account for shared services, equipment usage, and insurance coverage provided to the City departments and funds on a cost reimbursement basis.

The *Agency Funds* are used to account for the collection and disbursement of funds that are collected on behalf of outside governments or other parties.

Private-sector standards for accounting and financial reporting issued prior to December 1, 1989, generally are followed by 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 government has elected not to follow subsequent private-sector guidance.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resource as they are needed.

Budgets and Budgetary Accounting

Comparisons to budget are presented for the general, special revenue, and debt service funds. General, special revenue, and debt service funds adopt a legal budget with remaining funds maintaining budgets as a management control device. The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to the first City Council meeting in May, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget is adopted by activity.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to July 1, the budget is legally enacted through passage of a resolution.
4. Formal budgetary integration is employed for the governmental fund types as a management control device.
5. Budgets for the general, special revenue and debt service funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Annual appropriations lapse at fiscal year end.
6. Adoption and amendments of all budgets used by the City are governed by Michigan state law. The appropriations resolution is based on the projected expenditures budget of the department heads of the City. Any amendment to the original budget must meet the requirements of Michigan law. Any revisions that alter the total expenditures of any department must be approved by the City Council. The City Manager is authorized to transfer budgeted amounts within a department subject to the condition that the total expenditures do not exceed the approved appropriations by department. Thus the legal level of budgetary control is at the department level. Supplemental appropriations were necessary during the year.

CITY OF SOUTH HAVEN

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

Cash and Cash Equivalents

For the purpose of the statement of cash flows, the City considers cash and pooled investments to be cash and cash equivalents because the pooling of these balances allows for withdrawal of these balances at any time similar to a demand deposit account.

Investments

Investments are stated at fair value at the balance sheet date.

State statutes authorize the City to invest in:

- a. Bond, securities, other obligations and repurchase agreements of the United States, or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, deposit accounts or depository receipts of a qualified financial institution.
- c. Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.
- d. Bankers acceptances of United States banks.
- e. Obligations of the State of Michigan and its political subdivisions that, at the time of purchase that are rated as investment grade by at least one standard rating service.
- f. Mutual funds registered under the Investment Company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation.
- g. External investment pools as authorized by Public Act 20 as amended.
- h. Long-term or perpetual trust funds consisting of money and royalties or money derived from oil and gas exploration on property or mineral rights owned by the city, or a special revenue fund consisting of payments for park operations and maintenance has the same authority to invest the assets as is authorized by Public Act 314 as amended.

Receivables

All receivables are recorded at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Uncollectible balances are immaterial to the financial statements.

Special Assessments Receivable

Special assessments receivable consist of long-term receivables from customers and benefited parties for various water, sewer, and river improvement projects.

CITY OF SOUTH HAVEN

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

Inventory and Prepaid Items

All inventories are valued at original cost using the first-in/first-out (FIFO) method. Inventory in governmental funds is immaterial. Certain payments to vendors represent costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

Restricted Cash and Pooled Investments

Restricted balances represent required reserves for the payment of principal and interest on outstanding bonds as well as other reserves required by bond agreements.

Capital Assets

Capital assets, which include land, construction in progress, buildings and equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the governmental and business-type activities columns in the government-wide financial statements.

Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (infrastructure utilizes \$10,000 or more) and an estimated useful life in excess of two years. Such assets are valued at cost where historical records are available and at estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received. The amount reported for infrastructure includes only assets added since 1945.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable. No interest expense has been capitalized on capital assets reported in proprietary funds.

Depreciation on capital assets (including infrastructure) is computed using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Land improvements	20
Buildings	20-50
Equipment	5-30
Public domain infrastructure	20-40
System infrastructure	20-50

Compensated Absences

Under contracts negotiated with employee groups, individual employees have a vested right to receive payments for unused vacation, paid time off (PTO), and sick leave under formulas and conditions specified in the contracts. Accumulated compensated absences of governmental funds are recorded on the statement of net assets and not on the governmental fund balance sheets because the balance is not expected to be liquidated with expendable available financial resources. Amounts accumulated for proprietary funds are reported on the statements of net assets of the individual enterprise funds. Compensated absences reported for governmental activities are primarily liquidated from general fund resources.

CITY OF SOUTH HAVEN

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

Deferred Revenue

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. At the end of the current fiscal year, the various components of *deferred revenue* reported in the funds were as follows:

Governmental funds	
Delinquent personal property taxes	\$ 58,137
Housing loans receivable	11,459
Special assessments	<u>67,348</u>
Total governmental funds	136,944
Proprietary funds	
Unearned rent	<u>248,134</u>
	<u>\$385,078</u>

Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial 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 statements 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.

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

Grants and Other Intergovernmental Revenues

Grants and assistance awards made on the basis of entitlement periods are recorded as due from other governments and revenue when entitlement occurs. Reimbursement-type grants are recorded as intergovernmental receivables and revenues when the related expenditure/expenses are incurred.

Property Taxes

City property taxes are attached as an enforceable lien on property as of December 31. Summer taxes are levied July 1 and are due without penalty on or before September 19. Winter taxes are levied December 1 and are due without penalty on or before February 14. Tax bills include the City's own property taxes and taxes billed on behalf of other taxing units. Real property taxes not collected as of March 1 are turned over to the applicable county for collection, which advances the City 100% of the delinquent real property taxes. Collection of delinquent personal property taxes remains the responsibility of the City Treasurer. Taxes collect on behalf of other taxing units is accounted for in the agency funds. Property taxes levied in July of each year are recognized as revenue in the year in which they are levied.

CITY OF SOUTH HAVEN

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

Interfund Transactions

During the course of normal operations, the City has numerous transactions between funds. Transactions that constitute reimbursement to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as a reduction of expenditures/expenses in the fund that is reimbursed. Changes between enterprise funds and other functions of the City are not reimbursements because elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. Remaining transactions are generally reflected as transfers. Payments from the utility funds to the general fund are required by City charter and are captioned "property tax equivalent payments" and are equivalent to transfers.

2. DEFICIT FUND BALANCE/NET ASSETS

At June 30, 2010 the City had deficit fund balances/net assets as follows.

Nonmajor special revenue fund	
River maintenance	\$ 30,103
Nonmajor capital projects fund	
Ice rink and pavilion	58,225
Sewer rehabilitation	370,930

3. EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETARY FUNDS

Michigan law, provides that a local unit shall not incur expenditures in excess of the amount appropriated.

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

During the year ended June 30, 2010, the City incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated as follows:

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
General fund			
General government			
Legal counsel	\$160,396	\$179,045	\$(18,649)
Insurance and bonds	55,000	61,953	(6,953)
Culture and recreation			
Parks	223,196	225,235	(2,039)
Debt service			
Principal and interest	-	25,212	(25,212)
Police Training Fund			
Public safety	8,700	10,565	(1,865)

CITY OF SOUTH HAVEN

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

4. CASH AND INVESTMENTS

The captions on the financial statements relating to cash and pooled investments and investments are as follows:

	<u>Primary Government</u>	<u>Component Units</u>	<u>Agency Funds</u>	<u>Total</u>
Cash and pooled investments	\$22,585,093	\$3,936,834	\$112,927	\$26,634,854
Restricted cash and pooled investment	180,006	-	-	180,006
	\$22,765,099	\$3,936,834	\$112,927	\$26,814,860

The deposits are in financial institutions located in Michigan in varying amounts. State policy limits the Treasurer's investing options to financial institutions located in Michigan. All accounts are in the name of the City and a specific fund or common account. They are recorded in City records at fair value. Interest is recorded when earned.

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned. State law does not require, and the City does not have, a policy for deposit custodial credit risk. As of year-end, \$8,270,099 of the City's bank balance of \$12,476,588 was exposed to custodial credit risk because the balance was uninsured and uncollateralized.

Investments

The City chooses to disclose its investments by specifically identifying each. As of year-end, the City had the following deposits and investments:

	<u>Maturity</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Source</u>
Mutual fund accounts	N/A	\$1,469,052	Unrated	
Commercial paper				
Intesa	7/1/10	999,718	A1P1	S&P
Intesa	8/4/10	999,300	A1P1	S&P
CitiGroup	11/8/10	689,657	A1P1	S&P
DTANS				
Wayne County, Michigan	12/1/10	600,000	SP1	S&P
Wayne County, Michigan	6/1/11	500,000	SP1	S&P
Municipal bonds				
Shelby Schools, Michigan	5/1/11	120,000	AAA	S&P
Government Securities various call dates				
FHLB Bond	3/30/10	100,000	AAA	S&P
FHLB Bond	6/30/25	100,000	AAA	S&P
FHLMC Note	9/15/10	495,242	AAA	S&P
FHLMC Note	7/6/11	200,000	AAA	S&P
FHLMC Note	1/15/17	445,285	AAA	S&P
FHLMC Note	4/15/17	153,323	AAA	S&P
FHLMC Note	10/15/21	77,918	AAA	S&P
FHLMC Note	11/15/22	134,285	AAA	S&P
FHLMC Note	2/12/25	200,000	AAA	S&P
FHLMC Note	1/15/28	1,938,147	AAA	S&P

CITY OF SOUTH HAVEN

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Maturity</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Source</u>
FHLMC Note	9/15/28	294,006	AAA	S&P
FHLMC Note	1/15/35	839,940	AAA	S&P
FNMA Bond	11/15/21	75,000	AAA	S&P
FNMA Bond	6/29/22	100,000	AAA	S&P
FNMA Bond	1/22/24	100,000	AAA	S&P
FNMA Bond	7/29/24	100,000	AAA	S&P
FNMA Bond	9/30/24	300,000	AAA	S&P
FNMA Bond	4/8/25	100,000	AAA	S&P
FNMA Bond	5/25/26	248,933	AAA	S&P
FNMA Bond	11/16/26	105,000	AAA	S&P
FNMA Bond	5/25/27	30,425	AAA	S&P
FNMA Bond	12/25/33	172,923	AAA	S&P
FNMA Note	4/28/14	200,000	AAA	S&P
FNMA Note	9/29/15	105,000	AAA	S&P
FNMA Note	3/30/20	100,000	AAA	S&P
FNMA Note	5/12/20	200,000	AAA	S&P
FNMA Note	6/15/20	100,000	AAA	S&P
FNMA Note	5/4/22	100,000	AAA	S&P
FNMA Note	2/22/23	120,000	AAA	S&P
FNMA Note	5/28/24	100,000	AAA	S&P
GNMA Bond	1/20/36	655,444	AAA	S&P
GNMA Bond	3/20/36	232,667	AAA	S&P
GNMA Bond	12/20/37	733,034	AAA	S&P
		<u>\$14,334,298</u>		

The above investments do not include certificates of deposit which are classified as deposits for risk identification purposes.

Investment risk

Interest Rate Risk. State law and City policy limit the allowable investments and the maturities of some of the allowable investments as identified in Note 1, the summary of significant accounting policies. The City's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The maturity date for each investment is identified above for investments held at year-end.

Credit Risk. State law limits investments to specific government securities, certificates of deposits and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers acceptances of specific financial institutions, qualified mutual funds and qualified external investment pools as identified in Note 1, the summary of significant accounting policies. The City's investment policy does not have specific limits in excess of state law on investment credit risk. The rating for each investment is identified above for investments held at year end.

CITY OF SOUTH HAVEN

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

Custodial Credit Risk - Investments. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State law does not require and the City does not have a policy for investment custodial credit risk. Of the above \$14,334,298 of investments, the City has a custodial credit risk of \$12,865,247 because the related securities are uninsured, unregistered and held by the government's brokerage firm which is also the counterparty for these particular securities. Of the above mutual fund investments the City's custodial credit risk exposure cannot be determined because the mutual funds do not consist of specifically identifiable securities.

Concentration of Credit Risk. State law limits allowable investments but does not limit concentration of credit risk as identified in Note 1, the summary of significant accounting policies. The City's investment policy does not have specific limits in excess of state law on concentration of credit risk. All investments held at year-end are reported above.

5. INTERFUND TRANSACTIONS

Interfund receivables and payables of individual funds at June 30, 2010 were as follows:

<u>Receivable fund</u>	<u>Payable fund</u>
	Nonmajor governmental funds
General fund	\$ 30,500
Nonmajor governmental funds	440,702
Total	<u>471,202</u>

Interfund balances reflect loans made from funds with cash and pooled investments to those funds requiring temporary cash flow.

Transfers in and out for the year ended June 30, 2010 are as follows:

<u>Transfer out</u>	<u>Transfer in</u>
	Nonmajor governmental funds
General fund	\$ 404,464
Nonmajor governmental funds	68,400
Electric utility	193,222
Water utility	50,454
Sewer utility	279,712
Nonmajor enterprise funds	19,609
Total	<u>1,015,861</u>

Transfers are used to (1) move unrestricted revenues collected in the General Fund to finance capital and other various programs accounted for in other funds in accordance with budgetary authorizations and (2) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them.

CITY OF SOUTH HAVEN

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

6. CAPITAL ASSETS

Capital asset activity for the year was as follows:

	Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010
Governmental Activities				
Capital assets, not being depreciated				
Land	\$ 643,295	\$ -	\$ -	\$ 643,295
Construction in Progress	-	-	-	-
Total capital assets, not being depreciated	<u>643,295</u>	<u>-</u>	<u>-</u>	<u>643,295</u>
Capital assets, being depreciated				
Land improvements	2,656,023	-	-	2,656,023
Buildings and improvements	6,644,514	19,019	-	6,663,533
Vehicles	2,154,017	87,543	(53,431)	2,188,129
Machinery and equipment	1,514,299	38,936	(28,338)	1,524,897
Infrastructure	30,660,470	1,402,407	-	32,062,877
Total capital assets, being depreciated	<u>43,629,323</u>	<u>1,547,905</u>	<u>(81,769)</u>	<u>45,095,459</u>
Less accumulated depreciation for				
Land improvements	2,392,242	121,394	-	2,513,636
Buildings and improvements	2,414,461	198,652	-	2,613,113
Vehicles	1,086,492	203,252	(51,416)	1,238,328
Machinery and equipment	1,115,112	108,801	(28,338)	1,195,575
Infrastructure	17,093,246	1,055,820	-	18,149,066
Total accumulated depreciation	<u>24,101,553</u>	<u>1,687,919</u>	<u>(79,754)</u>	<u>25,709,718</u>
Net capital assets, being depreciated	<u>19,527,770</u>	<u>(140,014)</u>	<u>(2,015)</u>	<u>19,385,741</u>
Governmental Activities capital assets, net	<u>\$20,171,065</u>	<u>\$ (140,014)</u>	<u>\$ (2,015)</u>	<u>\$20,029,036</u>
Business-type Activities				
Capital assets, not being depreciated				
Land	\$ 23,062	\$ -	\$ -	\$ 23,062
Construction in Progress	3,336,624	8,305,816	-	11,642,440
Total capital assets, not being depreciated	<u>3,359,686</u>	<u>8,305,816</u>	<u>-</u>	<u>11,665,502</u>
Capital assets being depreciated				
Land improvements	2,920,308	-	-	2,920,308
Buildings and improvements	11,193,290	13,136	-	11,206,426
Machinery and equipment	1,135,648	19,702	-	1,155,350
Utility system	27,493,191	1,215,168	-	28,708,359
Total capital assets, being depreciated	<u>42,742,437</u>	<u>1,248,006</u>	<u>-</u>	<u>43,990,443</u>
Less accumulated depreciation for				
Land improvements	1,227,695	141,943	-	1,369,638
Buildings and improvements	5,325,184	242,155	-	5,567,339
Machinery and equipment	842,145	49,216	-	891,361
Utility system	12,750,410	644,774	-	13,395,184
Total accumulated depreciation	<u>20,145,434</u>	<u>1,078,088</u>	<u>-</u>	<u>21,223,522</u>
Net capital assets, being depreciated	<u>22,597,003</u>	<u>169,918</u>	<u>-</u>	<u>22,766,921</u>
Business-type Activities capital assets, net	<u>\$25,956,689</u>	<u>\$8,475,734</u>	<u>\$ -</u>	<u>\$34,432,423</u>

CITY OF SOUTH HAVEN

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Balance July 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2010</u>
Component units				
Local Development Finance Authority #2				
Capital assets not being depreciated				
Land	\$ 55,373	\$ -	\$ -	\$ 55,373
<hr/>				
Local Development Finance Authority #3				
Capital assets not being depreciated				
Land	\$136,080	\$ -	\$ -	\$136,080
<hr/>				

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

Governmental Activities

General government	\$ 102,779
Public safety	58,350
Public works	1,140,672
Health and welfare	3,071
Culture and recreation	130,039
Capital assets held by the governments internal service funds are charged to the various functions based on their usage of the assets	253,008

Total depreciation expense - governmental activities \$1,687,919

Business-type Activities

Electric	\$ 461,669
Water	191,201
Sewer	276,240
Nonmajor enterprise funds	148,978

Total depreciation expense - business- type activities \$1,078,088

7. PENSION PLAN

Defined Benefit Plan

Plan Description

The City participates in the Municipal Employees' Retirement System of Michigan (MERS), an agent multi-employer defined benefit pension plan providing retirement, death and disability benefits. The System is administered by the MERS retirement board. Act No. 427 of the Public Acts of 1984, as amended, establishes and amends the benefit provisions of the participants in MERS. A publicly available financial report that includes financial statements and required supplementary information for MERS may be obtained by writing to the Municipal Employees Retirement System of Michigan, 1134 Municipal Way, Lansing, MI 48917.

CITY OF SOUTH HAVEN

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

The City is required to contribute at an actuarially determined rate, which for the current year was from 2.91% to 3.45% of annual covered payroll depending on position and classification. Participating employees are required to contribute from 0% to 10% percent of gross wages to the Plan based on position and classification. The contribution requirements of the City are established and may be amended by the MERS Retirement Board. The contribution requirements of employees are established and may be amended by labor agreements.

For the year ended June 30, 2010, the City's annual pension cost of \$55,581 for MERS was equal to the City's required and actual contributions. The required contribution was determined as part of the December 31, 2007 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included: (a) a rate of return on the investment of present and future assets of eight (8.0) percent; (b) projected salary increases of 4.5% per year (2% for 2010-2014), plus from 0% to 12.9% based on an age-related scale to reflect merit, longevity and promotional salary increases, and (c) projected withdrawal rates of 2.4% to 20.0% depending on age and years of service. The actuarial value of MERS assets was determined on the basis of a valuation method that assumes the fund earns the expected rate of return and includes an adjustment to reflect fair value. The difference in investment income between expected return and market return is recognized over a ten year period at the rate of 10% per year. The City's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2009, the date of the latest actuarial valuation, was 28 years.

The required schedule of funding progress immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities of benefits.

Three-Year Trend Information

<u>Fiscal Year</u> <u>Ending</u>	<u>Annual Pension</u> <u>Cost (APC)</u>	<u>Percentage of APC</u> <u>Contributed</u>	<u>Net Pension</u> <u>Obligation</u>
6/30/08	\$25,189	100%	-
6/30/09	66,640	100%	-
6/30/10	55,581	100%	-

Schedule of Funding Progress

<u>Actuarial</u> <u>Valuation</u> <u>Date</u>	<u>Actuarial</u> <u>Value of</u> <u>Assets</u> <u>(a)</u>	<u>Actuarial</u> <u>Accrued</u> <u>Liability (AAL)</u> <u>Entry Age</u> <u>(b)</u>	<u>Unfunded</u> <u>AAL</u> <u>(UAAL)</u> <u>(b-a)</u>	<u>Funded</u> <u>Ratio</u> <u>Total</u>	<u>Covered</u> <u>Payroll</u> <u>(c)</u>	<u>UAAL as a</u> <u>Percentage</u> <u>of Covered</u> <u>Payroll</u> <u>((b-a)/c)</u>
12/31/09	\$21,422,848	\$19,810,991	\$(1,611,857)	108%	\$4,354,264	(37)%

CITY OF SOUTH HAVEN

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

8. LONG-TERM DEBT

The following is a summary of the debt transactions of the City for the year ended June 30, 2010:

	<u>Balance July 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2010</u>	<u>Due Within One Year</u>
Governmental Activities					
Building Authority Bonds, Series 2001 Limited Tax General Obligation, due in annual installments of \$125,000 to \$275,000 through November 2021, plus interest at 3.25% to 4.50%	\$2,730,000	\$ -	\$ 160,000	\$ 2,570,000	\$ 165,000
2003 Limited Tax General Obligation Capital Improvement Bonds, due in annual installments of \$150,000 to \$380,000 through May 2027, plus interest at 2.50% to 4.625%	4,735,000	-	180,000	4,555,000	185,000
2007 General Obligation Capital Improvement Bonds, due in annual installments of \$50,000 to \$105,000 through November 2027, plus interest at 3.75% to 4.15%	1,395,000	-	55,000	1,340,000	55,000
Downtown Development Refunding Bonds, Series 2001, Limited Tax General Obligation, due in annual installments of \$100,000 to \$360,000 through May 2015, plus interest at 3.25% to 4.5%	1,945,000	-	290,000	1,655,000	305,000
DEQ Brownfield loan due in annual installments of \$25,212 beginning in 2010 through April 2019, including interest at 2.0%	231,000	-	25,212	205,788	21,096
	11,036,000	-	710,212	10,325,788	731,096
Accrued employee benefits	289,147	194,188	188,259	295,076	191,275
Other post employment benefits	77,088	78,958	-	156,046	-
Total Governmental Activities	\$11,402,235	\$273,146	\$898,471	\$10,776,910	\$922,371

CITY OF SOUTH HAVEN

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Balance July 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2010</u>	<u>Due Within One Year</u>
Business-type Activities					
Electric Utility System Revenue Bonds, series 1996, due in annual installments of \$65,000 to \$180,000 through October, 2016; plus interest at 4.25% to 7.25%. (these bonds were partially called in previous years)	\$1,180,000	\$ -	\$ 670,000	\$ 510,000	\$ -
Water Supply System Revenue Bonds, series 2001, due in semi-annual installments of \$15,000 to \$35,000 through April 2021; plus interest at 3.8% to 5.35%	335,000	-	20,000	315,000	20,000
2008 Capital Improvement Bonds, due in semi-annual installments of \$35,000 to \$620,000 through June 1, 2033, plus interest at 4.0% to 5.25%	9,965,000	-	65,000	9,900,000	95,000
2009 Capital Improvement Bonds, due in semi-annual installments of \$165,000 to \$690,000 through December 1, 2033, plus interest at 2.0% to 5.125%	10,000,000	-	165,000	9,835,000	165,000
	21,480,000	-	920,000	20,560,000	280,000
Bond discount	(464,592)	-	(22,716)	(441,876)	-
Total Business-type Activities	\$21,015,408	\$ -	\$897,284	\$20,118,124	\$280,000
Component Unit - Local Development Finance Authority #3					
2004 MEDC/CDBG Loan Repayment, payable in quarterly installments of \$6,802, through April 2016, non-interest bearing	\$183,657	\$ -	\$27,208	\$156,449	\$27,208

CITY OF SOUTH HAVEN

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

The annual requirements to amortize all debt outstanding (excluding accrued employee benefits and bond discounts) as of June 30, 2010 are as follows:

Year Ending <u>June 30</u>	Governmental Activities		Business-type Activities		Component Unit	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ 731,096	\$ 434,500	\$ 280,000	\$ 977,740	\$ 27,208	\$ -
2012	756,519	406,241	345,000	968,520	27,209	-
2013	791,949	375,958	445,000	956,533	27,208	-
2014	832,388	342,959	665,000	939,683	27,209	-
2015	857,835	307,918	750,000	1,076,670	27,208	-
2016-2020	2,836,001	1,125,771	3,700,000	4,441,829	20,407	-
2021-2025	2,565,000	512,561	4,450,000	3,142,895	-	-
2026-2030	955,000	60,748	5,500,000	1,933,839	-	-
2031-2034	-	-	4,425,000	466,662	-	-
Total	\$10,325,788	\$3,566,656	\$20,560,000	\$14,904,371	\$156,449	\$ -

The Downtown Development Authority has pledged future tax increment revenue for the payment of the City Downtown Development Refunding Bonds series 2001. At June 30, 2010 remaining principal and interest on the bonds was \$1,882,740 payable through 2015. During the current year \$374,098 of the \$736,450 of tax increment revenue available was captured to make payment of principal and interest payments of \$374,373.

9. OTHER POST EMPLOYMENT BENEFITS

The City administers a single-employer defined benefit healthcare plan (the Retiree Health Plan). This benefit plan is authorized, and applicable benefit requirements are identified, in the City personnel policy and union agreements. The plan provides employees retiring with 20 years of full time employment one half of single subscriber coverage benefits until Medicare eligible (age 65). The City makes 100% of the premium payments to the plan. The Retiree Health Plan does not issue a publicly available financial report and a legal trust has not been established for the plan.

The City's contribution to this plan is provided on a pay as you go basis. For the current year, the annual required contribution (ARC) was \$93,615 while the City contributed \$18,897 to provide insurance coverage for 7 retired employees during 2010.

The City's annual other post employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount determined in accordance with the parameters of accounting standards. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period of thirty years. Fiscal year 2009 was the first year for which a required contribution (ARC) has been determined. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's OPEB obligation to the plan.

CITY OF SOUTH HAVEN

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

Annual required contribution	\$ 93,615
Interest on Net OPEB obligation	4,240
Adjustment to annual required contribution	-
Annual OPEB cost (expense)	97,855
Contribution made	18,897
Increase in net OPEB obligation	78,958
Net OPEB obligation, beginning of year	77,088
Net OPEB obligation, end of year	\$156,046

The required schedule of funding progress immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities of benefits.

Three-Year Trend Information

Fiscal Year Ending	Annual Required Contribution (ARC)	Percentage of ARC Contributed	Net OPEB Obligation
6/30/09	\$93,411	17.5%	\$77,088
6/30/10	93,615	20.2%	156,046

Schedule of Funding Progress

Valuation Date	Market Value of Assets (a)	Accrued Liability (AL) (b)	Unfunded AL (UAL) (b-a)	Funded Ratio Total	Covered Payroll (c)	UAL as a Percentage of Covered Payroll ((b-a)/c)
6/30/10	\$ -	\$1,184,678	\$1,184,678	0%	\$4,050,507	29.2%

Valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment and healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. The City is currently funding the plan on a pay as you go basis.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and the plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculation.

In the June 30, 2010 valuation, the Plan utilized the entry age actuarial cost method; closed amortization period; and an amortization period of 30 years. The assumptions included a 0% return on plan net assets as the plan is not funded, a discount rate of 5.5%, and an 8% medical inflation rate.

CITY OF SOUTH HAVEN

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

10. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The city participates in the Michigan Municipal League (MML) risk pool program for claims relating to workers' compensation and the Michigan Municipal Risk Management Authority (MMRMA) for other claims.

The MML risk pool program operates as a common risk-sharing management program for local units of government in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

The MMRMA risk pool operates as a claims servicing pool for the amount up to member risk retention limits, and operates as a common risk-sharing management program for losses in excess of member retention amounts. Payments are made to the MMRMA which include additions to available member retention balances and premiums to cover the costs of operations and the purchase of reinsurance. The City is self insured for the first \$75,000 of each claim. Accounting standards require that a liability for claims be reported if it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated. Liabilities for claims and claims incurred but not reported have been recorded on the financial statements as a reduction of available member retention balances included in the various funds.

Settled claims have not exceeded commercial insurance coverage in any of the past three fiscal years. There were no changes in insurance coverage from the prior year. The changes in the claims liability for the years ended June 30, 2010 and 2009 are as follows:

	<u>Beginning of Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>End of Year Liability</u>
2009	\$12,177	\$56,212	\$14,055	\$54,334
2010	54,334	76,364	40,198	90,500

11. JOINT VENTURE

The City participates in the South Haven Area Emergency Services Authority (SHAES) a joint venture of the City and surrounding townships which provides fire and emergency medical services to participating municipals. Contribution requirements for participating municipalities are based on budgeted costs and the value of property located within each municipality. For the current year the City provided \$451,637 for the aforementioned services. During the most recent fiscal year SHAES reporting an increase in net assets of \$95,471.

Complete financial statements for SHAES may be obtained at the administrative offices.

South Haven Area Emergency Services Authority
930 Blue Star Highway
South Haven, MI 49090

CITY OF SOUTH HAVEN

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

12. COMMITMENTS

At June 30, 2010, the City had remaining commitments on construction contracts totaling approximately \$7,700,000.

13. CONTINGENCY

In the normal course of its operations, the City has become a party in various legal actions. The City has also become a party in various property tax appeals. Management of the City is of the opinion that the outcome of such actions will not have a material effect on the financial position of the City. Amounts reserved for losses, if any, related to legal actions are undetermined and have not been included as a liability in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SOUTH HAVEN

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL**

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes				
Property taxes	\$ 3,744,774	\$ 3,747,574	\$ 3,763,512	\$ 15,938
Intergovernmental revenues				
State	484,683	484,683	410,907	(73,776)
Local	-	-	25,212	25,212
Licenses and permits	229,000	229,000	142,162	(86,838)
Charges for services	439,877	439,877	448,976	9,099
Fines	24,000	24,000	30,237	6,237
Special assessments	1,000	1,000	3,144	2,144
Investment earnings	40,000	40,000	86,904	46,904
Miscellaneous	349,007	391,348	420,588	29,240
Total revenues	<u>5,312,341</u>	<u>5,357,482</u>	<u>5,331,642</u>	<u>(25,840)</u>
Expenditures				
Current				
General government	1,279,955	1,248,755	1,185,846	62,909
Public safety	2,969,255	3,005,865	2,852,636	153,229
Public works	727,541	736,272	718,393	17,879
Health and welfare	184,811	186,161	183,921	2,240
Culture and recreation	426,567	458,817	458,600	217
Other	122,133	108,883	106,867	2,016
Debt service				
Principal	-	-	25,212	(25,212)
Total expenditures	<u>5,710,262</u>	<u>5,744,753</u>	<u>5,531,475</u>	<u>213,278</u>
Revenues over (under) expenditure:	<u>(397,921)</u>	<u>(387,271)</u>	<u>(199,833)</u>	<u>187,438</u>
Other financing sources (uses)				
Property tax equivalent payments	802,385	802,385	802,385	-
Transfers out	(404,464)	(404,464)	(404,464)	-
Total other financing sources (uses)	<u>397,921</u>	<u>397,921</u>	<u>397,921</u>	<u>-</u>
Net changes in fund balance	-	10,650	198,088	187,438
Fund balance, beginning of year	<u>2,032,546</u>	<u>2,032,546</u>	<u>2,032,546</u>	<u>-</u>
Fund balance, end of year	<u>\$ 2,032,546</u>	<u>\$ 2,043,196</u>	<u>\$ 2,230,634</u>	<u>\$ 187,438</u>

CITY OF SOUTH HAVEN
MERS DEFINED BENEFIT PLAN
SCHEDULE OF FUNDING PROGRESS

JUNE 30, 2010

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/2007	\$ 21,344,649	\$ 18,277,868	\$ (3,066,781)	116.8%	\$ 3,618,527	-84.8%
12/31/2008	21,413,278	19,564,312	(1,848,966)	109.5%	3,980,371	-46.5%
12/31/2009	21,422,848	19,810,991	(1,611,857)	108.1%	4,354,264	-37.0%

CITY OF SOUTH HAVEN

RETIREE HEALTH OTHER POST EMPLOYMENT BENEFIT PLAN

JUNE 30, 2010

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Value of Assets	Accrued Liability (AL)	Unfunded AL (UAL)	Funded Ratio	Covered Payroll	UAL as a Percentage of Covered Payroll
6/30/2009	\$ -	\$ 1,113,959	\$ 1,113,959	0.00%	\$ 3,945,084	28.2%
6/30/2010	-	1,184,678	1,184,678	0.00%	4,050,507	29.2%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended June 30	Annual required Contribution	Actual Contribution	Percent Contributed
2009	\$ 93,411	\$ 16,324	17.5%
2010	93,615	18,897	20.2%

Note to required supplementary information

Budgets and Budgetary Accounting

The City adopts an annual budget for the general and each special revenue fund following the GAAP basis of accounting. Unexpended appropriations lapse at year end.

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**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

GENERAL FUND

The *General Fund* accounts for revenues and expenditures that are not required to be accounted for in another fund. In the City of South Haven the functions of the General Fund include Legislative, General Administration, Parks, Police, Fire, Development and Public Services activities not recorded in Special Revenue or Enterprise Funds. The General Fund is the designated repository per Michigan law for ad valorem property taxes. Other revenue sources for the General Fund are state shared revenues, transfers from other funds, fees and interest.

CITY OF SOUTH HAVEN

**GENERAL FUND
SCHEDULE OF REVENUES
BUDGET AND ACTUAL**

FOR THE YEAR ENDED JUNE 30, 2010

	Budget Amounts		Actual Amount	Variance Positive (Negative)
	Original	Final		
Revenues				
Taxes				
Real and personal property tax	\$ 3,549,774	\$ 3,552,574	\$ 3,550,874	\$ (1,700)
Payments in lieu of tax	5,000	5,000	5,134	134
Collection fees	190,000	190,000	207,504	17,504
Total taxes	3,744,774	3,747,574	3,763,512	15,938
Licenses and permits				
Business	65,000	65,000	73,496	8,496
Nonbusiness	155,000	155,000	59,583	(95,417)
Liquor license fees	9,000	9,000	9,083	83
Total licenses and permits	229,000	229,000	142,162	(86,838)
Intergovernmental - state				
State-shared revenue	484,683	484,683	410,907	(73,776)
Intergovernmental - local	-	-	25,212	25,212
Charges for services				
Planning and zoning fees	15,000	15,000	23,713	8,713
Foundations - cemetery	7,500	7,500	8,305	805
Grave openings	15,500	15,500	17,158	1,658
Cemetery lot use	11,500	11,500	9,423	(2,077)
Other charges for services	390,377	390,377	390,377	-
Total charges for services	439,877	439,877	448,976	9,099
Fines				
Ordinance fines	20,000	20,000	14,663	(5,337)
Other fines	4,000	4,000	15,574	11,574
Total fines	24,000	24,000	30,237	6,237
Assessments	1,000	1,000	3,144	2,144
Investment earnings	40,000	40,000	86,904	46,904
Other revenue	349,007	391,348	420,588	29,240
Total revenues	\$ 5,312,341	\$ 5,357,482	\$ 5,331,642	\$ (25,840)

CITY OF SOUTH HAVEN
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2010

Expenditures	Budget Amounts		Actual Amount	Variance Positive (Negative)
	Original	Final		
Current				
General government				
City Council	\$ 41,535	\$ 33,035	\$ 32,432	\$ 603
City Managers Office	170,815	170,815	164,773	6,042
Elections	25,448	22,448	17,121	5,327
Finance Department	170,784	170,784	164,292	6,492
City Assessor	139,175	139,175	136,183	2,992
Legal Counsel	122,396	160,396	179,045	(18,649)
City Clerk	28,498	27,748	22,873	4,875
Treasurer	62,356	62,356	59,662	2,694
City hall and grounds	256,017	243,017	196,252	46,765
Cemetery	107,202	118,202	109,674	8,528
Cable TV broadcasting	27,769	29,119	27,304	1,815
Other personnel activities	22,960	16,660	14,282	2,378
Insurance and bonds	105,000	55,000	61,953	(6,953)
	<u>1,279,955</u>	<u>1,248,755</u>	<u>1,185,846</u>	<u>62,909</u>
Public safety				
Police Department	1,837,543	1,882,153	1,851,682	30,471
Dispatch Department	349,546	354,546	343,310	11,236
Fire Authority	464,830	451,830	451,637	193
Building Inspections	317,336	317,336	206,007	111,329
	<u>2,969,255</u>	<u>3,005,865</u>	<u>2,852,636</u>	<u>153,229</u>
Public works				
City Engineer	100,789	90,789	84,443	6,346
Highways and streets	548,244	570,975	562,864	8,111
Drains	8,508	4,508	1,086	3,422
Street lighting	70,000	70,000	70,000	-
	<u>727,541</u>	<u>736,272</u>	<u>718,393</u>	<u>17,879</u>
Health and welfare				
Animal Control	7,000	7,000	7,000	-
Hospital	103,711	104,511	103,227	1,284
Senior Services	74,100	74,650	73,694	956
	<u>184,811</u>	<u>186,161</u>	<u>183,921</u>	<u>2,240</u>
Culture and recreation				
Parks	198,196	223,196	225,235	(2,039)
Library	183,610	185,060	183,135	1,925
Youth recreation	15,000	15,000	15,000	-
Museums	29,761	35,561	35,230	331
	<u>426,567</u>	<u>458,817</u>	<u>458,600</u>	<u>217</u>
Other				
Airport	46,750	30,000	29,921	79
Economic development	53,583	58,583	56,884	1,699
Miscellaneous	21,800	20,300	20,062	238
	<u>122,133</u>	<u>108,883</u>	<u>106,867</u>	<u>2,016</u>
Debt service				
Principal	-	-	25,212	(25,212)
Total expenditures	\$ 5,710,262	\$ 5,744,753	\$ 5,531,475	\$ 213,278

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SPECIAL REVENUE FUNDS

The *Major and Local Street Funds* account for the operations of street maintenance and capital improvements. Financing is provided primarily from the City share of State collected fuel and other vehicular taxes and from grants, per Public Act 51.

The *Streets Improvement Fund* accounts for the proceeds of a dedicated County road property tax millage for street improvement and the related costs.

The *Garbage/Refuse Fund* accounts for residential garbage collection in the City. Financing is provided by a separate tax levy allowed by Public Act 127.

The *Budget Stabilization Fund* was created to assure a solid financial position and continued service in case of a financial emergency.

The *Narcotics Unit Fund* accounts for special drug enforcement activities including officers assigned to the Southwest Enforcement Team. Financing is provided by a specific voted property tax levy of 0.7058 mills.

The *Police Training Fund* accounts for state grants specifically designated for police and dispatch personnel training.

The *Community Development Block Grant Revolving Loan Fund* accounts for repayment of loans for new housing construction through Habitat for Humanity and the Community Development Block Grant program.

The *River Maintenance Fund* accounts for funds set aside for the dredging and maintenance of the Black River.

The *Sick Pay Reserve Fund* accounts for the funds set aside for the payout of unused sick and vacation time.

DEBT SERVICE FUNDS

The *Building Authority #1 Debt Service Fund* accumulates funds for the payment of principal and interest on Building Authority Bonds. The sources of revenue for this fund are lease payments from the General Fund (Police Division), the Marina Fund and South Haven Area Emergency Services Authority (SHAES).

The *Building Authority #2 Debt Service Fund* accumulates funds for the payment of principal and interest on Building Authority Bonds issued for the new Public Works Facility. The sources of revenue for this fund are payments from the Downtown Development Authority (DDA), the Electric Fund and Local Development Finance Authority #2.

The *Capital Improvement 2003 Bond Debt Service Fund* accumulates funds for payment of principal and interest for Bonds issued to finance infrastructure improvements. The sources of revenue for this fund are payments from the Downtown Development Authority (DDA), the Sewer Fund and Local Development Finance Authority #1.

The *Downtown Development Bonds Debt Service Fund* accumulates funds for the payment of interest and principal on the 2001 DDA Refunding Bonds. The source of revenue for this fund is payments from the DDA Operating Fund

The *Capital Improvement 2007 Bond Debt Service Fund* accumulates funds for payment of principal and interest for Bonds issued to finance infrastructure improvements. The source of revenue for this fund is payments from the Downtown Development Authority (DDA)

CAPITAL PROJECTS FUNDS

The *Cemetery Improvements Fund* accounts for funds set aside for major improvements in the City owned cemetery.

The *Public Works Projects Fund* accounts for the revenue and expenditures related to the 2007 bond issue.

The *Ice Rink and Pavilion Fund* accounts for revenues and expenditures related to the city-owned pavilion and ice rink. Revenues come primarily from donations.

The *Sewer Rehabilitation Fund* accounts for revenues and expenditures used for major infrastructure improvements to the St. Joseph and Ravines projects.

The *Capital Projects Fund* accounts for funds set aside for future capital expenditures.

PERMANENT FUND

The *Cemetery Trust Fund* accounts for the funds set aside for the upkeep of the city-owned cemetery. Revenues come from perpetual care fees on plot sales and interest earnings.

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CITY OF SOUTH HAVEN
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET

JUNE 30, 2010

	Special Revenue									
	Major Streets	Local Streets	Streets Improvement	Garbage and Refuse	Budget Stabilization	Narcotics Unit	Police Training	Community Development Block Grant	River Maintenance	Sick Pay Reserve
Assets										
Cash and pooled investments	\$ 74,645	\$ 63,486	\$ 992,083	\$ 72,201	\$ 80,829	\$ 109,595	\$ 2,149	\$ 84,197	\$ 397	\$ 109,320
Accounts receivable	-	-	6,739	4,393	-	6,581	-	12,709	-	137
Accrued interest	-	-	-	-	-	-	-	-	-	-
Special assessment receivable	-	-	-	-	-	-	-	-	46,034	-
Due from other funds	-	11,202	-	-	-	-	-	-	-	-
Due from other governments	47,563	15,364	-	-	-	-	-	-	-	-
Total assets	\$ 122,208	\$ 90,052	\$ 998,822	\$ 76,594	\$ 80,829	\$ 116,176	\$ 2,149	\$ 96,906	\$ 46,431	\$ 109,457
Liabilities and fund balances										
Liabilities										
Accounts payable	\$ 389	\$ 236	\$ 59,300	\$ -	\$ -	\$ 4,918	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	480	720	774	-	-	1,933	-	-	-	-
Due to other funds	11,202	-	-	-	-	-	-	-	30,500	-
Deferred revenue	-	-	6,494	4,364	-	2,826	-	11,459	46,034	-
Total liabilities	12,071	956	66,568	4,364	-	9,677	-	11,459	76,534	-
Fund balances (deficit)										
Reserved										
Permanent fund corpus	-	-	-	-	-	-	-	-	-	-
Unreserved										
Undesignated	110,137	89,096	932,254	72,230	80,829	106,499	2,149	85,447	(30,103)	109,457
Total fund balances (deficit)	110,137	89,096	932,254	72,230	80,829	106,499	2,149	85,447	(30,103)	109,457
Total liabilities and fund balances	\$ 122,208	\$ 90,052	\$ 998,822	\$ 76,594	\$ 80,829	\$ 116,176	\$ 2,149	\$ 96,906	\$ 46,431	\$ 109,457

Debt Service						Capital Projects			Permanent		Total
Building Authority #1	Building Authority #2	Capital Improvement Bonds 2003	Downtown Development Bonds	Capital Improvement Bonds 2007	Cemetery Improvement	Public Works Projects	Ice Rink and Pavilion	Sewer Rehabilitation	Capital Projects	Cemetery Trust	
\$ -	\$ 27,112	\$ 22,783	\$ 1	\$ 1,278	\$ 194,415	\$ -	\$ 275	\$ 70	\$ 573,827	\$ 238,413	\$ 2,647,076
-	46	38	-	-	-	-	-	-	-	-	30,643
-	-	-	-	-	527	-	-	-	-	2,206	2,733
-	-	-	-	-	-	-	-	-	-	-	46,034
-	-	-	-	-	58,500	-	-	-	371,000	-	440,702
-	-	-	-	-	-	-	-	-	-	-	62,927
<u>\$ -</u>	<u>\$ 27,158</u>	<u>\$ 22,821</u>	<u>\$ 1</u>	<u>\$ 1,278</u>	<u>\$ 253,442</u>	<u>\$ -</u>	<u>\$ 275</u>	<u>\$ 70</u>	<u>\$ 944,827</u>	<u>\$ 240,619</u>	<u>\$ 3,230,115</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 64,843
-	-	-	-	-	-	-	-	-	-	-	3,907
-	-	-	-	-	-	-	58,500	371,000	-	-	471,202
-	-	-	-	-	-	-	-	-	-	-	71,177
-	-	-	-	-	-	-	58,500	371,000	-	-	611,129
-	-	-	-	-	-	-	-	-	-	132,245	132,245
-	27,158	22,821	1	1,278	253,442	-	(58,225)	(370,930)	944,827	108,374	2,486,741
-	27,158	22,821	1	1,278	253,442	-	(58,225)	(370,930)	944,827	240,619	2,618,986
<u>\$ -</u>	<u>\$ 27,158</u>	<u>\$ 22,821</u>	<u>\$ 1</u>	<u>\$ 1,278</u>	<u>\$ 253,442</u>	<u>\$ -</u>	<u>\$ 275</u>	<u>\$ 70</u>	<u>\$ 944,827</u>	<u>\$ 240,619</u>	<u>\$ 3,230,115</u>

CITY OF SOUTH HAVEN
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2010

	Special Revenue									
	Major Streets	Local Streets	Streets Improvement	Garbage and Refuse	Budget Stabilizator	Narcotics Unit	Police Training	Community Development Block Grant	River Maintenance	Sick Pay Reserve
Revenues										
Taxes	\$ -	\$ -	\$ 485,826	\$ 338,099	\$ -	\$ 208,929	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues										
State	307,318	105,162	-	-	-	-	8,836	-	-	-
Local	-	-	356,374	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-	15,770	-
Investment earnings	124	53	1,048	1,209	-	2,111	-	95	2,836	2,089
Miscellaneous	1,292	717	-	-	-	13,920	-	48,327	-	-
Total revenues	308,734	105,932	843,248	339,308	-	224,960	8,836	48,422	18,606	2,089
Expenditures										
Current										
Public safety	-	-	-	-	-	220,557	10,565	-	-	-
Public works	242,022	152,074	905,974	-	-	-	-	-	-	-
Health and welfare	-	-	-	339,561	-	-	-	70	326	-
Culture and recreation	-	-	-	-	-	-	-	-	-	-
Debt service										
Principal	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-
Total expenditures	242,022	152,074	905,974	339,561	-	220,557	10,565	70	326	-
Revenues over (under) expenditure	66,712	(46,142)	(62,726)	(253)	-	4,403	(1,729)	48,352	18,280	2,089
Other financing sources (uses)										
Transfers in	1,900	91,010	293,635	-	80,829	-	-	-	19,609	-
Transfers out	(68,400)	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(66,500)	91,010	293,635	-	80,829	-	-	-	19,609	-
Net changes in fund balances	212	44,868	230,909	(253)	80,829	4,403	(1,729)	48,352	37,889	2,089
Fund balances (deficit), beginning of year	109,925	44,228	701,345	72,483	-	102,096	3,878	37,095	(67,992)	107,368
Fund balances (deficit), end of year	\$ 110,137	\$ 89,096	\$ 932,254	\$ 72,230	\$ 80,829	\$ 106,499	\$ 2,149	\$ 85,447	\$ (30,103)	\$ 109,457

Building Authority #1	Building Authority #2	Debt Service				Capital Projects				Permanent	Total	
		Capital Improvement Bonds 2003	Downtown Development Bonds	Capital Improvement Bonds 2007	Cemetery Improvement	Public Works Projects	Ice Rink and Pavilion	Sewer Rehabilitator	Capital Projects	Cemetery Trust		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	1,032,854
-	-	-	-	-	-	-	-	-	-	-	-	421,316
-	-	-	-	-	-	-	-	-	-	-	-	356,374
-	-	-	-	-	-	-	-	-	-	-	-	15,770
2	1,347	2,306	-	244	5,118	-	-	-	1,321	5,483	-	25,386
180,465	82,143	182,000	374,373	110,351	7,425	-	37,800	-	135,000	-	-	1,173,813
180,467	83,490	184,306	374,373	110,595	12,543	-	37,800	-	136,321	5,483	-	3,025,513
-	-	-	-	-	-	-	-	-	-	-	-	231,122
-	-	-	-	-	-	-	-	-	-	-	-	1,300,070
-	-	-	-	-	10,178	-	-	-	-	-	-	350,135
-	-	-	-	-	-	-	26,285	-	-	-	-	26,285
-	160,000	180,000	290,000	55,000	-	-	-	-	-	-	-	685,000
-	115,365	202,408	84,373	55,351	-	-	-	-	-	-	-	457,497
-	275,365	382,408	374,373	110,351	10,178	-	26,285	-	-	-	-	3,050,109
180,467	(191,875)	(198,102)	-	244	2,365	-	11,515	-	136,321	5,483	-	(24,596)
-	193,222	200,000	-	-	-	-	-	-	130,166	-	5,490	1,015,861
-	-	-	-	-	-	-	-	-	-	-	-	(68,400)
-	193,222	200,000	-	-	-	-	-	-	130,166	-	5,490	947,461
180,467	1,347	1,898	-	244	2,365	-	11,515	130,166	136,321	10,973	-	922,865
(180,467)	25,811	20,923	1	1,034	251,077	-	(69,740)	(501,096)	808,506	229,646	-	1,696,121
\$ -	\$ 27,158	\$ 22,821	\$ 1	\$ 1,278	\$ 253,442	\$ -	\$ (58,225)	\$ (370,930)	\$ 944,827	\$ 240,619	\$ -	\$ 2,618,986

CITY OF SOUTH HAVEN

**MAJOR STREETS FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL**

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental revenues				
State	\$ 310,996	\$ 318,564	\$ 307,318	\$ (11,246)
Investment earnings	-	-	124	124
Miscellaneous	-	1,292	1,292	-
Total revenues	<u>310,996</u>	<u>319,856</u>	<u>308,734</u>	<u>(11,122)</u>
Expenditures				
Current				
Public works	<u>242,710</u>	<u>259,305</u>	<u>242,022</u>	<u>17,283</u>
Revenues over (under) expenditures	<u>68,286</u>	<u>60,551</u>	<u>66,712</u>	<u>6,161</u>
Other financing sources				
Transfers in	1,900	1,900	1,900	-
Transfers out	<u>(69,011)</u>	<u>(69,011)</u>	<u>(68,400)</u>	<u>611</u>
Total other financing sources (uses)	<u>(67,111)</u>	<u>(67,111)</u>	<u>(66,500)</u>	<u>611</u>
Net changes in fund balance	1,175	(6,560)	212	6,772
Fund balance, beginning of year	<u>109,925</u>	<u>109,925</u>	<u>109,925</u>	<u>-</u>
Fund balance, end of year	<u>\$ 111,100</u>	<u>\$ 103,365</u>	<u>\$ 110,137</u>	<u>\$ 6,772</u>

CITY OF SOUTH HAVEN

**LOCAL STREETS FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL**

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental revenues				
State	\$ 94,681	\$ 94,681	\$ 105,162	\$ 10,481
Investment earnings	50	50	53	3
Miscellaneous	-	-	717	717
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total revenues	94,731	94,731	105,932	11,201
Expenditures				
Current				
Public works	<u>180,047</u>	<u>180,047</u>	<u>152,074</u>	<u>27,973</u>
Revenues over (under) expenditures	(85,316)	(85,316)	(46,142)	39,174
Other financing source (uses)				
Transfers in	<u>92,111</u>	<u>92,111</u>	<u>91,010</u>	<u>(1,101)</u>
Net changes in fund balance	6,795	6,795	44,868	38,073
Fund balance, beginning of year	<u>44,228</u>	<u>44,228</u>	<u>44,228</u>	<u>-</u>
Fund balance, end of year	<u>\$ 51,023</u>	<u>\$ 51,023</u>	<u>\$ 89,096</u>	<u>\$ 38,073</u>

CITY OF SOUTH HAVEN

**STREET IMPROVEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL**

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 487,052	\$ 487,052	\$ 485,826	\$ (1,226)
Intergovernmental revenues				
Local	272,730	354,730	356,374	1,644
Investment earnings	5,000	5,000	1,048	(3,952)
Total revenues	764,782	846,782	843,248	(3,534)
Expenditures				
Current				
Public works	1,002,888	1,084,888	905,974	178,914
Revenues over (under) expenditures	(238,106)	(238,106)	(62,726)	175,380
Other financing source (uses)				
Transfers in	293,635	293,635	293,635	-
Net changes in fund balance	55,529	55,529	230,909	175,380
Fund balance, beginning of year	701,345	701,345	701,345	-
Fund balance, end of year	<u>\$ 756,874</u>	<u>\$ 756,874</u>	<u>\$ 932,254</u>	<u>\$ 175,380</u>

CITY OF SOUTH HAVEN

**GARBAGE AND REFUSE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL**

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 338,620	\$ 338,620	\$ 338,099	\$ (521)
Investment earnings	500	500	1,209	709
Total Revenues	339,120	339,120	339,308	188
Expenditures				
Current				
Health and welfare	350,000	350,000	339,561	10,439
Net changes in fund balance	(10,880)	(10,880)	(253)	10,627
Fund balance, beginning of year	72,483	72,483	72,483	-
Fund balance, end of year	\$ 61,603	\$ 61,603	\$ 72,230	\$ 10,627

CITY OF SOUTH HAVEN

**BUDGET STABILIZATION FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL**

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Other financing source (uses)				
Transfers in	<u>\$ 80,829</u>	<u>\$ 80,829</u>	<u>\$ 80,829</u>	<u>\$ -</u>
Net changes in fund balance	80,829	80,829	80,829	-
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 80,829</u></u>	<u><u>\$ 80,829</u></u>	<u><u>\$ 80,829</u></u>	<u><u>\$ -</u></u>

CITY OF SOUTH HAVEN

**NARCOTICS UNIT FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL**

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 208,627	\$ 208,627	\$ 208,929	\$ 302
Investment earnings	1,000	1,000	2,111	1,111
Miscellaneous	7,655	9,655	13,920	4,265
Total revenues	217,282	219,282	224,960	5,678
Expenditures				
Current				
Public safety	230,725	232,725	220,557	12,168
Net changes in fund balance	(13,443)	(13,443)	4,403	17,846
Fund balance, beginning of year	102,096	102,096	102,096	-
Fund balance, end of year	<u>\$ 88,653</u>	<u>\$ 88,653</u>	<u>\$ 106,499</u>	<u>\$ 17,846</u>

CITY OF SOUTH HAVEN

**POLICE TRAINING FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL**

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amount</u>	<u>Positive</u> <u>(Negative)</u>
Revenues				
Intergovernmental revenues				
State	\$ 8,700	\$ 8,700	\$ 8,836	\$ 136
Expenditures				
Current				
Public safety	<u>8,700</u>	<u>8,700</u>	<u>10,565</u>	<u>(1,865)</u>
Net changes in fund balance	-	-	(1,729)	(1,729)
Fund balance, beginning of year	<u>3,878</u>	<u>3,878</u>	<u>3,878</u>	<u>-</u>
Fund balance, end of year	<u>\$ 3,878</u>	<u>\$ 3,878</u>	<u>\$ 2,149</u>	<u>\$ (1,729)</u>

CITY OF SOUTH HAVEN

**COMMUNITY DEVELOPMENT BLOCK GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL**

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Investment earnings	\$ 100	\$ 100	\$ 95	\$ (5)
Miscellaneous	<u>10,000</u>	<u>10,000</u>	<u>48,327</u>	<u>38,327</u>
Total Revenues	10,100	10,100	48,422	38,322
Expenditures				
Current				
Health and welfare	<u>5,182</u>	<u>5,182</u>	<u>70</u>	<u>5,112</u>
Net changes in fund balance	4,918	4,918	48,352	43,434
Fund balance, beginning of year	<u>37,095</u>	<u>37,095</u>	<u>37,095</u>	<u>-</u>
Fund balance, end of year	<u>\$ 42,013</u>	<u>\$ 42,013</u>	<u>\$ 85,447</u>	<u>\$ 43,434</u>

CITY OF SOUTH HAVEN

**RIVER MAINTENANCE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL**

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Special assessments	\$ 13,000	\$ 13,000	\$ 15,770	\$ 2,770
Investment earnings	-	-	2,836	2,836
Total Revenues	13,000	13,000	18,606	5,606
Expenditures				
Current				
Health and welfare	750	750	326	424
Revenues over (under) expenditures	12,250	12,250	18,280	6,030
Other financing source (uses)				
Transfers in	19,609	19,609	19,609	-
Net changes in fund balance	31,859	31,859	37,889	6,030
Fund balance (deficit), beginning of year	<u>(67,992)</u>	<u>(67,992)</u>	<u>(67,992)</u>	<u>-</u>
Fund balance (deficit), end of year	<u>\$ (36,133)</u>	<u>\$ (36,133)</u>	<u>\$ (30,103)</u>	<u>\$ 6,030</u>

CITY OF SOUTH HAVEN

**SICK PAY RESERVE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL**

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Investment earnings	\$ 4,500	\$ 4,500	\$ 2,089	\$ (2,411)
Net changes in fund balance	4,500	4,500	2,089	(2,411)
Fund balance, beginning of year	<u>107,368</u>	<u>107,368</u>	<u>107,368</u>	<u>-</u>
Fund balance, end of year	<u>\$ 111,868</u>	<u>\$ 111,868</u>	<u>\$ 109,457</u>	<u>\$ (2,411)</u>

CITY OF SOUTH HAVEN

**BUILDING AUTHORITY #1 DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL**

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Investment earnings	\$ -	\$ -	\$ 2	\$ 2
Miscellaneous	<u>185,655</u>	<u>185,655</u>	<u>180,465</u>	<u>(5,190)</u>
Net changes in fund balance	185,655	185,655	180,467	(5,188)
Fund balance (deficit), beginning of year	<u>(180,467)</u>	<u>(180,467)</u>	<u>(180,467)</u>	<u>-</u>
Fund balance, end of year	<u>\$ 5,188</u>	<u>\$ 5,188</u>	<u>\$ -</u>	<u>\$ (5,188)</u>

CITY OF SOUTH HAVEN

**BUILDING AUTHORITY #2 DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL**

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Investment earnings	\$ 500	\$ 500	\$ 1,347	\$ 847
Miscellaneous	82,143	82,143	82,143	-
Total Revenues	<u>82,643</u>	<u>82,643</u>	<u>83,490</u>	<u>847</u>
Expenditures				
Current				
Debt service				
Principal	160,000	160,000	160,000	-
Interest	115,365	115,365	115,365	-
Total expenditures	<u>275,365</u>	<u>275,365</u>	<u>275,365</u>	<u>-</u>
Revenues over (under) expenditures	(192,722)	(192,722)	(191,875)	847
Other financing source (uses)				
Transfers in	193,222	193,222	193,222	-
Net changes in fund balance	500	500	1,347	847
Fund balance, beginning of year	<u>25,811</u>	<u>25,811</u>	<u>25,811</u>	<u>-</u>
Fund balance, end of year	<u>\$ 26,311</u>	<u>\$ 26,311</u>	<u>\$ 27,158</u>	<u>\$ 847</u>

CITY OF SOUTH HAVEN

**CAPITAL IMPROVEMENT BONDS 2003 DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL**

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Investment earnings	\$ 300	\$ 300	\$ 2,306	\$ 2,006
Miscellaneous	182,000	182,000	182,000	-
Total Revenues	<u>182,300</u>	<u>182,300</u>	<u>184,306</u>	<u>2,006</u>
Expenditures				
Debt service				
Principal	180,000	180,000	180,000	-
Interest	202,408	202,408	202,408	-
Total expenditures	<u>382,408</u>	<u>382,408</u>	<u>382,408</u>	<u>-</u>
Revenues over (under) expenditures	(200,108)	(200,108)	(198,102)	2,006
Other financing source (uses)				
Transfers in	200,000	200,000	200,000	-
Net changes in fund balance	(108)	(108)	1,898	2,006
Fund balance, beginning of year	<u>20,923</u>	<u>20,923</u>	<u>20,923</u>	<u>-</u>
Fund balance, end of year	<u>\$ 20,815</u>	<u>\$ 20,815</u>	<u>\$ 22,821</u>	<u>\$ 2,006</u>

CITY OF SOUTH HAVEN

**DOWNTOWN DEVELOPMENT BONDS DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL**

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Miscellaneous	\$ 374,373	\$ 374,373	\$ 374,373	\$ -
Expenditures				
Debt service				
Principal	290,000	290,000	290,000	-
Interest	84,373	84,373	84,373	-
Total expenditures	<u>374,373</u>	<u>374,373</u>	<u>374,373</u>	<u>-</u>
Net changes in fund balance	-	-	-	-
Fund balance, beginning of year,	<u>1</u>	<u>1</u>	<u>1</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ -</u>

CITY OF SOUTH HAVEN

**CAPITAL IMPROVEMENT BONDS 2007 DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL**

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Investment earnings	\$ 200	\$ 200	\$ 244	\$ 44
Miscellaneous	110,351	110,351	110,351	-
Total Revenues	<u>110,551</u>	<u>110,551</u>	<u>110,595</u>	<u>44</u>
Expenditures				
Debt service				
Principal	55,000	55,000	55,000	-
Interest	55,352	55,352	55,351	1
Total expenditures	<u>110,352</u>	<u>110,352</u>	<u>110,351</u>	<u>1</u>
Net changes in fund balance	199	199	244	45
Fund balance, beginning of year	<u>1,034</u>	<u>1,034</u>	<u>1,034</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,233</u>	<u>\$ 1,233</u>	<u>\$ 1,278</u>	<u>\$ 45</u>

ENTERPRISE FUNDS

The *Beach Fund* provides for the maintenance and improvement of the City beaches. Financing is provided from beach parking fees and fines.

The *Black River Park Fund* accounts for boat launching and parking services at Black River Park, along with seasonal and transient dock rental.

The *Marina Fund* accounts for seasonal and transient dock rental at the City owned municipal marinas.

INTERNAL SERVICE FUNDS

The *Motor Pool Fund* accounts for the costs of purchasing, maintaining and operating vehicles and other equipment used by various City departments. Costs are billed to the user departments based on rental rates adjusted annually.

The *Information Services Fund* accounts for the costs of purchasing and maintaining computer operations for the City. Costs for computer services are billed to the user departments based on rental rates adjusted annually.

The *Self Insurance Fund* accounts for costs associated with the City health self-insurance program.

FIDUCIARY FUNDS

Agency Funds:

The *Payroll Tax Collection Fund* accounts for the accumulation of employee payroll withholdings and payment thereof to appropriate vendors.

The *Current Tax Collection Fund* accounts for the collection and disbursements of property taxes billed and collected by the City on behalf of the State, the County, school districts, and other entities.

The *Trust and Agency Fund* accounts for assets held in trust.

CITY OF SOUTH HAVEN

NONMAJOR ENTERPRISE FUNDS COMBINING STATEMENT OF NET ASSETS

JUNE 30, 2010

Assets	Beach Fund	Black River Park	Marina Fund	Total
Current assets				
Cash and pooled investments	\$ 89,151	\$ 153,848	\$ 1,241,620	\$ 1,484,619
Accrued interest receivable	-	-	2,222	2,222
Total current assets	<u>89,151</u>	<u>153,848</u>	<u>1,243,842</u>	<u>1,486,841</u>
Non-current assets				
Capital assets				
Land	-	2,333	3,003	5,336
Buildings and equipment	-	58,729	78,304	137,033
Infrastructure	-	935,467	1,920,275	2,855,742
Less accumulated depreciation	-	(412,813)	(978,889)	(1,391,702)
Total non-current assets	<u>-</u>	<u>583,716</u>	<u>1,022,693</u>	<u>1,606,409</u>
Total assets	<u>89,151</u>	<u>737,564</u>	<u>2,266,535</u>	<u>3,093,250</u>
Liabilities				
Current liabilities				
Accounts payable	5,671	4,110	12,648	22,429
Accrued liabilities	1,000	502	1,600	3,102
Unearned revenue	-	51,456	196,678	248,134
Total current liabilities	<u>6,671</u>	<u>56,068</u>	<u>210,926</u>	<u>273,665</u>
Total liabilities	<u>6,671</u>	<u>56,068</u>	<u>210,926</u>	<u>273,665</u>
Net assets				
Invested in capital assets, net of related debt	-	583,716	1,022,693	1,606,409
Unrestricted	82,480	97,780	1,032,916	1,213,176
Total net assets	<u>\$ 82,480</u>	<u>\$ 681,496</u>	<u>\$ 2,055,609</u>	<u>\$ 2,819,585</u>

CITY OF SOUTH HAVEN

NONMAJOR ENTERPRISE FUNDS COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Beach Fund</u>	<u>Black River Park</u>	<u>Marina Fund</u>	<u>Total</u>
Operating revenue				
Charges for services	\$ 171,713	\$ -	\$ 8,495	\$ 180,208
Dock rental	-	145,127	512,219	657,346
Other	-	577	13,932	14,509
Total operating revenue	<u>171,713</u>	<u>145,704</u>	<u>534,646</u>	<u>852,063</u>
Operating expense				
Operating costs and expenses	188,777	105,768	359,428	653,973
Depreciation	-	49,172	99,806	148,978
Total operating expense	<u>188,777</u>	<u>154,940</u>	<u>459,234</u>	<u>802,951</u>
Operating income (loss)	(17,064)	(9,236)	75,412	49,112
Non-operating revenue (expense)				
Investment earnings	2,324	835	17,663	20,822
Income (loss) before transfers	<u>(14,740)</u>	<u>(8,401)</u>	<u>93,075</u>	<u>69,934</u>
Transfers				
Property tax equivalent payments	(8,750)	(7,648)	(26,162)	(42,560)
Transfers out	-	(4,171)	(15,438)	(19,609)
Total transfers	<u>(8,750)</u>	<u>(11,819)</u>	<u>(41,600)</u>	<u>(62,169)</u>
Changes in net assets	(23,490)	(20,220)	51,475	7,765
Net assets, beginning of year	<u>105,970</u>	<u>701,716</u>	<u>2,004,134</u>	<u>2,811,820</u>
Net assets, end of year	<u>\$ 82,480</u>	<u>\$ 681,496</u>	<u>\$ 2,055,609</u>	<u>\$ 2,819,585</u>

CITY OF SOUTH HAVEN
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2010

	Beach Fund	Black River Park	Marina Fund	Total
Cash flows from operating activities				
Receipts from customers and users	\$ 171,713	\$ 149,482	\$ 521,174	\$ 842,369
Payments to employees	(64,947)	(43,923)	(70,184)	(179,054)
Payments to suppliers	(126,219)	(60,169)	(291,221)	(477,609)
Net cash provided by (used in) operating activities	<u>(19,453)</u>	<u>45,390</u>	<u>159,769</u>	<u>185,706</u>
Cash flows from non-capital financing activities				
Due from other funds	-	68,000	180,467	248,467
Property tax equivalents	(8,750)	(7,648)	(26,162)	(42,560)
Transfers out	-	(4,171)	(15,438)	(19,609)
Net cash provided by (used in) non-capital financing activities	<u>(8,750)</u>	<u>56,181</u>	<u>138,867</u>	<u>186,298</u>
Cash flows from capital and related financing activities				
Acquisitions of capital assets	-	-	(13,136)	(13,136)
Cash flows from investing activities				
Interest income	2,324	835	17,377	20,536
Advance to component unit	-	-	67,697	67,697
Net cash provided by (used in) investing activities	<u>2,324</u>	<u>835</u>	<u>85,074</u>	<u>88,233</u>
Net increase (decrease) in cash and pooled investments	(25,879)	102,406	370,574	447,101
Cash and pooled investments, beginning of year	<u>115,030</u>	<u>51,442</u>	<u>871,046</u>	<u>1,037,518</u>
Cash and pooled investments, end of year	<u>\$ 89,151</u>	<u>\$ 153,848</u>	<u>\$ 1,241,620</u>	<u>\$ 1,484,619</u>
Cash flows from operating activities				
Operating income (loss)	\$ (17,064)	\$ (9,236)	\$ 75,412	\$ 49,112
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation	-	49,172	99,806	148,978
Change in operating assets and liabilities which provided (used) cash				
Prepaid expenses	491	1,602	2,878	4,971
Accounts payable	(3,224)	1,692	(95)	(1,627)
Accrued liabilities	344	(1,618)	(4,760)	(6,034)
Deferred revenue	-	3,778	(13,472)	(9,694)
Net cash provided by (used in) operating activities	<u>\$ (19,453)</u>	<u>\$ 45,390</u>	<u>\$ 159,769</u>	<u>\$ 185,706</u>

CITY OF SOUTH HAVEN

**INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET ASSETS**

JUNE 30, 2010

Assets	Motor Pool	Information Services	Self Insurance	Total
Current assets				
Cash and pooled investments	\$ 1,002,452	\$ 21,548	\$ 540,099	\$ 1,564,099
Total current assets	<u>1,002,452</u>	<u>21,548</u>	<u>540,099</u>	<u>1,564,099</u>
Non-current assets				
Capital assets				
Buildings and equipment	518,714	103,129	-	621,843
Vehicles	2,188,129	-	-	2,188,129
Less accumulated depreciation	<u>(1,681,100)</u>	<u>(64,569)</u>	<u>-</u>	<u>(1,745,669)</u>
Total non-current assets	<u>1,025,743</u>	<u>38,560</u>	<u>-</u>	<u>1,064,303</u>
Total assets	<u>2,028,195</u>	<u>60,108</u>	<u>540,099</u>	<u>2,628,402</u>
Liabilities				
Current liabilities				
Accounts payable	8,718	5,855	22,888	37,461
Accrued liabilities	<u>11,839</u>	<u>16,293</u>	<u>-</u>	<u>28,132</u>
Total liabilities	<u>20,557</u>	<u>22,148</u>	<u>22,888</u>	<u>65,593</u>
Net assets				
Investmed in capital assets, net of related debt	1,025,743	38,560	-	1,064,303
Unrestricted	<u>981,895</u>	<u>(600)</u>	<u>517,211</u>	<u>1,498,506</u>
Total net assets	<u>\$ 2,007,638</u>	<u>\$ 37,960</u>	<u>\$ 517,211</u>	<u>\$ 2,562,809</u>

CITY OF SOUTH HAVEN

INTERNAL SERVICE FUNDS COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Motor Pool</u>	<u>Information Services</u>	<u>Self Insurance</u>	<u>Total</u>
Operating revenue				
Charges for services	\$ 720,422	\$ 198,190	\$ 311,402	\$ 1,230,014
Other	<u>13,048</u>	<u>-</u>	<u>-</u>	<u>13,048</u>
Total operating revenue	<u>733,470</u>	<u>198,190</u>	<u>311,402</u>	<u>1,243,062</u>
Operating expense				
Operating costs and expenses	301,724	169,935	181,316	652,975
Depreciation	<u>228,069</u>	<u>24,939</u>	<u>-</u>	<u>253,008</u>
Total operating expense	<u>529,793</u>	<u>194,874</u>	<u>181,316</u>	<u>905,983</u>
Operating income (loss)	<u>203,677</u>	<u>3,316</u>	<u>130,086</u>	<u>337,079</u>
Non-operating revenue (expense)				
Gain on sale of capital assets	11,843	-	-	11,843
Interest income	<u>1,096</u>	<u>38</u>	<u>671</u>	<u>1,805</u>
Total non-operating revenue (expense)	<u>12,939</u>	<u>38</u>	<u>671</u>	<u>13,648</u>
Changes in net assets	216,616	3,354	130,757	350,727
Net assets, beginning of year	<u>1,791,022</u>	<u>34,606</u>	<u>386,454</u>	<u>2,212,082</u>
Net assets, end of year	<u>\$ 2,007,638</u>	<u>\$ 37,960</u>	<u>\$ 517,211</u>	<u>\$ 2,562,809</u>

CITY OF SOUTH HAVEN
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Motor Pool</u>	<u>Information Services</u>	<u>Self Insurance</u>	<u>Total</u>
Cash flows from operating activities				
Receipts from internal services provided	\$ 737,896	\$ 198,190	\$ 311,402	\$ 1,247,488
Payments to employees	(94,746)	(64,587)	-	(159,333)
Payments to suppliers	<u>(291,225)</u>	<u>(100,011)</u>	<u>(184,863)</u>	<u>(576,099)</u>
Net cash provided by (used in) operating activities	<u>351,925</u>	<u>33,592</u>	<u>126,539</u>	<u>512,056</u>
Cash flows from capital and related financing activities				
Proceeds from sale of capital assets	13,858	-	-	13,858
Acquisitions of capital assets	<u>(87,544)</u>	<u>(32,347)</u>	<u>-</u>	<u>(119,891)</u>
Net cash provided by (used in) capital and related financing activities	<u>(73,686)</u>	<u>(32,347)</u>	<u>-</u>	<u>(106,033)</u>
Cash flows from investing activities				
Interest income	<u>1,096</u>	<u>38</u>	<u>671</u>	<u>1,805</u>
Net increase (decrease) in cash and pooled investments	279,335	1,283	127,210	407,828
Cash and pooled investments, beginning of year	<u>723,117</u>	<u>20,265</u>	<u>412,889</u>	<u>1,156,271</u>
Cash and pooled investments, end of year	<u>\$ 1,002,452</u>	<u>\$ 21,548</u>	<u>\$ 540,099</u>	<u>\$ 1,564,099</u>
Cash flows from operating activities				
Operating income (loss)	\$ 203,677	\$ 3,316	\$ 130,086	\$ 337,079
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation	228,069	24,939	-	253,008
Change in operating assets and liabilities which provided (used) cash				
Accounts receivable	4,426	-	-	4,426
Prepaid expenses	2,175	186	-	2,361
Accounts payable	(87,742)	2,329	(3,547)	(88,960)
Accrued liabilities	<u>1,320</u>	<u>2,822</u>	<u>-</u>	<u>4,142</u>
Net cash provided by (used in) operating activities	<u>\$ 351,925</u>	<u>\$ 33,592</u>	<u>\$ 126,539</u>	<u>\$ 512,056</u>

CITY OF SOUTH HAVEN

AGENCY FUNDS COMBINING STATEMENT OF ASSETS AND LIABILITIES

JUNE 30, 2010

	<u>Payroll tax Collection</u>	<u>Current tax Fund</u>	<u>Trust and Agency</u>	<u>Total</u>
Assets				
Cash and pooled investments	\$ 31,970	\$ -	\$ 80,957	\$ 112,927
Prepaid items	<u>52,773</u>	<u>-</u>	<u>-</u>	<u>52,773</u>
Total assets	<u>\$ 84,743</u>	<u>\$ -</u>	<u>\$ 80,957</u>	<u>\$ 165,700</u>
Liabilities				
Accounts payable	\$ 64,509	\$ -	\$ 9,468	\$ 73,977
Deposits	-	-	71,489	71,489
Due to other governmental units	<u>20,234</u>	<u>-</u>	<u>-</u>	<u>20,234</u>
Total liabilities	<u>\$ 84,743</u>	<u>\$ -</u>	<u>\$ 80,957</u>	<u>\$ 165,700</u>

CITY OF SOUTH HAVEN

**AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2010</u>
<u>Payroll Tax Collection Fund</u>				
Assets				
Cash and pooled investments	\$ 29,258	\$ 1,517,813	\$ 1,515,101	\$ 31,970
Prepaid items	48,875	101,649	97,751	52,773
	<u>\$ 78,133</u>	<u>\$ 1,619,462</u>	<u>\$ 1,612,852</u>	<u>\$ 84,743</u>
Liabilities				
Accounts payable	\$ 57,265	\$ 1,659,357	\$ 1,652,113	\$ 64,509
Due to other governmental units	20,868	1,179,375	1,180,009	20,234
Total liabilities	<u>\$ 78,133</u>	<u>\$ 2,838,732</u>	<u>\$ 2,832,122</u>	<u>\$ 84,743</u>
<u>Current Tax Collection Fund</u>				
Assets				
Cash and pooled investments	\$ -	\$ 16,874,383	\$ 16,874,383	\$ -
Liabilities				
Due to other funds	\$ -	\$ 5,458,060	\$ 5,458,060	\$ -
Due to other governmental units	-	14,770,925	14,770,925	-
Total liabilities	<u>\$ -</u>	<u>\$ 20,228,985</u>	<u>\$ 20,228,985</u>	<u>\$ -</u>
<u>Trust and Agency Fund</u>				
Assets				
Cash and pooled investments	\$ 42,284	\$ 239,889	\$ 201,216	\$ 80,957
Liabilities				
Accounts payable	\$ 1,029	\$ 42,097	\$ 33,658	\$ 9,468
Deposits	41,255	191,153	160,919	71,489
Total liabilities	<u>\$ 42,284</u>	<u>\$ 233,250</u>	<u>\$ 194,577</u>	<u>\$ 80,957</u>
<u>Total - All Agency Funds</u>				
Assets				
Cash and pooled investments	\$ 71,542	\$ 18,632,085	\$ 18,590,700	\$ 112,927
Prepaid items	48,875	101,649	97,751	52,773
Total assets	<u>\$ 120,417</u>	<u>\$ 18,733,734</u>	<u>\$ 18,688,451</u>	<u>\$ 165,700</u>
Liabilities				
Accounts payable	\$ 58,294	\$ 1,701,454	\$ 1,685,771	\$ 73,977
Due to other funds	-	5,458,060	5,458,060	-
Deposits	41,255	191,153	160,919	71,489
Due to other governmental units	20,868	15,950,300	15,950,934	20,234
Total liabilities	<u>\$ 120,417</u>	<u>\$ 23,300,967</u>	<u>\$ 23,255,684</u>	<u>\$ 165,700</u>

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COMPONENT UNITS

The *Downtown Development Authority (DDA) Fund* accounts for tax revenue “captured” in the DDA district. These funds are used to fund various projects and improvements as well as the repayment of debt incurred for projects in the DDA.

The *Local Development Finance Authorities (LDFA)* account for “captured” tax revenue in the LDFA districts. The “captured” tax revenue is used for further development in the district.

The *Brownfield Redevelopment Authority* accounts for “captured” tax revenue on specific properties within the City that have been identified and approved by the State of Michigan as brownfields requiring site reclamation. These revenues are used to reimburse property owners for expenses incurred for brownfield cleanup.

CITY OF SOUTH HAVEN

**DOWNTOWN DEVELOPMENT AUTHORITY
BALANCE SHEET/STATEMENT OF NET ASSETS**

JUNE 30, 2010

	<u>Governmental</u> <u>Fund Type</u>		<u>Statement</u> <u>of</u>
	<u>General</u> <u>Fund</u>	<u>Adjustments</u>	<u>Net Assets</u>
Assets			
Cash and pooled investments	\$ 299,929	\$ -	\$ 299,929
Total assets	<u>\$ 299,929</u>	<u>-</u>	<u>299,929</u>
Liabilities and fund balances			
Liabilities			
Accounts payable	\$ 25,693	-	25,693
Accrued liabilities	<u>342</u>	<u>-</u>	<u>342</u>
Total liabilities	26,035	<u>-</u>	<u>26,035</u>
Fund balances			
Unreserved			
Undesignated	<u>273,894</u>	<u>(273,894)</u>	
Total liabilities and fund balances	<u>\$ 299,929</u>		
Net assets			
Unrestricted		<u>273,894</u>	<u>273,894</u>
Total net assets		<u>\$ 273,894</u>	<u>\$ 273,894</u>

CITY OF SOUTH HAVEN

DOWNTOWN DEVELOPMENT AUTHORITY STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE/STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2010

	General Fund	Adjustments	Statement of Activities
Revenues			
Taxes	\$ 1,616,607	\$ -	\$ 1,616,607
Grants	80,000	-	80,000
Investment earnings	3,583	-	3,583
Miscellaneous	<u>11,945</u>	<u>-</u>	<u>11,945</u>
	1,712,135	-	1,712,135
Expenditures/expenses			
Community development	<u>1,434,132</u>	<u>-</u>	<u>1,434,132</u>
Revenues over (under) expenditures/expenses	<u>278,003</u>	<u>-</u>	<u>278,003</u>
Net changes in fund balances	278,003	(278,003)	
Change in net assets		278,003	278,003
Fund balances/net assets (deficit), beginning of year	<u>(4,109)</u>		<u>(4,109)</u>
Fund balances/net assets, end of year	<u>\$ 273,894</u>		<u>\$ 273,894</u>

CITY OF SOUTH HAVEN

LOCAL DEVELOPMENT FINANCE AUTHORITY #1 BALANCE SHEET/STATEMENT OF NET ASSETS

JUNE 30, 2010

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Assets</u>
Assets			
Cash and pooled investments	\$ 1,236,289	\$ -	\$ 1,236,289
Accounts receivable	301	-	301
Total assets	\$ 1,236,590	-	1,236,590
 Liabilities and fund balances			
Liabilities			
Accounts payable	\$ 4,917	-	4,917
Accrued liabilities	368	-	368
Total liabilities	5,285	-	5,285
 Fund balances			
Unreserved			
Undesignated	1,231,305	(1,231,305)	
Total liabilities and fund balances	\$ 1,236,590		
 Net assets			
Unrestricted		\$ 1,231,305	\$ 1,231,305

CITY OF SOUTH HAVEN

**LOCAL DEVELOPMENT FINANCE AUTHORITY #1
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE/STATEMENT OF ACTIVITIES**

FOR THE YEAR ENDED JUNE 30, 2010

	General Fund	Adjustments	Statement of Activities
Revenues			
Taxes	\$ 188,569	\$ -	\$ 188,569
Investment earnings	<u>11,308</u>	<u>-</u>	<u>11,308</u>
	199,877	-	199,877
Expenditures/expenses			
Community development	<u>222,978</u>	<u>-</u>	<u>222,978</u>
Revenues over (under) expenditures/expenses	<u>(23,101)</u>	<u>-</u>	<u>(23,101)</u>
Net changes in fund balances	(23,101)	23,101	
Change in net assets		(23,101)	(23,101)
Fund balances/net assets, beginning of year	<u>1,254,406</u>		<u>1,254,406</u>
Fund balances/net assets, end of year	<u>\$ 1,231,305</u>		<u>\$ 1,231,305</u>

CITY OF SOUTH HAVEN

**LOCAL DEVELOPMENT FINANCE AUTHORITY #2
BALANCE SHEET/STATEMENT OF NET ASSETS**

JUNE 30, 2010

	General Fund	Adjustments	Statement of Net Assets
Assets			
Cash and pooled investments	\$ 156,096	\$ -	\$ 156,096
Accounts receivable	50	-	50
Capital assets not being depreciated	<u>-</u>	<u>55,373</u>	<u>55,373</u>
Total assets	<u>\$ 156,146</u>	<u>55,373</u>	<u>211,519</u>
 Liabilities and fund balances			
Liabilities			
Accounts payable	\$ -	-	-
Total liabilities	-	<u>-</u>	<u>-</u>
 Fund balances			
Unreserved			
Undesignated	<u>156,146</u>	<u>(156,146)</u>	
Total liabilities and fund balances	<u>\$ 156,146</u>		
 Net assets			
Invested in capital assets, net of related debt		55,373	55,373
Unrestricted		<u>156,146</u>	<u>156,146</u>
Total net assets		<u>\$ 211,519</u>	<u>\$ 211,519</u>

CITY OF SOUTH HAVEN

LOCAL DEVELOPMENT FINANCE AUTHORITY #2 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE/STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2010

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Revenues			
Taxes	\$ 41,032	\$ -	\$ 41,032
Investment earnings	<u>973</u>	<u>-</u>	<u>973</u>
	42,005	-	42,005
Expenditures/expenses			
Community development	<u>19,810</u>	<u>-</u>	<u>19,810</u>
Revenues over (under) expenditures/expenses	<u>22,195</u>	<u>-</u>	<u>22,195</u>
Net changes in fund balances	22,195	(22,195)	
Change in net assets		22,195	22,195
Fund balances/net assets, beginning of year	<u>133,951</u>		<u>189,324</u>
Fund balances/net assets, end of year	<u>\$ 156,146</u>		<u>\$ 211,519</u>

CITY OF SOUTH HAVEN

LOCAL DEVELOPMENT FINANCE AUTHORITY #3 BALANCE SHEET/STATEMENT OF NET ASSETS

JUNE 30, 2010

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Assets</u>
Assets			
Cash and pooled investments	\$ 836,005	\$ -	\$ 836,005
Accounts receivable	214	-	214
Capital assets not being depreciated	-	136,080	136,080
Total assets	<u>\$ 836,219</u>	<u>136,080</u>	<u>972,299</u>
 Liabilities and fund balances			
Liabilities			
Accounts payable	\$ 7,614	-	7,614
Accrued liabilities	245	-	245
Noncurrent liabilities			
Due within one year	-	27,208	27,208
Due in more than one year	-	129,241	129,241
Total liabilities	7,859	<u>156,449</u>	<u>164,308</u>
 Fund balances			
Unreserved			
Undesignated	<u>828,360</u>	<u>(828,360)</u>	
Total liabilities and fund balances	<u>\$ 836,219</u>		
 Net assets			
Invested in capital assets, net of related debt		136,080	136,080
Unrestricted		<u>671,911</u>	<u>671,911</u>
Total net assets		<u>\$ 807,991</u>	<u>\$ 807,991</u>

CITY OF SOUTH HAVEN

**LOCAL DEVELOPMENT FINANCE AUTHORITY #3
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE/STATEMENT OF ACTIVITIES**

FOR THE YEAR ENDED JUNE 30, 2010

	General Fund	Adjustments	Statement of Activities
Revenues			
Taxes	\$ 184,568	\$ -	\$ 184,568
Investment earnings	7,400	-	7,400
Miscellaneous	<u>155,056</u>	<u>-</u>	<u>155,056</u>
	<u>347,024</u>	<u>-</u>	<u>347,024</u>
Expenditures/expenses			
Community development	78,010	-	78,010
Debt Service			
Principal	27,208	(27,208)	-
Interest	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures/expenses	<u>105,218</u>	<u>(27,208)</u>	<u>78,010</u>
Net changes in fund balances	241,806	(241,806)	
Change in net assets		269,014	269,014
Fund balances/net assets, beginning of year	<u>586,554</u>		<u>538,977</u>
Fund balances/net assets, end of year	<u>\$ 828,360</u>		<u>\$ 807,991</u>

CITY OF SOUTH HAVEN

**BROWNFIELD REDEVELOPMENT AUTHORITY
BALANCE SHEET/STATEMENT OF NET ASSETS**

JUNE 30, 2010

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Assets</u>
Assets			
Cash and pooled investments	\$ 1,408,515	\$ -	\$ 1,408,515
Accounts receivable	<u>2,718</u>	<u>-</u>	<u>2,718</u>
Total assets	<u>\$ 1,411,233</u>	<u>-</u>	<u>1,411,233</u>
 Liabilities and fund balances			
Liabilities			
Accounts payable	\$ -	-	-
Total liabilities	-	<u>-</u>	<u>-</u>
 Fund balances			
Unreserved			
Undesignated	<u>1,411,233</u>	<u>(1,411,233)</u>	
Total liabilities and fund balances	<u>\$ 1,411,233</u>		
 Net assets			
Unrestricted		<u>\$ 1,411,233</u>	<u>\$ 1,411,233</u>

CITY OF SOUTH HAVEN

**BROWNFIELD REDEVELOPMENT AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE/STATEMENT OF ACTIVITIES**

FOR THE YEAR ENDED JUNE 30, 2010

	General Fund	Adjustments	Statement of Activities
Revenues			
Taxes	\$ 305,350	\$ -	\$ 305,350
Investment earnings	15,993	-	15,993
	<u>321,343</u>	-	<u>321,343</u>
Expenditures/expenses			
Community development	<u>439,908</u>	-	<u>439,908</u>
Total expenditures/expenses	<u>439,908</u>	-	<u>439,908</u>
Net changes in fund balances	(118,565)	118,565	
Change in net assets		(118,565)	(118,565)
Fund balances/net assets, beginning of year	<u>1,529,798</u>		<u>1,529,798</u>
Fund balances/net assets, end of year	<u>\$ 1,411,233</u>		<u>\$ 1,411,233</u>

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STATISTICAL SECTION

CITY OF SOUTH HAVEN

STATISTICAL SECTION

This part of the City of South Haven's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements and note disclosures says about the city's overall financial health.

Contents

Schedule

Financial Trends

These schedules contain trend information to help the reader understand how the city's financial performance and well-being have changed over time.

1 to 4

Revenue Capacity

These schedules contain information to help the reader assess the city's most significant local revenue source, the property tax.

5 to 8

Debt Capacity

These schedules present information to help the reader assess the affordability of the city's current levels of outstanding debt and the city's ability to issue additional debt in the future.

9 to 13

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment in which the city's financial activities take place.

14 to 15

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the city's financial report relates to the services the city provides and the activities it performs.

16 to 18

Sources: *Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.*

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Schedule 1
City of South Haven
Net Assets by Component
Last Seven Fiscal Years
(accrual basis of accounting)

	2010	2009	2008	Fiscal Year 2007	2006	2005	2004
Governmental activities							
Invested in capital assets, net of related debt	\$ 9,703,248	\$ 9,135,065	\$ 7,554,458	\$ 5,557,726	\$ 3,061,058	\$ 2,225,731	\$ 1,172,825
Restricted	2,778,475	2,290,539	1,160,293	1,733,705	1,826,780	849,964	486,230
Unrestricted	3,180,915	2,176,541	2,653,944	2,420,909	2,550,877	2,406,064	3,376,649
Total governmental activities net assets	<u>\$ 15,662,638</u>	<u>\$ 13,602,145</u>	<u>\$ 11,368,695</u>	<u>\$ 9,712,340</u>	<u>\$ 7,438,715</u>	<u>\$ 5,481,759</u>	<u>\$ 5,035,704</u>
Business-type activities							
Invested in capital assets, net of related debt	\$ 22,521,811	\$ 21,345,979	\$ 19,580,754	\$ 20,870,409	\$ 17,899,141	\$ 17,402,624	\$ 17,186,046
Restricted	180,006	257,475	265,024	231,900	770,311	294,997	241,761
Unrestricted	8,380,310	8,671,544	9,585,949	7,998,419	9,537,704	10,244,115	9,624,766
Total business-type activities net assets	<u>\$ 31,082,127</u>	<u>\$ 30,274,998</u>	<u>\$ 29,431,727</u>	<u>\$ 29,100,728</u>	<u>\$ 28,207,156</u>	<u>\$ 27,941,736</u>	<u>\$ 27,052,573</u>
Primary government							
Invested in capital assets, net of related debt	\$ 32,225,059	\$ 30,481,044	\$ 27,135,212	\$ 26,428,135	\$ 20,960,199	\$ 19,628,355	\$ 18,358,871
Restricted	2,958,481	2,548,014	1,425,317	1,965,605	2,597,091	1,144,961	727,991
Unrestricted	11,561,225	10,848,085	12,239,893	10,419,328	12,088,581	12,650,179	13,001,415
Total primary government net assets	<u>\$ 46,744,765</u>	<u>\$ 43,877,143</u>	<u>\$ 40,800,422</u>	<u>\$ 38,813,068</u>	<u>\$ 35,645,871</u>	<u>\$ 33,423,495</u>	<u>\$ 32,088,277</u>

No discretely presented component units shown

Schedule 2
City of South Haven
Changes in Net Assets
Last Eight Fiscal Years
(accrual basis of accounting)

	Fiscal Year							
	2010	2009	2008	2007	2006	2005	2004	2003
Expenses								
Governmental activities:								
General government	\$1,334,355	\$1,277,691	\$954,567	\$1,379,519	\$1,239,832	\$1,228,829	\$1,123,354	\$873,531
Public safety	3,046,626	2,948,164	2,894,663	2,844,831	2,689,126	2,953,261	2,887,402	2,836,035
Public works	1,668,514	1,896,910	2,035,880	1,903,245	1,247,813	1,318,248	1,639,589	1,247,726
Health and welfare	516,136	536,700	727,626	572,440	578,735	581,107	440,932	422,070
Culture and recreation	585,626	511,308	577,925	530,509	550,392	573,844	994,019	587,415
Interest on long-term debt	457,497	481,688	538,351	537,006	541,799	478,856	439,299	299,583
Total governmental activities expenses	7,608,754	7,652,461	7,729,012	7,767,550	6,847,697	7,134,145	7,524,595	6,266,360
Business-type activities:								
Electric utility	11,102,046	11,412,606	12,020,477	10,217,612	9,608,078	8,856,995	8,912,236	8,606,946
Water utility	2,694,258	2,151,847	1,635,390	1,467,184	1,653,571	1,482,354	1,397,570	1,363,519
Sewer utility	1,643,790	1,720,004	1,614,760	1,458,392	1,571,794	1,390,204	1,298,007	1,243,519
Other enterprise funds	802,951	806,259	823,411	747,573	851,490	783,930	736,018	677,578
Total business-type activities expenses	16,243,045	16,090,716	16,094,038	13,890,761	13,684,933	12,513,483	12,343,831	11,891,562
Total primary government expenses	\$23,851,799	\$23,743,177	\$23,823,050	\$21,658,311	\$20,532,630	\$19,647,628	\$19,868,426	\$18,157,922
Program Revenues								
Governmental activities:								
Charges for services:								
General government	\$1,031,187	\$1,049,352	\$1,016,589	\$1,097,733	\$760,207	\$980,656	\$881,824	\$724,351
Public safety	234,066	268,802	314,410	428,623	77,525	9,456	14,875	14,853
Public works	416,206	437,097	449,264	477,805	713,064	675,411	688,401	465,051
Health and welfare	46,367	65,580	37,409	51,612				
Culture and recreation					257,021	289,263	293,570	255,743
Operating grants and contributions	943,745	894,614	914,256	1,359,329	668,310	220,636	216,170	210,712
Capital grants and contributions	472,044	591,426	318,022	580,822	8,095	11,743	987,152	144,647
Total governmental activities program revenues	3,143,615	3,306,871	3,049,950	3,995,924	2,484,222	2,187,165	3,081,992	1,815,357
Business-type activities:								
Charges for services:								
Electric utility	12,377,286	12,645,848	12,052,914	11,079,025	9,541,512	9,204,854	9,054,203	9,537,165
Water utility	2,767,339	2,122,777	1,554,130	1,465,982	1,186,093	1,059,948	1,018,882	961,319
Sewer utility	2,039,436	2,013,399	1,960,927	1,822,157	1,587,779	1,524,636	1,509,432	1,438,125
Other	838,664	895,859	873,433	831,220	814,882	779,277	740,255	735,784
Operating grants and contributions				9,495	22,500	7,500		
Capital grants and contributions	120,318			580,961	292,334	15,190	658,774	1,339,458
Total business-type activities program revenues	18,143,043	17,677,883	16,441,404	15,788,840	13,445,100	12,591,405	12,981,546	14,011,851
Total primary government program revenues	\$21,286,658	\$20,984,754	\$19,491,354	\$19,784,764	\$15,929,322	\$14,778,570	\$16,063,538	\$15,827,208
Net(Expenses)/Revenues								
Governmental activities	(\$4,465,139)	(\$4,345,590)	(\$4,679,062)	(\$3,771,626)	(\$4,363,475)	(\$4,946,980)	(\$4,442,603)	(\$4,451,003)
Business-type activities	1,899,998	1,587,167	347,366	1,898,079	(239,833)	77,922	637,715	2,120,289
Total primary government net expense	(\$2,565,141)	(\$2,758,423)	(\$4,331,696)	(\$1,873,547)	(\$4,603,308)	(\$4,869,058)	(\$3,804,888)	(\$2,330,714)
General Revenues and Other Changes in Net Assets								
Governmental activities:								
Property taxes	\$4,599,158	\$4,581,654	\$4,266,604	\$3,942,969	\$4,417,615	\$4,446,071	\$4,109,683	\$3,646,893
State revenues - unrestricted	419,990	470,121	490,871	492,291	497,039	500,862	508,779	564,291
Interest earnings	93,929	113,406	175,827	180,814	180,013	128,300	200,435	159,779
Other grants and contributions not restricted to specific programs	67,173	59,229	41,020	24,757	30,153			15,188
Transfers - internal activities	1,345,382	1,354,636	1,361,095	1,404,420	659,850	503,775	(2,203,120)	431,091
Total governmental activities	6,525,632	6,579,046	6,335,417	6,045,251	5,784,670	5,579,008	2,615,777	4,817,242
Business-type activities:								
Interest earnings	252,513	221,209	376,651	399,913	375,020	255,407	149,212	152,896
Other grants and contributions not restricted to specific programs	0	389,531	968,077		790,083	1,059,610	2,802,583	881,716
Transfers - internal activities	(1,345,382)	(1,354,636)	(1,361,095)	(1,404,420)	(659,850)	(503,775)	2,203,120	(431,091)
Total business-type activities	(1,092,869)	(743,896)	(16,367)	(1,004,507)	505,253	811,242	5,154,915	603,521
Total primary government	\$5,432,763	\$5,835,150	\$6,319,050	\$5,040,744	\$6,289,923	\$6,390,250	\$7,770,692	\$5,420,763
Changes in Net Assets								
Governmental activities	\$2,060,493	\$2,233,456	\$1,656,355	\$2,273,625	\$1,421,195	\$632,028	(\$1,826,826)	\$366,239
Business-type activities	807,129	843,271	330,999	893,572	265,420	889,164	5,792,630	2,723,810
Total primary government	\$2,867,622	\$3,076,727	\$1,987,354	\$3,167,197	\$1,686,615	\$1,521,192	\$3,965,804	\$3,090,049

Schedule 3
City of South Haven
Fund Balances, Governmental Funds
Last Seven Fiscal Years
(modified accrual basis of accounting)

	2010	2009	2008	Fiscal Year 2007	2006	2005	2004
General Fund							
Reserved	\$0	\$130,952	\$78,896	\$62,136	\$101,847	\$74,525	\$38,543
Unreserved							
Designated for subsequent year							
Undesignated	2,230,634	1,901,594	1,788,573	1,595,188	1,251,217	1,143,168	1,197,258
Total General Fund	<u>\$2,230,634</u>	<u>\$2,032,546</u>	<u>\$1,867,469</u>	<u>\$1,657,324</u>	<u>\$1,353,064</u>	<u>\$1,217,693</u>	<u>\$1,235,801</u>
All Other Governmental Funds							
Reserved	132,245	132,245	132,245	132,245	7,415	1,360,123	562,452
Unreserved, reported in:							
Designated for subsequent year							
Special revenue funds	1,557,995	1,110,426	1,195,439	902,115	794,278	740,460	592,365
Capital projects funds	769,114	488,747	43,679	365,987	124,594	(1,209,269)	170,353
Debt service funds	51,258	(132,698)	(264,701)	68,831	52,257		
Permanent funds	108,374	97,401	83,635	66,141	173,076	24,831	9,014
Total all other governmental funds	<u>\$2,618,986</u>	<u>\$1,696,121</u>	<u>\$1,190,297</u>	<u>\$1,535,319</u>	<u>\$1,151,620</u>	<u>\$916,145</u>	<u>\$1,334,184</u>
Total governmental funds	<u>\$4,849,620</u>	<u>\$3,728,667</u>	<u>\$3,057,766</u>	<u>\$3,192,643</u>	<u>\$2,504,684</u>	<u>\$2,133,838</u>	<u>\$2,569,985</u>

Schedule 4
City of South Haven
Changes in Fund Balances, Governmental Funds
Last Nine Fiscal Years
(modified accrual basis of accounting)

	2010	2009	2008	2007	2006
Revenues					
Property taxes	\$4,796,366	\$4,764,245	\$4,443,016	\$4,119,962	\$4,581,281
Special assessments	18,914	17,484	18,447	4,219	
Licenses and permits	142,162	181,368	222,320	326,051	216,121
Intergovernmental	1,213,809	1,219,857	1,208,665	1,179,062	1,269,219
Charges for services	448,976	438,974	427,964	463,057	432,922
Fines and forfeits	30,237	38,310	31,186	36,835	30,133
Interest and rents	112,290	140,877	201,515	225,951	380,197
Other	1,594,401	1,616,488	1,533,387	1,978,060	671,839
Total revenues	<u>8,357,155</u>	<u>8,417,603</u>	<u>8,086,500</u>	<u>8,333,197</u>	<u>7,581,712</u>
Expenditures					
General government	1,185,846	1,108,564	1,101,488	1,081,063	1,053,478
Public safety	3,083,758	2,981,580	2,948,953	2,829,173	2,870,261
Public works	964,593	947,953	866,403	598,092	793,181
Health and welfare	534,056	558,314	752,860	578,205	514,077
Culture and recreation	484,885	405,453	482,792	586,907	343,212
Other	106,867	102,376	147,038	139,157	122,179
Debt service					
Principal retirement	710,212	660,000	1,275,000	740,000	455,000
Interest and fiscal charges	457,497	481,688	538,351	530,549	408,703
Capital outlay	1,053,870	1,805,410	1,461,559	3,399,487	1,260,625
Total expenditures	<u>8,581,584</u>	<u>9,051,338</u>	<u>9,574,444</u>	<u>10,482,633</u>	<u>7,820,716</u>
Excess of revenues over (under) expenditures	(224,429)	(633,735)	(1,487,944)	(2,149,436)	(239,004)
Other Financing Sources (Uses)					
Transfers in	1,015,861	886,820	1,518,450	2,422,519	1,021,474
Transfers out	(472,864)	(345,893)	(908,115)	(1,741,366)	(411,624)
Tax equivalent payments	802,385	763,709	742,732	723,267	0
Issuance of bonds	0	0	0	1,500,000	0
Total other financing sources (uses)	<u>1,345,382</u>	<u>1,304,636</u>	<u>1,353,067</u>	<u>2,904,420</u>	<u>609,850</u>
Net change in fund balance	<u>\$1,120,953</u>	<u>\$670,901</u>	<u>(\$134,877)</u>	<u>\$754,984</u>	<u>\$370,846</u>
Debt service as a percentage of noncapital expenditures	15.5%	15.8%	22.4%	17.9%	13.2%

Fiscal Year				
2005	2004	2003	2002	
\$4,596,361	\$4,244,497	\$3,766,618	\$3,520,901	
	274	8,002	16,330	
200,283	236,824	170,568	143,436	
948,231	1,446,941	1,130,003	1,279,902	
421,837	393,918	391,995	349,281	
22,319	25,635	22,460	17,679	
329,479	390,991	379,317	351,982	
746,631	1,161,809	347,721	256,012	
<u>7,265,141</u>	<u>7,900,889</u>	<u>6,216,684</u>	<u>5,935,523</u>	
967,420	917,662	923,387	913,585	
2,862,693	2,783,710	2,653,486	2,668,544	
942,020	1,114,773	999,095	807,392	
536,352	875,958	521,218	484,164	
341,145	312,214	308,349	312,193	
119,780	115,011	105,777	142,964	
450,000	415,000	370,000	285,000	
425,511	439,299	404,583	210,228	
1,590,141	4,212,122	1,823,238	2,468,556	
<u>8,235,062</u>	<u>11,185,749</u>	<u>8,109,133</u>	<u>8,292,626</u>	
(969,921)	(3,284,860)	(1,892,449)	(2,357,103)	
1,819,222	2,331,059	511,897	578,799	
(1,285,447)	(4,539,179)	(114,200)	(689,020)	
0	0	0	0	
0	0	5,800,000	3,700,000	
<u>533,775</u>	<u>(2,208,120)</u>	<u>6,197,697</u>	<u>3,589,779</u>	
<u>(\$436,146)</u>	<u>(\$5,492,980)</u>	<u>\$4,305,248</u>	<u>\$1,232,676</u>	
13.2%	12.3%	12.3%	8.5%	

**Schedule 5
City of South Haven
Assessed Value and estimated Actual Value of Taxable Property
Last Ten Fiscal Years**

Fiscal Year Ended June 30,	Residential Property	Commercial Property	Industrial Property	Agricultural Property	Personal Property Valuation	Total Taxable Assessed Valuation	Total Direct Tax Rate	Estimated Actual Value	Assessed Value as a Percentage of Actual Value
2001	\$167,054,957	\$38,674,604	\$14,570,994	\$183,164	\$31,106,015	\$251,589,734	15.1405	\$503,179,468	50.0%
2002	181,035,400	43,033,000	18,347,800	183,400	37,190,200	279,789,800	14.9160	559,579,600	50.0%
2003	202,251,900	49,847,400	21,023,500	184,500	40,736,800	314,044,100	14.6935	628,088,200	50.0%
2004	227,102,000	54,761,600	21,640,600	144,700	40,933,100	344,582,000	16.1097	689,164,000	50.0%
2005	262,567,900	71,807,600	19,514,100	144,700	40,286,800	394,321,100	15.8281	788,642,200	50.0%
2006	288,381,800	72,648,000	18,775,200	144,700	40,555,400	420,505,100	15.4639	841,010,200	50.0%
2007	318,269,400	76,849,400	18,725,600	144,700	36,162,400	450,151,500	15.2044	900,303,000	50.0%
2008	350,515,800	84,149,500	19,957,100	151,300	34,514,500	489,288,200	15.1977	978,576,400	50.0%
2009	406,824,300	88,499,100	19,631,300	144,700	36,521,500	551,620,900	14.8071	1,103,241,800	50.0%
2010	412,580,750	101,758,600	19,428,000	151,100	25,983,800	559,902,250	14.8084	1,119,804,500	50.0%

Tax rates are per \$1,000 of assessed value.

Schedule 6
City of South Haven
Direct and Overlapping Property tax Rates
Last Ten Fiscal Years
(rate per \$1,000 of assessed value)

Fiscal Year Ended June 30,	City Direct Rates				Overlapping Rates					Total
	Tax Year	Operating Millage	Service (1) Millage	City Millage	County Millage	School (2) Millage	State Education	College Millage	ISD Millage	
2001	2000	11.7960	3.3445	15.1405	6.5993	19.7371	6.0000	-	6.4754	53.9523
2002	2001	11.5954	3.3206	14.9160	6.5641	20.6300	6.0000		6.4390	54.5491
2003	2002	11.3808	3.3127	14.6935	6.5138	21.6119	6.0000	1.8416	6.3558	57.0166
2004	2003	11.1190	4.9907	16.1097	6.4264	22.4256	5.0000	1.8209	6.2641	58.0467
2005	2004	11.0044	4.8237	15.8281	7.1039	21.9000	6.0000	1.8174	6.2012	58.8506
2006	2005	10.8118	4.6521	15.4639	7.0348	21.7000	6.0000	1.8060	6.1309	58.1356
2007	2006	10.6744	4.5300	15.2044	6.9726	21.5200	6.0000	1.7916	6.0339	57.5225
2008	2007	10.5911	4.6066	15.1977	7.1985	20.8000	6.0000	1.7946	5.9981	56.9889
2009	2008	10.2850	4.5221	14.8071	7.1721	21.1000	6.0000	1.7854	5.9728	56.8374
2010	2009	10.2860	4.5224	14.8084	7.1721	21.1000	6.0000	1.7854	5.9728	56.8387

(1) Includes Refuse, Street, Narcotics, Library, Hospital and Senior Service millages

(2) Non homestead rate

**Schedule 7
City of South Haven
Principal Property Tax Payers
Current and nine years ago**

Taxpayer	2010			2001		
	Total Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Total Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Albemarle	\$10,400,300	1	1.89%			
Wal Mart	7,163,600	2	1.30%	\$2,467,848	4	0.98%
Nobel Industries	5,948,000	7	1.08%			
PW Harbor LLC	5,085,400	3	0.92%			
South Haven Community Hospital	4,688,200	4	0.85%			
Menard Inc.	4,183,800	5	0.76%			
815 Wells Street LLC	3,038,300	6	0.55%			
River Ridge Retirement Village	2,680,900	8	0.49%			
Central Lofts	1,795,700	9	0.33%			
CCG Properties	1,776,300	10	0.32%	1,490,427	6	0.59%
Webster Valley LLC				858,510	10	0.34%
Murk Properties				970,411	9	0.39%
Shree Shiv Hospitality				1,011,297	7	0.40%
Maple Glen Apartments				1,363,267	8	0.54%
Yale-South Haven				1,556,208	5	0.62%
Double J Molding				4,445,254	3	1.77%
Pullman Industries				8,561,475	2	3.40%
DSM. Inc.				14,086,088	1	5.60%

Source - City assessor

**Schedule 8
City of South Haven
Property Tax Levies and Collections
Last Ten Fiscal Years**

Taxes Levied July 1,	Fiscal Year Ended	Taxes Levied for the Fiscal Year	Tax Collection for the Fiscal Year	Percent of Levy Collected
2000	6/30/2001	\$3,017,302	\$3,009,487	99.74%
2001	6/30/2002	3,273,823	3,258,611	99.54%
2002	6/30/2003	3,541,194	3,518,955	99.37%
2003	6/30/2004	4,141,938	4,137,785	99.90%
2004	6/30/2005	4,360,881	4,356,038	99.89%
2005	6/30/2006	4,566,837	4,563,102	99.92%
2006	6/30/2007	4,802,217	4,795,214	99.85%
2007	6/30/2008	5,131,625	5,120,677	99.79%
2008	6/30/2009	5,523,757	5,508,629	99.73%
2009	6/30/2010	5,636,387	5,617,579	99.67%

(1) Net of chargebacks from the County Tax Revolving Funds for taxes still delinquent after three years.

Schedule 9
City of South Haven
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities		Business-Type Activities			Total Primary Government	Percentage of Personal Income	Per Capita	Personal Income	population(1)
	General Obligation Bonds	Installment Loans	General Obligation Bonds	Revenue Bonds	Installment Loans					
2001	\$3,002,834	\$274,820	\$0	\$3,415,000	\$125,017	\$6,817,671	7.00%	\$1,358	\$97,387,316	5,021
2002	8,510,000	274,820	0	3,205,000	587,620	12,577,440	12.91%	2,505	97,387,316	5,021
2003	13,840,000	235,460	0	2,205,000	400,000	16,680,460	17.13%	3,322	97,387,316	5,021
2004	13,280,000	0	0	2,105,000	300,000	15,685,000	16.11%	3,124	97,387,316	5,021
2005	12,645,000	231,000	0	1,700,000	200,000	14,776,000	15.17%	2,943	97,387,316	5,021
2006	11,980,000	231,000	0	1,685,000	100,000	13,996,000	14.37%	2,787	97,387,316	5,021
2007	12,740,000	231,000	0	1,665,000	0	14,636,000	15.03%	2,915	97,387,316	5,021
2008	11,465,000	231,000	0	1,645,000	0	13,341,000	13.70%	2,657	97,387,316	5,021
2009	10,805,000	231,000	19,965,000	1,515,000	0	32,516,000	33.39%	6,476	97,387,316	5,021
2010	10,120,000	205,788	19,735,000	825,000	0	30,885,788	31.71%	6,151	97,387,316	5,021

(1) Population per decennial census by the U.S. Census Bureau.

**Schedule 10
City of South Haven
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years**

Fiscal Year Ended 30-Jun	Population(1)	SEV Value(3)	Gross Bonded Debt(2)	Debt Service Monies Available	Debt Payable From Enterprise Revenues & Special Assessments	Net Bonded Debt	Ratio of Net Bonded Debt to SEV Value	Net Bonded Debt per Capita
2001	5,021	\$253,207,300	\$6,417,834	\$91,542	\$3,415,000	\$2,911,292	1.15%	\$580
2002	5,021	277,898,000	11,715,000	33,368	3,205,000	8,476,632	3.05%	1,688
2003	5,021	314,044,100	16,045,000	34,519	2,205,000	13,805,481	4.40%	2,750
2004	5,021	344,582,000	15,385,000	35,617	2,105,000	13,244,383	3.84%	2,638
2005	5,021	394,321,100	14,345,000	39,545	1,700,000	12,605,455	3.20%	2,511
2006	5,021	420,505,100	13,665,000	52,257	1,685,000	11,927,743	2.84%	2,376
2007	5,021	450,151,500	14,405,000	68,831	1,665,000	12,671,169	2.81%	2,524
2008	5,021	489,288,200	13,110,000	43,679	1,645,000	11,421,321	2.33%	2,275
2009	5,021	551,620,900	32,285,000	47,768	21,480,000	10,757,232	1.95%	2,142
2010	5,021	559,902,250	30,680,000	51,258	20,560,000	10,068,742	1.80%	2,005

NOTE: (1) Population per decennial census by the U.S. Census Bureau.
(2) Includes all general obligation debt and special assessment debt with governmental obligation.
(3) The tax assessment day is December 31 prior to beginning of fiscal year.

Schedule 11
City of South Haven
Direct and Overlapping Governmental Activities Debt
As of June 30, 2010

Name of Governmental Unit	General Obligation Bonded Debt Outstanding	% Applicable to City	Amount Applicable to City
Direct - City	\$ 10,120,000 (1)	100.00%	<u>\$ 10,120,000</u>
Overlapping			
South Haven Public Schools	30,005,000	49.82%	\$ 14,948,491
Allegan County	8,484,090	0.16%	13,575
Van Buren County	235,000	13.32%	31,302
Total Overlapping Debt			<u>14,993,368</u>
Total Direct and Overlapping Debt			<u>\$ 25,113,368</u>

(1) Excluding general obligation bonds reported in the enterprise funds and special assessment debt with government commitment.

**Schedule 12
City of South Haven
Legal Debt Margin Information
Last Ten Fiscal Years**

Legal Debt Margin Calculation for Fiscal Year 2009

Assessed value, real and personal property	\$559,902,250
Legal debt margin	
Debt limitation - 10 percent of total valuation	<u>55,990,225</u>
Debt applicable to limit	
General obligation bonds	29,855,000
Less: Amount available for repayment of bonds	<u>51,258</u>
Total net debt applicable to limit	<u>29,803,742</u>
Legal debt margin	<u>\$ 26,186,483</u>

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2009
Debt limit	\$25,320,730	\$27,789,800	\$31,404,410	\$34,458,200	\$39,432,110	\$42,050,510	\$45,015,150	\$48,928,820	\$55,162,090	\$55,990,225
Total net debt applicable to limit	<u>2,911,292</u>	<u>8,476,632</u>	<u>13,805,481</u>	<u>13,244,383</u>	<u>12,605,455</u>	<u>11,927,743</u>	<u>12,671,169</u>	<u>11,421,321</u>	<u>30,392,232</u>	<u>29,803,742</u>
Legal debt margin	<u>\$18,996,184</u>	<u>\$22,034,760</u>	<u>\$19,313,183</u>	<u>\$17,158,045</u>	<u>\$20,830,791</u>	<u>\$26,500,116</u>	<u>\$30,122,767</u>	<u>\$37,507,499</u>	<u>\$24,769,858</u>	<u>\$26,186,483</u>
Total net debt applicable to the limit as a percentage of debt limit	11.50%	30.50%	43.96%	38.44%	31.97%	28.37%	28.15%	23.34%	55.10%	53.23%

Schedule 13
City of South Haven
Pledged Revenue Coverage
Last Ten Fiscal Years

Electric Utility System Revenue Bonds								Sewer Utility Revenue Bonds - Called May 2003						
Fiscal Year Ended 30-Jun	Gross Revenue	Direct Operating Expenses(1)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage (2)	Gross Revenue	Direct Operating Expenses(1)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage(2)
				Principal	Interest	Total					Principal	Interest	Total	
2001	\$9,516,255	\$7,575,493	\$1,940,762	\$75,000	\$112,204	\$187,204	10.37	\$1,134,789	\$939,782	\$195,007	\$110,000	\$73,785	\$183,785	1.06
2002	9,045,029	8,189,678	855,351	80,000	106,585	186,585	4.58	1,350,063	978,433	371,630	115,000	65,865	180,865	2.05
2003	10,079,126	8,305,669	1,773,457	80,000	100,805	180,805	9.81	1,548,840	1,272,637	276,203	905,000	55,692	960,692	0.29
2004	9,472,686	8,611,407	861,279	85,000	94,804	179,804	4.79							
2005	9,602,023	8,993,967	608,056	390,000	83,979	473,979	1.28							
2006	10,238,245	9,319,810	918,435	-	64,235	64,235	14.30							
2007	11,749,399	10,697,019	1,052,380	-	64,235	64,235	16.38							
2008	12,882,401	12,443,729	438,672	-	64,235	64,235	6.83							
2009	12,645,848	10,938,302	1,707,546	110,000	61,320	171,320	9.97							
2010	12,377,286	10,602,630	1,774,656	670,000	59,377	729,377	2.43							

Water Utility Revenue Bonds							
Fiscal Year Ended 30-Jun	Gross Revenue	Direct Operating Expenses(1)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage (2)
				Principal	Interest	Total	
2001	\$1,032,247	\$874,736	\$157,511	\$0	\$0	\$0	
2002	1,194,673	906,035	288,638	15,000	20,730	35,730	8.08
2003	1,289,701	1,190,183	99,518	15,000	22,045	37,045	2.69
2004	2,233,347	1,200,839	1,032,508	15,000	21,460	36,460	28.32
2005	1,751,019	1,412,083	338,936	15,000	20,860	35,860	9.45
2006	1,632,066	1,473,275	158,791	15,000	20,253	35,253	4.50
2007	1,853,590	1,454,415	399,175	20,000	19,898	39,898	10.00
2008	1,894,205	1,617,007	277,198	20,000	19,053	39,053	7.10
2009	2,329,223	2,103,296	225,927	20,000	17,937	37,937	5.96
2010	2,819,319	1,542,498	1,276,821	20,000	17,058	37,058	34.45

(1) Operating expenses less depreciation.

(2) Coverage is defined as net revenue available for debt service divided by debt service requirements.

**Schedule 14
City of South Haven
Demographic and Economic Statistics
Last Ten Fiscal Years**

Year	Population(1)	Personal Income(2)	Per capita		Public School Enrollment(3)	Unemployment % Rate(4)	Labor Force(4)
			Personal Income(2)	Median Age(2)			
2001	5,021	\$97,387,316	\$19,396	42.10	2,397	4.90%	39,656
2002	5,021	97,387,316	19,396	42.10	2,435	6.40%	39,152
2003	5,021	97,387,316	19,396	42.10	2,466	7.30%	39,496
2004	5,021	97,387,316	19,396	42.10	2,355	6.60%	40,235
2005	5,021	97,387,316	19,396	42.10	2,333	6.40%	40,849
2006	5,021	97,387,316	19,396	42.10	2,332	6.50%	41,472
2007	5,021	97,387,316	19,396	42.10	2,187	6.60%	41,008
2008	5,021	97,387,316	19,396	42.10	2,155	7.70%	41,553
2009	5,021	97,387,316	19,396	42.10	2,119	12.40%	38,506
2010	5,021	97,387,316	19,396	42.10	2,236	12.76%	39,767

(1) Population per decennial census by the U.S. Census Bureau.

(2) 2000 data from U.S. Census Bureau.

(3) Annual school census from the South Haven Public Schools.

(4) Van Buren County labor force data. Michigan Department of Career Development: Employment Service Agency - Labor Market Information.

**Schedule 15
City of South Haven
Principal Employers
Current Year and Six Years Ago ***

		2009		2003	
		Employees	Rank	Employees	Rank
Employer	Principal Product/Service				
South Haven Community Hospital	Health Care	427	1	221	2
Wal-Mart Stores	Retail	301	2	180	4
South Haven Schools	Education	284	3	425	1
Albemarle	Pharmaceuticals	132	4		
Village Market	Retail	129	5		
Countryside	Nursing Home	114	6	115	8
Trelleborg, Inc.	Auto Parts	110	7	140	7
Menards	Retail	109	8		
City of South Haven	Municipal Government	75	9	91	9
Do-It Corporation	Plastic Hang Tabs	70	10	72	10
Pullman Industries	Auto Parts			215	3
Clarion, Inc.	Auto Parts			143	6

Source: City of South Haven

* Principal Employer information from ten years ago not available.

Total City employment is not available, only the total County employment. The data-base is too broad to be meaningful and is not included.

Schedule 16
City of South Haven
Full-Time Equivalent Employees
Last Six Fiscal Years

Function	2005	2006	2007	2008	2009	2010
General Government						
City Council	7.00	7.00	7.00	7.00	7.00	7.00
City Manager	1.50	1.50	1.50	1.75	1.75	2.25
City Clerk	1.00	0.75	1.00	1.00	1.00	1.00
City Treasurer	2.50	2.50	2.50	2.50	2.50	2.75
City Assessor	1.25	1.00	1.00	1.00	1.00	1.00
Building Services	2.00	2.25	2.00	1.50	1.50	2.00
Development	1.25	1.25	1.25	1.00	1.00	1.50
Computer Services	1.00	1.00	1.00	1.00	1.00	1.00
Public Safety						
Police/Dispatch	30.25	31.00	31.00	31.25	31.25	31.00
Public Works						
Public Works	9.50	8.75	9.50	10.50	10.50	11.25
Cemetery	2.00	1.75	2.00	2.25	2.25	2.25
Parks and Recreation	12.75	12.50	11.75	13.00	13.00	12.00
Public Utilities	26.50	28.75	32.25	32.50	32.50	33.00
Total Full-Time Equivalents	98.50	100.00	103.75	106.25	106.25	108.00

SOURCE: City of South Haven payroll records

Schedule 17
City of South Haven
Operating Indicators by Function/Program
Last Ten Fiscal Years

Function	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Government										
Population	5021	5021	5021	5021	5021	5021	5021	5021	5021	5021
Area - square miles	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5
Building and zoning										
Number of construction permits (Calendar year)	407	409	380	468	395	325	320	223	207	(a)
Value of permits (Calendar year)	11,619,737	16,679,143	23,155,722	15,810,261	12,586,428	19,988,103	18,455,567	7,235,964	22,160,885	(a)
Police (1)										
Number of Criminal Offenses Reported	1803	1814	1695	1412	1649	2593	1521	1364	1112	(a)
Number of Arrests	338	484	619	586	768	718	954	801	615	(a)
Public Works (2)										
Miles of local streets maintained	21.84	21.84	21.84	21.84	21.84	21.84	21.84	21.84	21.84	21.84
Miles of major streets maintained	14.87	14.87	14.87	14.87	14.87	14.87	14.87	14.87	14.87	14.87
Public Utilities (2)										
Miles of sanitary sewers	37	37	37	37	37	37	37	37	37	37
Sewer treatment capacity in gallons	2,190,000	2,190,000	2,190,000	2,190,000	2,190,000	2,190,000	2,190,000	2,190,000	2,190,000	2,190,000
Sewer System Connections	3106	3308	3412	3524	3665	3823	3894	3969	4030	4048
Miles of storm sewers	13.6	13.6	13.6	13.6	13.6	13.6	13.6	15	15	15
Water plant daily capacity in gallons	4,200,000	4,200,000	4,200,000	4,200,000	4,200,000	4,200,000	4,200,000	4,200,000	4,200,000	4,200,000
Miles of water mains	54	54	54	54	54	54	54	55	55	55
Water towers	3	3	3	3	3	3	3	3	3	3
Water system connections	3669	3930	4146	4402	4620	4855	4982	5115	5224	5250
Number of fire hydrants	406	406	406	406	406	406	406	425	425	425
Miles of electric lines	112	112	112	115	115	115	115	121	121	121
Number of electric connections	7187	7380	7533	7534	7675	7743	7815	8040	8151	8173
Number of distribution stations	2	2	2	2	2	2	2	2	2	2

(a) Data not available

1 Source: Michigan Uniform Crime Report. Information is for calendar year.

2 Source: City of South Haven

Schedule 18
City of South Haven
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Substations	1	1	1	1	1	1	0	0	0	0
Vehicles	11	11	11	11	11	11	11	11	11	11
Holding Cells	4	4	4	4	4	4	4	4	4	4
Canine Units	0	1	1	1	1	1	1	1	1	1
Public Works										
Miles of local streets	21.71	21.71	21.84	21.84	21.84	21.84	21.84	21.84	21.84	21.84
Miles of major streets	14.87	14.87	14.87	14.87	14.87	14.87	14.87	14.87	14.87	14.87
Parks & Recreation										
Parks	10	10	11	11	11	11	11	11	11	11
Skate parks	1	1	1	1	1	1	1	1	1	1
Parks acreage	39.5	39.5	39.7	39.7	39.7	39.7	39.7	39.7	39.7	39.7
Beach frontage in miles	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Municipal marinas	4	4	4	4	4	4	4	4	4	4
Municipal boatslips	221	221	221	221	221	221	221	221	221	221
Municipal boat launches	9	9	9	9	10	10	10	10	10	10
Feet of broadside dockage	500	500	550	550	550	550	550	550	550	550
Municipal cemeteries	1	1	1	1	1	1	1	1	1	1
Cemetery acreage	38	38	38	38	38	38	38	38	38	38