

# CITY OF SOUTH HAVEN

Van Buren County  
Michigan

## COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2011

Prepared by: Finance Department



**CITY OF SOUTH HAVEN, MICHIGAN**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

*FOR THE YEAR ENDED JUNE 30, 2011*

*Prepared by: Finance Department*

# CITY OF SOUTH HAVEN

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## **INTRODUCTORY SECTION**



November 4, 2011

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, 2011.

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 Vredeveld 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, 2011, 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, 2011. 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. Although the City's population decreased from 5,021 (2000 Census) to 4,403 (2010 Census), the local population increases to over 20,000 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, electric, 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 and results of operations 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 which 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 stable, although the unemployment rate remains a concern.

The State Equalized Value of real and personal property in the City has increased from \$234,396,337 in tax year 2000 (fiscal year 2001) to \$509,231,600 in tax year 2010 (fiscal year 2011). State Equalized Value for the fiscal year beginning July 1, 2011 (fiscal year 2012) has decreased to \$506,683,000 or .5%, while the Taxable Value increased by 1.07% from \$375,136,327 to \$379,165,114. The area unemployment rate in June of 2011 was 12.1 percent compared to a State of Michigan unemployment rate of 11.0 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 is substantially complete on the new water filtration plant and the demolition of the old plant and the restoration of the grounds will be completed by Spring 2012. The partially grant funded South Beach Improvement project encompasses the entire area which is expected to be completed in 2012. The North Marina Reconstruction project, which is also partially grant funded, is expected to run concurrently with the South Beach Improvements, Williams Street Reconstruction and the Kal-Haven Trail construction project.
- 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 will be looking at upgrading its financial reporting software that will eliminate many manual procedures and strengthen the overall internal controls. The customer service counter will be able to scan tax bills and utility bills when posting payments and automatically import the payments into the financial and tax administration software. The option to pay City bills online or at the counter by credit card, debit card, or e-checks will also be made available.
- Recreation - The City will finalize the design and budget for a new skate park and begin construction in the Spring of 2012. Fund raising efforts will continue for the construction and development of a regional recreation park. Design engineering services for the park is anticipated to begin in the Spring of 2012.

**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, 2011, 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, 2010. This was the eleventh 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



Wendy J. Hochstedler  
Finance Director

# 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, 2010

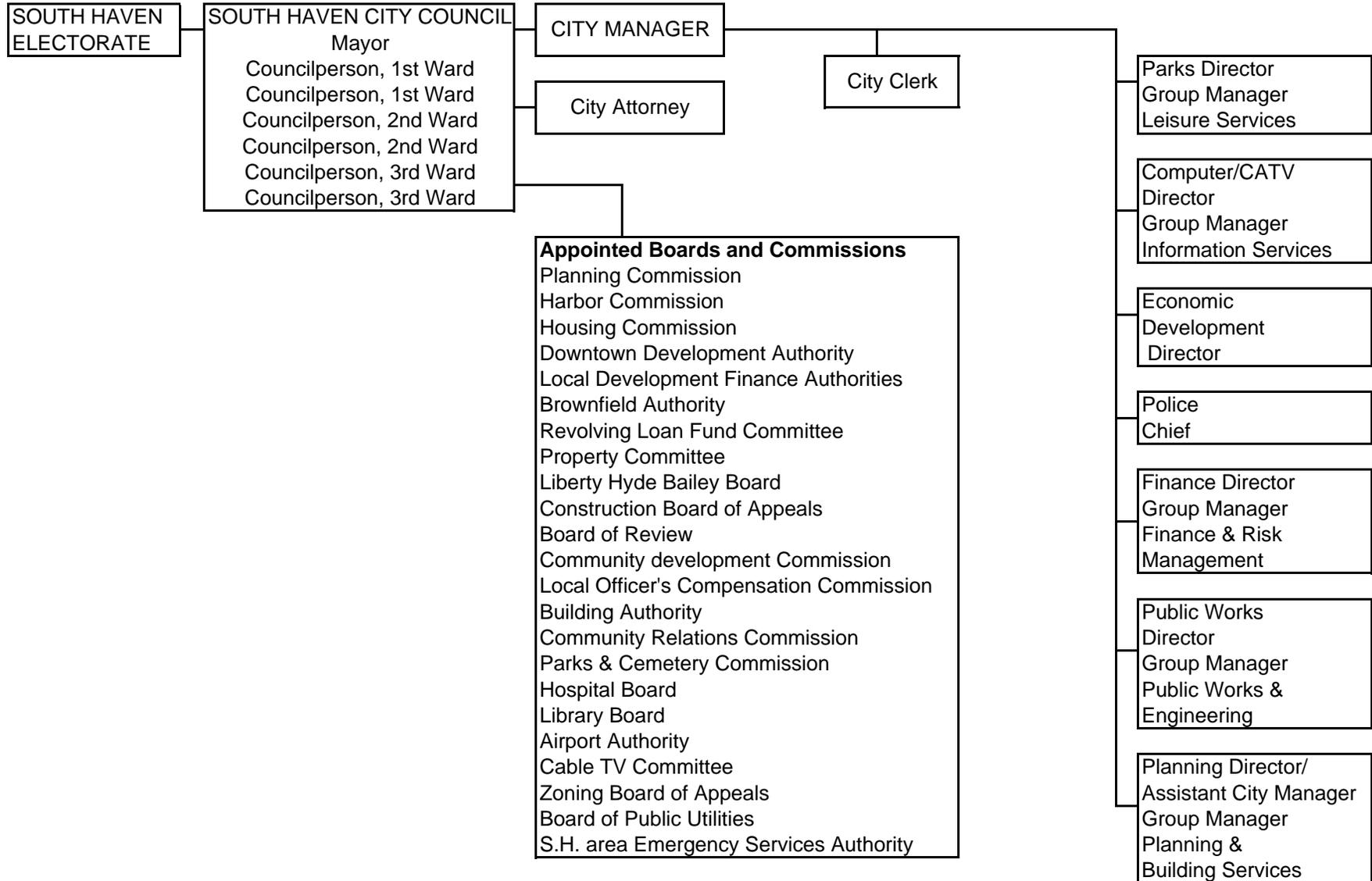
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

**CITY OF SOUTH HAVEN  
Organizational Chart**



# City of South Haven, Michigan

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## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended  
June 30, 2011

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### City Officials at June 30, 2011

**Robert Burr**

Mayor

**Susan Fitzgibbon**

Mayor Pro-Tem

**Donald Bemis**

Councilmember

**Andy Klavins**

Councilmember

**Jeff Arnold**

Councilmember

**Gail Patterson**

Councilmember

**Vickiy Kozlik Wall**

Councilmember

**Brian Disette**

City Manager

Prepared by  
City of South Haven  
Finance Department

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## **FINANCIAL SECTION**



*Vredeveld Haefner LLC*

CPA's and Consultants

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Grand Rapids, MI 49534

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**Douglas J. Vredeveld, CPA**

**(616) 446-7474**

**Peter S. Haefner, CPA**

**(616) 460-9388**

## INDEPENDENT AUDITORS' REPORT

November 4, 2011

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, 2011, 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, 2011, 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 them.

*Urodeuxeld 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, 2011. 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
- Huron/Michigan Electric Line reconstruction project
- Completion of 73<sup>rd</sup> Street paving project
- Completion of Wells Street paving project
- Completion of the Kalamazoo/Huron St. Restrooms & Parking Lot project
- Completion of Park Avenue Sanitary & Storm Sewer Improvements

### 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 non-major 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 non-major 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 \$49,934,004 at the close of the most recent fiscal year.

By far the largest portion of the City of South Haven's net assets (65.9%) 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 (6.7%) represents resources that are subject to external restrictions on how they may be used. The remaining balance (\$13,683,118) 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	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 8,911,627	\$ 7,112,013	\$ 12,985,908	\$ 20,471,930	\$ 21,897,535	\$ 27,583,943
Capital assets	<u>20,205,916</u>	<u>20,029,036</u>	<u>40,609,319</u>	<u>34,432,423</u>	<u>60,815,235</u>	<u>54,461,459</u>
Total assets	<u>29,117,543</u>	<u>27,141,049</u>	<u>53,595,227</u>	<u>54,904,353</u>	<u>82,712,770</u>	<u>82,045,402</u>
Long-term liabilities outstanding	10,144,732	10,585,635	19,195,919	20,118,124	29,340,651	30,703,759
Other liabilities	<u>572,350</u>	<u>892,776</u>	<u>2,865,765</u>	<u>3,704,102</u>	<u>3,438,115</u>	<u>4,596,878</u>
Total liabilities	<u>10,717,082</u>	<u>11,478,411</u>	<u>22,061,684</u>	<u>23,822,226</u>	<u>32,778,766</u>	<u>35,300,637</u>
Net assets:						
Invested in capital assets, net of related debt	10,611,224	9,703,248	22,316,600	22,521,811	32,927,824	32,225,059
Restricted	3,262,642	2,778,475	60,420	180,006	3,323,062	2,958,481
Unrestricted	<u>4,526,595</u>	<u>3,180,915</u>	<u>9,156,523</u>	<u>8,380,310</u>	<u>13,683,118</u>	<u>11,561,225</u>
<b>Total net assets</b>	<b><u>\$ 18,400,461</u></b>	<b><u>\$ 15,662,638</u></b>	<b><u>\$ 31,533,543</u></b>	<b><u>\$ 31,082,127</u></b>	<b><u>\$ 49,934,004</u></b>	<b><u>\$ 46,744,765</u></b>

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 \$3,189,239 during the current fiscal year. Governmental activities increased the City of South Haven's net assets by \$2,737,823, accounting for 86% 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 \$451,416, accounting for 14% 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) having a combined operating surplus for the year.

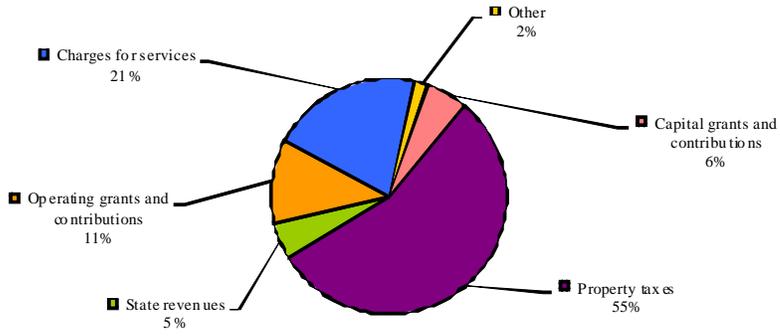
The following table presents a summary of the changes in net assets:

### City of South Haven Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenue:						
Program revenue						
Charges for service	\$ 1,554,495	\$ 1,727,826	\$ 19,078,510	\$ 18,022,725	\$ 20,633,005	\$ 19,750,511
Operating grants and contributions	1,228,726	943,745	7,440	-	1,236,166	943,745
Capital grants and contributions	347,925	472,044	318,226	120,318	666,151	592,362
General revenue:						
Property taxes	4,472,704	4,599,158	-	-	4,472,704	4,599,158
State	421,319	419,990	-	-	421,319	419,990
Other	322,336	161,102	60,672	252,513	583,008	413,615
<b>Total revenue</b>	<b><u>8,347,505</u></b>	<b><u>8,323,865</u></b>	<b><u>19,664,848</u></b>	<b><u>18,395,556</u></b>	<b><u>28,012,353</u></b>	<b><u>26,719,421</u></b>
Expenses:						
General government	1,396,786	1,334,355	-	-	1,396,786	1,334,355
Public safety	2,888,621	3,046,626	-	-	2,888,621	3,046,626
Public works	1,163,015	1,668,514	-	-	1,163,015	1,668,514
Health and welfare	540,524	516,136	-	-	540,524	516,136
Recreation and culture	532,774	585,626	-	-	532,774	585,626
Interest on long-term debt	431,685	457,497	-	-	431,685	457,497
Electric fund	-	-	11,843,458	11,102,046	11,843,458	11,102,046
Water fund	-	-	3,594,655	2,694,258	3,594,655	2,694,258
Sewer fund	-	-	1,556,146	1,643,790	1,556,146	1,643,790
Other enterprise funds	-	-	875,450	802,951	875,450	802,951
<b>Total expenses</b>	<b><u>6,953,405</u></b>	<b><u>7,608,754</u></b>	<b><u>17,869,709</u></b>	<b><u>16,243,045</u></b>	<b><u>24,823,114</u></b>	<b><u>23,851,799</u></b>
Transfers –						
Internal activities	517,424	542,997	(517,424)	(542,997)	-	-
Property tax equivalents	826,299	802,385	(826,299)	(802,385)	-	-
Increase (decrease) in net assets	2,737,823	2,060,493	451,416	807,129	3,189,239	2,867,622
Net assets – beginning 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>
<b>Net assets – end of year</b>	<b><u>\$ 18,400,461</u></b>	<b><u>\$ 15,662,638</u></b>	<b><u>\$ 31,533,543</u></b>	<b><u>\$ 31,082,127</u></b>	<b><u>\$ 49,934,004</u></b>	<b><u>\$ 46,744,765</u></b>

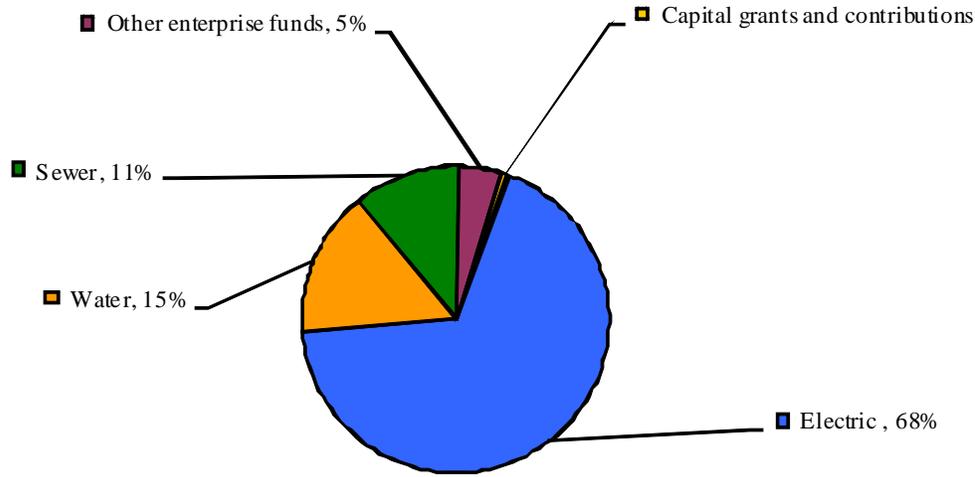
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## Revenues by Source - Governmental Activities



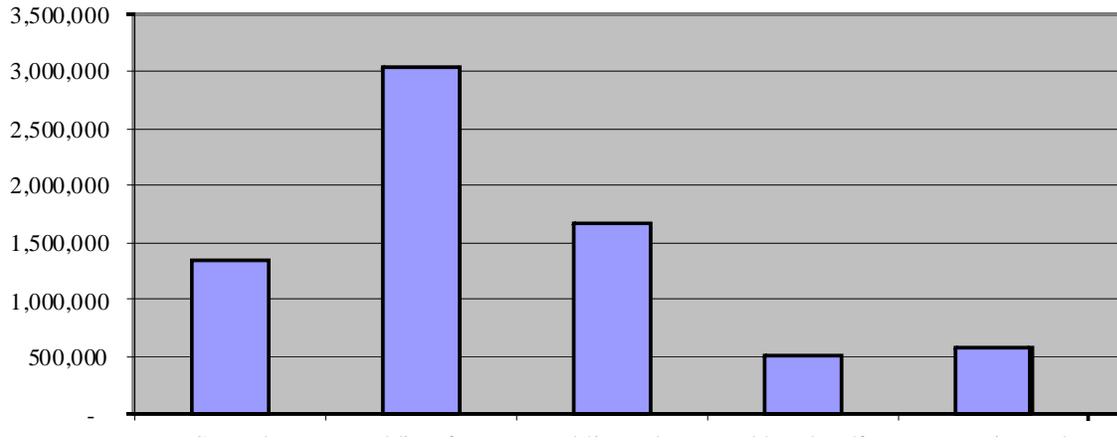
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## Revenues by Source - Business-type Activities



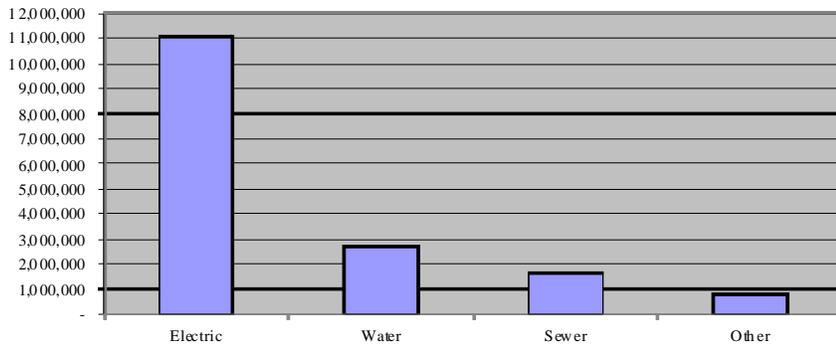
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## Expenses - Governmental Activities



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## 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, *unassigned 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 \$831,980 surplus in the general fund includes a settlement of \$250,000 with Van Buren County relating to 911 fees. These funds are expected to be used to repave the police/fire complex parking lot and to assist with the development of a City skate park. Also included were funds derived from new cost-sharing agreements for police services with South Haven Township and South Haven Public Schools. The surplus also allowed money to be set aside for anticipated reductions in future state shared revenue payments. The street improvement fund had a surplus of \$550,070 as funds were accumulated for future paving projects. Special assessment collections, increased contributions from the Black River Park Fund and a new \$10,000 DDA contribution to cover spot dredging costs helped eliminate the deficit in the River Maintenance fund. The Ice Rick and Pavilion Fund reduced a fund deficit by \$6,291 due to increased farmer's market booth rentals. Special assessment collections also allowed repayment to the sewer rehab fund of \$111,578 for previous construction projects. These factors resulted in an increase in governmental fund balances of \$1,665,922.

**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 combined proprietary fund operations resulted in an increase in net assets. Overall the net assets of the enterprise funds increased \$451,416. The Water Fund had the most impact on the overall number due to the \$828,000 impairment loss recorded for the old water filtration plant asset.

### General Fund Budgetary Highlights

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

### Capital Asset and Debt Administration

#### Capital Assets (net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land	\$ 643,295	\$ 643,295	\$ 23,062	\$ 23,062	\$ 666,357	\$ 666,357
Land improvements	134,860	142,388	1,417,335	1,550,663	1,552,195	1,693,051
Building, equipment, and infrastructure, net	<u>19,427,761</u>	<u>19,243,352</u>	<u>39,168,922</u>	<u>32,858,700</u>	<u>58,596,683</u>	<u>52,102,052</u>
<b>Total</b>	<b><u>\$ 20,205,916</u></b>	<b><u>\$ 20,029,035</u></b>	<b><u>\$ 40,609,319</u></b>	<b><u>\$ 34,432,425</u></b>	<b><u>\$ 60,815,235</u></b>	<b><u>\$ 54,461,460</u></b>

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

## Long-Term Debt

	<b>Outstanding Debt</b>					
	General Obligation and Revenue Bonds					
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
General obligation bonds	\$ 9,410,000	\$ 10,120,000	\$ 19,078,827	19,293,124	\$ 28,488,827	\$ 29,413,124
Revenue bonds	-	-	295,000	825,000	295,000	825,000
Other debt	710,911	656,910	-	-	710,911	656,910
<b>Total</b>	<b><u>\$ 10,120,911</u></b>	<b><u>\$ 10,776,910</u></b>	<b><u>\$ 19,373,827</u></b>	<b><u>\$ 20,118,124</u></b>	<b><u>\$ 29,494,738</u></b>	<b><u>\$ 30,895,034</u></b>

In FY 2010-11 both Standard & Poor's and Fitch ratings services affirmed the rating on City of South Haven general obligation debt of A+, Stable Outlook and AA-, Stable Outlook, respectively.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10% of the State Equalized Value. For FY 2010-11 the debt limitation for the City of South Haven was \$51,420,830.

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 2012 budget included a decline in the taxable value of city property and a reduction of state funding. The 2012 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, 2011**

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
<b>Assets</b>				
Cash and pooled investments	\$ 8,372,053	\$ 8,675,461	\$ 17,047,514	\$ 4,187,759
Accounts receivable	120,482	2,468,961	2,589,443	5,037
Prepaid items	141,611	258,397	400,008	314
Due from other governments	181,444	-	181,444	-
Inventory	46,994	759,860	806,854	-
Internal balances	1,974	(1,974)	-	-
Special assessments receivable	47,069	764,783	811,852	-
Restricted cash and pooled investments	-	60,420	60,420	-
Capital assets				
Land	643,295	23,062	666,357	191,453
Construction in progress	-	18,912,750	18,912,750	-
Depreciable capital assets, net	19,562,621	21,673,507	41,236,128	-
<b>Total assets</b>	<b>29,117,543</b>	<b>53,595,227</b>	<b>82,712,770</b>	<b>4,384,563</b>
<b>Liabilities</b>				
Accounts payable	277,853	2,044,408	2,322,261	473,866
Accrued liabilities	294,497	354,893	649,390	1,496
Due to other governments	-	-	-	76,807
Customer deposits	-	244,411	244,411	-
Unearned revenue	-	222,053	222,053	-
Noncurrent liabilities				
Accrued compensated absences	325,581	-	325,581	-
Other post employment benefits	224,459	-	224,459	-
Due within one year	756,518	345,000	1,101,518	27,208
Due in more than one year	8,838,174	18,850,919	27,689,093	102,033
<b>Total liabilities</b>	<b>10,717,082</b>	<b>22,061,684</b>	<b>32,778,766</b>	<b>681,410</b>
<b>Net assets</b>				
Invested in capital assets, net of related debt	10,611,224	22,316,600	32,927,824	62,212
Restricted for				
Debt service	54,999	60,420	115,419	-
Streets	1,780,389	-	1,780,389	-
Garbage and refuse	57,448	-	57,448	-
Narcotics unit	95,080	-	95,080	-
Other projects	107,563	-	107,563	-
Capital projects	917,058	-	917,058	-
Permanent trust				
Cemetery - nonexpendable portion	132,245	-	132,245	-
Cemetery - expendable	117,860	-	117,860	-
Unrestricted	4,526,595	9,156,523	13,683,118	3,640,941
<b>Total net assets</b>	<b>\$ 18,400,461</b>	<b>\$ 31,533,543</b>	<b>\$ 49,934,004</b>	<b>\$ 3,703,153</b>

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

**CITY OF SOUTH HAVEN**

**STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED JUNE 30, 2011**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>			<b>Net (Expense) Revenue</b>
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	
<b>Primary government</b>					
Governmental activities					
General government	\$ 1,396,786	\$ 795,917	\$ 82,712	\$ -	\$ (518,157)
Public safety	2,888,621	247,118	350,515	-	(2,290,988)
Public works	1,163,015	495,520	755,389	364,924	452,818
Health and welfare	540,524	15,940	226	-	(524,358)
Culture and recreation	532,774	-	44,000	(16,999)	(505,773)
Interest on long-term debt	435,801	-	-	-	(435,801)
<b>Total governmental activities</b>	<b>6,957,521</b>	<b>1,554,495</b>	<b>1,232,842</b>	<b>347,925</b>	<b>(3,822,259)</b>
Business-type activities					
Electric utility	11,843,458	13,440,017	-	137,900	1,734,459
Water utility	3,594,655	2,791,085	7,440	157,439	(638,691)
Wastewater utility	1,556,146	2,059,100	-	22,731	525,685
Marina	484,286	477,910	-	156	(6,220)
Parks and beach	391,164	310,398	-	-	(80,766)
<b>Total business-type activities</b>	<b>17,869,709</b>	<b>19,078,510</b>	<b>7,440</b>	<b>318,226</b>	<b>1,534,467</b>
<b>Total primary government</b>	<b>\$ 24,827,230</b>	<b>\$ 20,633,005</b>	<b>\$ 1,240,282</b>	<b>\$ 666,151</b>	<b>\$ (2,287,792)</b>
<b>Component units</b>					
Downtown Development Authority	\$ 1,595,689	\$ -	\$ 12,184	\$ -	\$ (1,583,505)
Local Development Finance Authority #1	187,192	-	1,076	-	(186,116)
Local Development Finance Authority #2	18,703	-	-	-	(18,703)
Local Development Finance Authority #3	36,152	-	4,422	-	(31,730)
Brownfield Redevelopment Authority	431,151	-	-	-	(431,151)
<b>Total component units</b>	<b>\$ 2,268,887</b>	<b>\$ -</b>	<b>\$ 17,682</b>	<b>\$ -</b>	<b>\$ (2,251,205)</b>

(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, 2011**

	<b>Primary Government</b>			<b>Component Units</b>
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	
<b>Changes in net assets</b>				
<b>Net (expense) revenue</b>	\$ (3,822,259)	\$ 1,534,467	\$ (2,287,792)	\$ (2,251,205)
General revenues				
Property taxes	4,472,704	-	4,472,704	1,992,825
State shared revenues	421,319	-	421,319	-
Unrestricted investment earnings	115,210	260,672	375,882	25,591
Other general revenues	207,126	-	207,126	-
Property tax equivalent payments	826,299	(826,299)	-	-
Transfers - internal activities	517,424	(517,424)	-	-
<b>Total general revenues and transfers</b>	<u>6,560,082</u>	<u>(1,083,051)</u>	<u>5,477,031</u>	<u>2,018,416</u>
Change in net assets	2,737,823	451,416	3,189,239	(232,789)
<b>Net assets, beginning of year</b>	<u>15,662,638</u>	<u>31,082,127</u>	<u>46,744,765</u>	<u>3,935,942</u>
<b>Net assets, end of year</b>	<u>\$ 18,400,461</u>	<u>\$ 31,533,543</u>	<u>\$ 49,934,004</u>	<u>\$ 3,703,153</u>

(Concluded)

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

**CITY OF SOUTH HAVEN**

**GOVERNMENTAL FUNDS  
BALANCE SHEET**

**JUNE 30, 2011**

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
<b>Assets</b>			
Cash and pooled investments	\$ 3,312,156	\$ 3,224,608	\$ 6,536,764
Accounts receivable	81,213	24,285	105,498
Accrued interest receivable	8,030	827	8,857
Special assessment receivable	18,035	29,034	47,069
Prepaid items	135,981	4,397	140,378
Due from other funds	3,623	324,194	327,817
Due from other governments	116,685	64,759	181,444
Inventory	46,994	-	46,994
<b>Total assets</b>	<u>\$ 3,722,717</u>	<u>\$ 3,672,104</u>	<u>\$ 7,394,821</u>
<b>Liabilities and fund balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ 174,653	\$ 29,294	\$ 203,947
Accrued liabilities	221,870	4,316	226,186
Due to other funds	1,649	324,194	325,843
Deferred revenue	71,645	51,658	123,303
<b>Total liabilities</b>	<u>469,817</u>	<u>409,462</u>	<u>879,279</u>
<b>Fund balances</b>			
Non-spendable			
Prepaid items	135,981	4,397	140,378
Permanent fund corpus	-	132,245	132,245
Inventory	46,994	-	46,994
Restricted			
Streets	-	1,777,741	1,777,741
Public Safety	-	99,722	99,722
Permanent fund spendable portion	-	117,860	117,860
Committed			
Capital projects	250,000	-	250,000
Budget stabilization	161,658	-	161,658
Assigned			
Special revenue funds	-	158,620	158,620
Debt service funds	-	54,999	54,999
Capital projects funds	-	1,228,344	1,228,344
Accrued employee benefits	111,335	-	111,335
Unassigned (deficit)	2,546,932	(311,286)	2,235,646
<b>Total fund balances</b>	<u>3,252,900</u>	<u>3,262,642</u>	<u>6,515,542</u>
<b>Total liabilities and fund balances</b>	<u>\$ 3,722,717</u>	<u>\$ 3,672,104</u>	<u>\$ 7,394,821</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, 2011

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<b>Fund balances - total governmental funds</b>	<b>\$ 6,515,542</b>
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)	18,491,671
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	123,303
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	2,814,086
Certain liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Deduct - compensated absences payable	(301,760)
Deduct - other post employment benefits	(224,459)
Deduct - bonds payable	(9,594,692)
Deduct - accrued interest on bonds payable	<u>(66,525)</u>
<b>Net assets of governmental activities</b>	<b><u>\$ 18,400,461</u></b>

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, 2011**

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
<b>Revenues</b>			
Taxes	\$ 3,650,269	\$ 1,005,845	\$ 4,656,114
Intergovernmental revenues			
State	410,907	458,484	869,391
Local	331,836	364,926	696,762
Licenses and permits	147,784	-	147,784
Charges for services	463,864	-	463,864
Fines	30,036	-	30,036
Special assessments	3,278	16,999	20,277
Investment earnings	73,648	78,692	152,340
Miscellaneous	479,337	828,764	1,308,101
<b>Total revenues</b>	<u>5,590,959</u>	<u>2,753,710</u>	<u>8,344,669</u>
<b>Expenditures</b>			
Current			
General government	1,131,970	-	1,131,970
Public safety	2,713,417	225,680	2,939,097
Public works	655,043	968,820	1,623,863
Health and welfare	182,396	355,058	537,454
Culture and recreation	503,381	49,076	552,457
Other	70,732	-	70,732
Debt service			
Principal	21,096	710,000	731,096
Interest	4,116	431,685	435,801
<b>Total expenditures</b>	<u>5,282,151</u>	<u>2,740,319</u>	<u>8,022,470</u>
Revenues over (under) expenditures	<u>308,808</u>	<u>13,391</u>	<u>322,199</u>
Other financing sources (uses)			
Property tax equivalent payments	826,299	-	826,299
Transfers in	-	889,930	889,930
Transfers out	(303,127)	(69,379)	(372,506)
Total other financing sources (uses)	<u>523,172</u>	<u>820,551</u>	<u>1,343,723</u>
Net changes in fund balances	831,980	833,942	1,665,922
<b>Fund balances, beginning of year, as restated</b>	<u>2,420,920</u>	<u>2,428,700</u>	<u>4,849,620</u>
<b>Fund balances, end of year</b>	<u>\$ 3,252,900</u>	<u>\$ 3,262,642</u>	<u>\$ 6,515,542</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, 2011

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<b>Net changes in fund balances - total governmental funds</b>	<b>\$ 1,665,922</b>
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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	1,549,812
Deduct - depreciation expense	(1,379,579)

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	(13,641)
--	----------

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	731,096
----------------------------------	---------

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	(6,684)
Deduct - increase in other post employment benefit liability	(68,413)
Add - decrease in accrued interest	8,033

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>251,277</u>
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<b>Change in net assets of governmental activities</b>	<b><u>\$ 2,737,823</u></b>
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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, 2011**

	Enterprise Funds				Enterprise Fund Total	Governmental Activities
	Electric Utility	Water Utility	Sewer Utility	Nonmajor Enterprise Funds		Internal Service Funds
<b>Assets</b>						
Current assets						
Cash and pooled investments	\$ 3,882,728	\$ 2,402,555	\$ 940,920	\$ 1,449,258	\$ 8,675,461	\$ 1,835,289
Accounts receivable	1,787,608	372,914	294,734	200	2,455,456	-
Accrued interest receivable	8,455	1,296	950	2,804	13,505	6,127
Prepaid items	121,716	71,946	62,894	1,841	258,397	1,233
Due from other funds	1,649	39,784	100	-	41,533	-
Inventory	626,135	127,007	6,718	-	759,860	-
Restricted cash and pooled investments	-	60,420	-	-	60,420	-
<b>Total current assets</b>	<b>6,428,291</b>	<b>3,075,922</b>	<b>1,306,316</b>	<b>1,454,103</b>	<b>12,264,632</b>	<b>1,842,649</b>
Non-current assets						
Special assessments receivable	57,817	314,002	392,964	-	764,783	-
Bond issuance costs	-	177,908	-	-	177,908	-
Capital assets						
Land	1,001	9,394	7,331	5,336	23,062	-
Construction in progress	-	18,883,388	-	29,362	18,912,750	-
Buildings and equipment	2,716,790	3,395,844	5,172,285	125,774	11,410,693	768,826
Vehicles	-	-	-	-	-	2,276,313
Infrastructure	13,614,727	8,382,197	7,314,161	2,855,742	32,166,827	-
Less accumulated depreciation	(5,887,242)	(7,352,728)	(7,134,203)	(1,529,840)	(21,904,013)	(1,974,189)
<b>Total non-current assets</b>	<b>10,503,093</b>	<b>23,810,005</b>	<b>5,752,538</b>	<b>1,486,374</b>	<b>41,552,010</b>	<b>1,070,950</b>
<b>Total assets</b>	<b>16,931,384</b>	<b>26,885,927</b>	<b>7,058,854</b>	<b>2,940,477</b>	<b>53,816,642</b>	<b>2,913,599</b>
<b>Liabilities</b>						
Current liabilities						
Accounts payable	1,155,478	735,255	129,675	24,000	2,044,408	73,906
Accrued liabilities	144,798	144,577	60,876	4,642	354,893	1,786
Due to other funds	39,884	1,807	1,816	-	43,507	-
Unearned revenue	-	-	-	222,053	222,053	-
Customer deposits	204,527	39,784	100	-	244,411	-
Current portion of long-term debt	-	345,000	-	-	345,000	-
<b>Total current liabilities</b>	<b>1,544,687</b>	<b>1,266,423</b>	<b>192,467</b>	<b>250,695</b>	<b>3,254,272</b>	<b>75,692</b>
Long-term liabilities						
Accrued compensated absences	-	-	-	-	-	23,821
Discount on bonds	-	(396,173)	-	-	(396,173)	-
Bonds payable, net of current portion	-	19,425,000	-	-	19,425,000	-
<b>Total long-term liabilities</b>	<b>-</b>	<b>19,028,827</b>	<b>-</b>	<b>-</b>	<b>19,028,827</b>	<b>23,821</b>
<b>Total liabilities</b>	<b>1,544,687</b>	<b>20,295,250</b>	<b>192,467</b>	<b>250,695</b>	<b>22,283,099</b>	<b>99,513</b>
<b>Net assets</b>						
Invested in capital assets, net of related debt	10,445,276	5,025,376	5,359,574	1,486,374	22,316,600	1,070,950
Restricted for:						
Revenue bond retirement	-	60,420	-	-	60,420	-
Unrestricted	4,941,421	1,504,881	1,506,813	1,203,408	9,156,523	1,743,136
<b>Total net assets</b>	<b>\$ 15,386,697</b>	<b>\$ 6,590,677</b>	<b>\$ 6,866,387</b>	<b>\$ 2,689,782</b>	<b>\$ 31,533,543</b>	<b>\$ 2,814,086</b>

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, 2011**

	Enterprise Funds				Enterprise Fund Total	Governmental
	Electric Utility	Water Utility	Sewer Utility	Nonmajor Enterprise Funds		Internal Service Funds
<b>Operating revenue</b>						
Charges for services	\$ 13,276,526	\$ 2,712,726	\$ 1,978,193	\$ 181,591	\$ 18,149,036	\$ 1,189,089
Dock rental	-	-	-	604,363	604,363	-
Other	163,491	85,799	80,907	2,510	332,707	8,478
<b>Total operating revenue</b>	<u>13,440,017</u>	<u>2,798,525</u>	<u>2,059,100</u>	<u>788,464</u>	<u>19,086,106</u>	<u>1,197,567</u>
<b>Operating expense</b>						
Operating costs and expenses	11,338,284	1,589,818	1,311,601	737,311	14,977,014	682,789
Depreciation	474,124	195,684	244,545	138,139	1,052,492	289,120
<b>Total operating expense</b>	<u>11,812,408</u>	<u>1,785,502</u>	<u>1,556,146</u>	<u>875,450</u>	<u>16,029,506</u>	<u>971,909</u>
Operating income (loss)	<u>1,627,609</u>	<u>1,013,023</u>	<u>502,954</u>	<u>(86,986)</u>	<u>3,056,600</u>	<u>225,658</u>
Non-operating revenue (expense)						
Gain on sale of capital assets	-	-	-	-	-	5,026
Impairment loss	-	(828,000)	-	-	(828,000)	-
Investment earnings	55,796	155,731	28,779	20,366	260,672	20,593
Interest expense	(31,050)	(981,153)	-	-	(1,012,203)	-
Total non-operating revenue (expense)	<u>24,746</u>	<u>(1,653,422)</u>	<u>28,779</u>	<u>20,366</u>	<u>(1,579,531)</u>	<u>25,619</u>
Income (loss) before other items	<u>1,652,355</u>	<u>(640,399)</u>	<u>531,733</u>	<u>(66,620)</u>	<u>1,477,069</u>	<u>251,277</u>
Transfers and other items						
Property tax equivalent payments	(614,000)	(81,037)	(87,688)	(43,574)	(826,299)	-
Contribution in aid of construction	137,900	157,439	22,731	-	318,070	-
Transfers out	(186,237)	(44,788)	(266,790)	(19,609)	(517,424)	-
Total transfers and other items	<u>(662,337)</u>	<u>31,614</u>	<u>(331,747)</u>	<u>(63,183)</u>	<u>(1,025,653)</u>	<u>-</u>
Changes in net assets	990,018	(608,785)	199,986	(129,803)	451,416	251,277
<b>Net assets, beginning of year</b>	<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>
<b>Net assets, end of year</b>	<u>\$ 15,386,697</u>	<u>\$ 6,590,677</u>	<u>\$ 6,866,387</u>	<u>\$ 2,689,782</u>	<u>\$ 31,533,543</u>	<u>\$ 2,814,086</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, 2011**

	Enterprise Funds				Enterprise Fund Total	Governmental
	Electric Utility	Water Utility	Sewer Utility	Nonmajor Enterprise Funds		Internal Service Funds
<b>Cash flows from operating activities</b>						
Receipts from internal services provided	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,197,567
Receipts from customers and users	13,584,607	2,874,041	2,117,836	762,183	19,338,667	-
Payments to employees	(1,246,848)	(756,891)	(535,646)	(197,231)	(2,736,616)	(175,200)
Payments to suppliers	(10,164,832)	(1,871,643)	(803,183)	(538,810)	(13,378,468)	(474,901)
<b>Net cash provided by (used in) operating activities</b>	<u>2,172,927</u>	<u>245,507</u>	<u>779,007</u>	<u>26,142</u>	<u>3,223,583</u>	<u>547,466</u>
<b>Cash flows from non-capital financing activities</b>						
Due to other funds	39,884	1,807	1,816	-	43,507	-
Due from other funds	(1,649)	(39,784)	(100)	-	(41,533)	-
Property tax equivalents	(614,000)	(81,037)	(87,688)	(43,574)	(826,299)	-
Transfers out	(186,237)	(44,788)	(266,790)	(19,609)	(517,424)	-
<b>Net cash provided by (used in) non-capital financing activities</b>	<u>(762,002)</u>	<u>(163,802)</u>	<u>(352,762)</u>	<u>(63,183)</u>	<u>(1,341,749)</u>	<u>-</u>
<b>Cash flows from capital and related financing activities</b>						
Proceeds from sale of capital assets	-	-	-	-	-	5,026
Interest expense	(3,613)	(954,800)	-	-	(958,413)	-
Contribution in aid of construction	137,900	157,439	22,731	-	318,070	-
Principal paid on bonds and notes	(510,000)	(280,000)	-	-	(790,000)	-
Acquisitions of capital assets	(295,908)	(7,404,148)	(339,227)	(18,103)	(8,057,386)	(295,768)
<b>Net cash provided by (used in) capital and related financing activities</b>	<u>(671,621)</u>	<u>(8,481,509)</u>	<u>(316,496)</u>	<u>(18,103)</u>	<u>(9,487,729)</u>	<u>(290,742)</u>
<b>Cash flows from investing activities</b>						
Interest income	53,558	187,427	29,319	19,783	290,087	14,466
<b>Net increase (decrease) in cash and pooled investments</b>	<u>792,862</u>	<u>(8,212,377)</u>	<u>139,068</u>	<u>(35,361)</u>	<u>(7,315,808)</u>	<u>271,190</u>
<b>Cash and pooled investments, beginning of year</b>	<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>
<b>Cash and pooled investments, end of year</b>	<u>\$ 3,882,728</u>	<u>\$ 2,462,975</u>	<u>\$ 940,920</u>	<u>\$ 1,449,258</u>	<u>\$ 8,735,881</u>	<u>\$ 1,835,289</u>
<b>Cash flows from operating activities</b>						
Operating income (loss)	\$ 1,627,609	\$ 1,013,023	\$ 502,954	(86,986)	\$ 3,056,600	\$ 225,658
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities						
Depreciation	474,124	195,684	244,545	138,139	1,052,492	289,120
Change in operating assets and liabilities which provided (used) cash						
Receivables	164,183	35,732	58,636	(200)	258,351	-
Prepaid expenses	(47,711)	(29,461)	(24,860)	(1,841)	(103,873)	(1,233)
Inventory	(191,661)	(7,511)	(2,478)	-	(201,650)	-
Accounts payable	160,072	(998,655)	(6,453)	1,571	(843,465)	36,445
Accrued liabilities	5,904	(3,089)	6,563	1,540	10,918	(2,524)
Customer deposits	(19,593)	39,784	100	-	20,291	-
Deferred revenue	-	-	-	(26,081)	(26,081)	-
<b>Net cash provided by (used in) operating activities</b>	<u>\$ 2,172,927</u>	<u>\$ 245,507</u>	<u>\$ 779,007</u>	<u>\$ 26,142</u>	<u>\$ 3,223,583</u>	<u>\$ 547,466</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, 2011**

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	<u><b>Total</b></u>
<b>Assets</b>	
Cash and pooled investments	\$ 258,484
Prepaid items	<u>44,899</u>
<b>Total assets</b>	<u><u>\$ 303,383</u></u>
<b>Liabilities</b>	
Accounts payable	\$ 60,104
Deposits	221,159
Due to other governmental units	<u>22,120</u>
<b>Total liabilities</b>	<u><u>\$ 303,383</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, 2011**

	<b>Downtown Development Authority</b>	<b>Local Development Finance Authority #1</b>	<b>Local Development Finance Authority #2</b>	<b>Local Development Finance Authority #3</b>	<b>Brownfield Redevelopment Authority</b>	<b>Total</b>
<b>Assets</b>						
Cash and pooled investments	\$ 449,309	\$ 1,243,017	\$ 179,702	\$ 821,872	\$ 1,493,859	\$ 4,187,759
Accounts receivable	184	1,931	108	279	2,535	5,037
Prepaid items	226	53	-	35	-	314
Capital assets not being depreciated	-	-	55,373	136,080	-	191,453
<b>Total assets</b>	<u>449,719</u>	<u>1,245,001</u>	<u>235,183</u>	<u>958,266</u>	<u>1,496,394</u>	<u>4,384,563</u>
<b>Liabilities</b>						
Accounts payable	204,467	45	-	84	269,270	473,866
Accrued liabilities	585	547	-	364	-	1,496
Due to other governments	-	-	-	-	76,807	76,807
Long-term debt						
Due within one year	-	-	-	27,208	-	27,208
Due in more than one year	-	-	-	102,033	-	102,033
<b>Total liabilities</b>	<u>205,052</u>	<u>592</u>	<u>-</u>	<u>129,689</u>	<u>346,077</u>	<u>681,410</u>
<b>Net assets</b>						
Invested in capital assets, net of related debt	-	-	55,373	6,839	-	62,212
Unrestricted	244,667	1,244,409	179,810	821,738	1,150,317	3,640,941
<b>Total net assets</b>	<u>\$ 244,667</u>	<u>\$ 1,244,409</u>	<u>\$ 235,183</u>	<u>\$ 828,577</u>	<u>\$ 1,150,317</u>	<u>\$ 3,703,153</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, 2011**

	<b>Downtown Development Authority</b>	<b>Local Development Finance Authority #1</b>	<b>Local Development Finance Authority #2</b>	<b>Local Development Finance Authority #3</b>	<b>Brownfield Redevelopment Authority</b>	<b>Total</b>
<b>Expenses</b>						
Community development	\$ 1,595,689	\$ 187,192	\$ 18,703	\$ 36,152	\$ 431,151	\$ 2,268,887
<b>Total expenses</b>	<u>1,595,689</u>	<u>187,192</u>	<u>18,703</u>	<u>36,152</u>	<u>431,151</u>	<u>2,268,887</u>
<b>Revenues</b>						
Program revenues						
Operating grants and contributions	12,184	1,076	-	4,422	-	17,682
General revenues						
Property taxes	1,553,532	194,237	37,844	44,665	162,547	1,992,825
Unrestricted investment earnings	<u>746</u>	<u>4,983</u>	<u>4,523</u>	<u>7,651</u>	<u>7,688</u>	<u>25,591</u>
<b>Total revenues</b>	<u>1,566,462</u>	<u>200,296</u>	<u>42,367</u>	<u>56,738</u>	<u>170,235</u>	<u>2,036,098</u>
Change in net assets	(29,227)	13,104	23,664	20,586	(260,916)	(232,789)
<b>Net assets, beginning of year</b>	<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>
<b>Net assets, end of year</b>	<u>\$ 244,667</u>	<u>\$ 1,244,409</u>	<u>\$ 235,183</u>	<u>\$ 828,577</u>	<u>\$ 1,150,317</u>	<u>\$ 3,703,153</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, 2011

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### 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, 2011

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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, 2011

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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, 2011

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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.

#### ***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, 2011

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### ***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, 2011

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### ***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, 2011

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### **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	\$ 70,192
Housing loans receivable	6,042
Special assessments	<u>47,069</u>
Total governmental funds	123,303
Proprietary funds	
Unearned rent	<u>222,053</u>
	<u>\$345,356</u>

### **Net Assets and Fund Balance Reporting**

Governmental funds report fund balance in the following five categories:

1. Non-spendable - the related asset's form does not allow expenditure of the balance. The assets are either (a) not in a spendable form or (b) legally or contractually required to be maintained intact. Nonspendable fund balance would be equal to inventory, prepaid items, non-current financial assets, and the nonspendable portion of endowments.
2. Restricted - the related assets can only be spent for the specific purposes stipulated by constitution, external resource providers, or as identified in enabling legislation.
3. Committed - the related assets can only be spent for a specific purpose identified by formal action of the entities governing board.
4. Assigned - the related assets can only be spent for a specific purpose identified by management as authorized by the governing board.
5. Unassigned - is the residual classification and includes all spendable amounts not contained in the other classifications.

Fund Balance can only be committed by resolution of the City Council.

When multiple net asset/fund balance classifications are available for use it is the government's policy to utilize the most restricted balances first, then the next most restricted balance as needed.

### **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.

# CITY OF SOUTH HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2011

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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.

#### ***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, 2011 the City had deficit fund balances/net assets as follows.

Nonmajor capital projects funds	
Ice rink and pavilion	\$ 51,934
Sewer rehabilitation	259,352

### **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.

# CITY OF SOUTH HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2011

During the year ended June 30, 2011, 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>
<b>Major Streets Fund</b>			
Transfers out	\$67,038	\$69,379	\$(2,341)

#### 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	\$17,047,514	\$4,187,758	\$258,484	\$21,493,756
Restricted cash and pooled investment	60,420	-	-	60,420
	\$17,107,934	\$4,187,758	\$258,484	\$21,554,176

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, \$8,966,243 of the City's bank balance of \$11,799,828 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	\$1,221,264	Unrated	
Government Securities				
FHLB Bond	9/16/20	99,894	AAA	Moody's
FHLB Bond	1/27/21	100,328	AAA	Moody's
FHLB Bond	7/8/25	100,000	AAA	Moody's
FHLB Bond	10/28/25	97,172	AAA	Moody's
FHLB Bond	11/24/25	99,897	AAA	Moody's
FHLB Bond	12/15/25	100,490	AAA	Moody's
FHLB Bond	12/30/25	100,562	AAA	Moody's
FHLB Bond	11/25/16	200,578	Not Available	
FHLMC Note	1/15/17	235,084	Not Available	
FHLMC Note	4/15/17	34,936	Not Available	
FHLMC Note	10/15/21	23,508	Not Available	
FHLMC Note	11/15/22	88,814	Not Available	

# CITY OF SOUTH HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Maturity</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Source</u>
FHLMC Note	1/15/26	\$295,858	Not Available	
FHLMC Note	9/15/28	36,185	Not Available	
FHLMC Note	3/15/34	955,411	Not Available	
FHLMC Note	12/15/34	150,189	Not Available	
FHLMC Note	1/15/35	128,692	Not Available	
FHLMC Note	1/15/35	27,577	Not Available	
FHLMC Note	7/27/22	99,068	AAA	Moody's
FHLMC Note	8/15/25	93,281	AAA	Moody's
FHLMC Note	12/30/25	99,501	AAA	Moody's
FNMA Bond	12/25/33	52,109	Not Available	
FNMA Bond	5/25/36	169,928	Not Available	
FNMA Bond	3/25/37	205,555	Not Available	
FNMA Bond	3/25/37	328,888	Not Available	
FNMA Bond	11/15/21	76,361	AAA	Moody's
FNMA Bond	9/30/22	297,366	AAA	Moody's
FNMA Bond	10/28/25	99,571	AAA	Moody's
FNMA Bond	11/19/25	98,903	AAA	Moody's
FNMA Bond	12/1/25	199,496	AAA	Moody's
FNMA Bond	12/3/25	100,067	AAA	Moody's
FNMA Bond	12/10/25	97,911	AAA	Moody's
FNMA Bond	1/28/26	100,000	AAA	Moody's
FNMA Bond	11/16/26	106,788	AAA	Moody's
FNMA Note	6/15/20	101,573	AAA	Moody's
FNMA Note	4/20/21	1,872,034	AAA	Moody's
FNMA Note	5/4/22	103,631	AAA	Moody's
FNMA Note	2/22/23	125,488	AAA	Moody's
FNMA Note	2/11/26	100,170	AAA	Moody's
FNMA Note	9/30/15	105,289	Not Available	
GNMA Bond	1/20/36	52,712	Not Available	
GNMA Bond	1/20/36	316,272	Not Available	
GNMA Bond	3/20/36	157,233	Not Available	
GNMA Bond	12/20/37	498,006	Not Available	
		<b><u>\$9,753,640</u></b>		

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.

# CITY OF SOUTH HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2011

*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.

*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 \$9,753,640 of investments, the City has a custodial credit risk of \$8,532,376 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, 2011 were as follows:

<u>Receivable fund</u>	<u>Payable fund</u>					<u>Total</u>
	<u>General fund</u>	<u>Nonmajor governmental funds</u>	<u>Electric utility</u>	<u>Water utility</u>	<u>Sewer utility</u>	
General fund	\$ -	\$ -	\$ -	\$ 1,807	\$ 1,816	\$ 3,623
Nonmajor governmental funds	-	324,194	-	-	-	324,194
Electric utility	1,649	-	-	-	-	1,649
Water utility	-	-	39,784	-	-	39,784
Sewer utility	-	-	100	-	-	100
<b>Total</b>	<b>\$1,649</b>	<b>\$324,194</b>	<b>\$39,884</b>	<b>\$1,807</b>	<b>\$1,816</b>	<b>\$369,350</b>

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

# CITY OF SOUTH HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED JUNE 30, 2011**

Transfers in and out for the year ended June 30, 2011 are as follows:

<u>Transfer out</u>	<u>Transfer in</u>		<u>Total</u>
	General <u>fund</u>	Nonmajor governmental <u>funds</u>	
General fund	\$ -	\$303,127	\$ 303,127
Nonmajor governmental funds	-	69,379	69,379
Electric utility	614,000	186,237	800,237
Water utility	81,037	44,788	125,825
Sewer utility	87,688	266,790	354,478
Nonmajor enterprise funds	43,574	19,609	63,183
<b>Total</b>	<b>\$826,299</b>	<b>\$889,930</b>	<b>\$1,716,229</b>

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.

### 6. CAPITAL ASSETS

Capital asset activity for the year was as follows:

	<u>Balance July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2011</u>
<b>Governmental Activities</b>				
<b>Capital assets, not being depreciated</b>				
Land	\$ 643,295	\$ -	\$ -	\$ 643,295
Construction in Progress	-	-	-	-
Total capital assets, not being depreciated	643,295	-	-	643,295
<b>Capital assets, being depreciated</b>				
Land improvements	2,656,023	-	-	2,656,023
Buildings and improvements	6,663,533	9,961	-	6,673,494
Vehicles	2,188,129	88,184	-	2,276,313
Machinery and equipment	1,524,897	215,998	60,625	1,680,270
Infrastructure	32,062,876	1,531,437	-	33,594,313
Total capital assets, being depreciated	45,095,458	1,845,580	60,625	46,880,413
Less accumulated depreciation for				
Land improvements	2,513,635	7,528	-	2,521,163
Buildings and improvements	2,613,116	191,646	-	2,804,762
Vehicles	1,238,328	203,694	-	1,442,022
Machinery and equipment	1,195,573	135,325	60,625	1,270,273
Infrastructure	18,149,066	1,130,506	-	19,279,572
Total accumulated depreciation	25,709,718	1,668,699	60,625	27,317,792
<b>Net capital assets, being depreciated</b>	<b>19,385,740</b>	<b>176,881</b>	<b>-</b>	<b>19,562,621</b>
<b>Governmental Activities capital assets, net</b>	<b>\$20,029,035</b>	<b>\$ 176,881</b>	<b>\$ -</b>	<b>\$20,205,916</b>

# CITY OF SOUTH HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Balance</u> <u>July 1,</u> <u>2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30,</u> <u>2011</u>
<b>Business-type Activities</b>				
<b>Capital assets, not being depreciated</b>				
Land	\$ 23,062	\$ -	\$ -	\$ 23,062
Construction in Progress	11,665,760	7,246,990	-	18,912,750
Total capital assets, not being depreciated	11,688,822	7,246,990	-	18,935,812
<b>Capital assets being depreciated</b>				
Land improvements	2,920,315	-	-	2,920,315
Buildings and improvements	11,183,105	149,611	1,200,000	10,132,716
Machinery and equipment	1,155,351	122,626	-	1,277,977
Utility system	28,708,353	538,159	-	29,246,512
Total capital assets, being depreciated	43,967,124	810,396	1,200,000	43,577,520
Less accumulated depreciation for				
Land improvements	1,369,652	133,328	-	1,502,980
Buildings and improvements	5,567,322	207,393	372,000	5,402,715
Machinery and equipment	891,357	47,289	-	938,646
Utility system	13,395,190	664,482	-	14,059,672
Total accumulated depreciation	21,223,521	1,052,492	372,000	21,904,013
<b>Net capital assets, being depreciated</b>	22,743,603	(242,096)	828,000	21,673,507
<b>Business-type Activities capital assets, net</b>	<b>\$34,432,425</b>	<b>\$7,004,894</b>	<b>\$ 828,000</b>	<b>\$40,609,319</b>

**Component units**

Local Development Finance Authority #2

Capital assets not being depreciated

Land	\$ 55,373	\$ -	\$ -	\$ 55,373
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Local Development Finance Authority #3

Capital assets not being depreciated

Land	\$136,080	\$ -	\$ -	\$136,080
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Depreciation expense was charged to functions/programs of the primary government as follows:

**Governmental Activities**

General government	\$ 204,173
Public safety	19,205
Public works	1,142,437
Health and welfare	3,070
Culture and recreation	10,694
Capital assets held by the governments internal service funds are charged to the various functions based on their usage of the assets	289,120

**Total depreciation expense - governmental activities** **\$1,668,699**

# CITY OF SOUTH HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2011

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### Business-type Activities

Electric	\$ 474,124
Water	195,684
Sewer	244,545
Nonmajor enterprise funds	<u>138,139</u>

**Total depreciation expense - business- type activities** **\$1,052,492**

## 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.

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, 2011, the City's annual pension cost of \$117,719 for MERS was equal to the City's required and actual contributions. The required contribution was determined as part of the December 31, 2009 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, 2010, 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.

**CITY OF SOUTH HAVEN**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2011**

**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>
6/30/09	\$66,640	100%	-
6/30/10	55,581	100%	-
6/30/11	117,719	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>
12/31/10	\$21,695,636	\$20,680,378	\$(1,015,258)	105%	\$4,272,061	(24)%

**8. LONG-TERM DEBT**

The following is a summary of the debt transactions of the City for the year ended June 30, 2011:

	<u>Balance</u> <u>July 1,</u> <u>2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30,</u> <u>2011</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
<b>Governmental Activities</b>					
\$3,700,000 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%	\$2,570,000	\$ -	\$ 165,000	\$ 2,405,000	\$ 170,000
\$5,800,000 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%	4,555,000	-	185,000	4,370,000	190,000
\$1,500,000 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%	1,340,000	-	55,000	1,285,000	60,000
\$3,395,000 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%	1,655,000	-	305,000	1,350,000	315,000

# CITY OF SOUTH HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2011

	<u>Balance July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2011</u>	<u>Due Within One Year</u>
\$252,122 DEQ Brownfield loan due in annual installments of \$25,212 beginning in 2010 through April 2019, including interest at 2.0%	\$ 205,788	\$ -	\$ 21,096	\$ 184,692	\$ 21,518
	<b>10,325,788</b>	-	<b>731,096</b>	<b>9,594,692</b>	<b>756,518</b>
Accrued employee benefits	295,076	221,780	191,275	325,581	195,165
Other post employment benefits	156,046	68,413	-	224,459	-
<b>Total Governmental Activities</b>	<b>\$10,776,910</b>	<b>\$266,372</b>	<b>\$922,371</b>	<b>\$10,144,732</b>	<b>\$951,683</b>
<b>Business-type Activities</b>					
\$1,900,000 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)	\$510,000	\$ -	\$510,000	\$ -	\$ -
\$470,000 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%	315,000	-	20,000	295,000	25,000
\$9,965,000 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%	9,900,000	-	95,000	9,805,000	125,000
\$10,000,000 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%	9,835,000	-	165,000	9,670,000	195,000
	<b>20,560,000</b>	-	<b>790,000</b>	<b>19,770,000</b>	<b>345,000</b>
Bond issuance costs	(185,995)	-	(8,087)	(177,908)	-
Bond discount	(441,876)	-	(45,703)	(396,173)	-
<b>Total Business-type Activities</b>	<b>\$19,932,129</b>	<b>\$ -</b>	<b>\$736,210</b>	<b>\$19,195,919</b>	<b>\$345,000</b>
<b>Component Unit - Local Development Finance Authority #3</b>					
\$350,000 2004 MEDC/CDBG Loan Repayment, payable in quarterly installments of \$6,802, through April 2016, non-interest bearing	<b>\$156,449</b>	<b>\$ -</b>	<b>\$27,208</b>	<b>\$129,241</b>	<b>\$27,208</b>

# CITY OF SOUTH HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2011

The annual requirements to amortize all debt outstanding (excluding accrued employee benefits and bond discounts) as of June 30, 2011 are as follows:

Year Ending <u>June 30</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Component Unit</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 756,518	\$ 406,241	\$ 345,000	\$ 946,845	\$ 27,208	\$ -
2013	791,949	375,958	445,000	934,858	27,209	-
2014	832,388	342,959	505,000	918,008	27,208	-
2015	857,835	307,918	580,000	898,395	27,209	-
2016	523,292	270,983	625,000	874,733	20,407	-
2017-2021	2,942,710	1,004,906	3,745,000	3,914,848	-	-
2022-2026	2,405,000	403,436	4,625,000	2,923,163	-	-
2027-2031	485,000	19,754	5,685,000	1,654,584	-	-
2032-2034	-	-	3,215,000	252,809	-	-
<b>Total</b>	<b>\$9,594,692</b>	<b>\$3,132,155</b>	<b>\$19,770,000</b>	<b>\$13,318,243</b>	<b>\$129,241</b>	<b>\$ -</b>

Other post employment benefits of governmental activities are generally liquidated with general fund resources.

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, 2011 remaining principal and interest on the bonds was \$1,505,243 payable through 2015. During the current year \$377,773 of the \$1,553,532 of tax increment revenue available was captured to make payment of principal and interest payments of \$377,497.

#### 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 \$92,478 while the City contributed \$23,362 to provide insurance coverage for 8 retired employees during 2011.

The City's annual other post employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC). The City has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement 45 for employers in plans with fewer than one hundred total plan members. 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.

# CITY OF SOUTH HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2011

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.

Annual required contribution	\$ 92,478
Interest on Net OPEB obligation	6,242
Adjustment to annual required contribution	(6,945)
Annual OPEB cost (expense)	91,775
Contribution made	23,362
Increase in net OPEB obligation	68,413
Net OPEB obligation, beginning of year	156,046
Net OPEB obligation, end of year	\$224,459

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	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation
<u>Ending</u>	<u>Annual OPEB Cost</u>	<u>Percentage of OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/09	\$93,411	17.5%	\$ 77,088
6/30/10	93,615	20.2%	156,046
6/30/11	91,775	25.5%	224,459

#### 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)
6/30/11	\$ -	\$1,233,424	\$1,233,424	0%	\$4,139,806	29.8%

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.

# CITY OF SOUTH HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2011

In the June 30, 2011 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.

#### 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 which meet that criteria are 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, 2011 and 2010 are as follows:

	<b>Beginning of Year Liability</b>	<b>Current Year Claims and Changes in Estimates</b>	<b>Claim Payments</b>	<b>End of Year Liability</b>
2010	\$54,334	\$76,364	\$40,198	\$90,500
2011	90,500	(56,794)	33,706	-

The activity of the self-funded health insurance is accounted for in the self-insurance internal service fund. The City self-funds the first \$5,000 of claims for each covered employee (\$10,000 for those with family coverage). An excess coverage insurance policy covers claims in excess of those amounts. The City is responsible for paying administrative charges which are included in this fund. The revenues for this fund's operation are charges to various funds, employee withholdings, and co-payments. The liability at the end of the year included claims already incurred and reported as well as an estimate for claims incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of pay-outs and other economic and social factors. Settled claims have not exceeded insurance coverage in the history of the self-insurance program, and there have been no significant reductions in insurance coverage from the prior year.

# CITY OF SOUTH HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2011

The changes in the claims liability for the years ended June 30, 2011 and 2010 were as follows:

<u>Year</u>	<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>
2010	\$ 26,435	\$173,592	\$177,139	\$22,888
2011	22,888	274,404	262,257	35,035

#### 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 municipalities. 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 \$458,442 for the aforementioned services. During the most recent fiscal year SHAES reported an increase in net assets of \$206,259.

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

#### 12. COMMITMENTS

At June 30, 2011, the City had remaining commitments on construction contracts totaling approximately \$675,000.

#### 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.

#### 14. RESTATEMENT

Beginning fund balance of the general fund was increased by \$190,286 to reflect elimination of the budget stabilization and sick pay reserve special revenue funds to meet the requirements of Governmental Accounting Standards Board Statement No. 54.

## **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, 2011**

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes				
Property taxes	\$ 3,748,414	\$ 3,748,414	\$ 3,650,269	\$ (98,145)
Intergovernmental revenues				
State	305,000	305,000	410,907	105,907
Local	-	302,670	331,836	29,166
Licenses and permits	178,000	135,000	147,784	12,784
Charges for services	456,832	471,832	463,864	(7,968)
Fines	17,000	23,000	30,036	7,036
Special assessments	1,000	1,000	3,278	2,278
Investment earnings	40,000	66,300	73,648	7,348
Miscellaneous	405,880	416,092	479,337	63,245
<b>Total revenues</b>	<u>5,152,126</u>	<u>5,469,308</u>	<u>5,590,959</u>	<u>121,651</u>
<b>Expenditures</b>				
Current				
General government	1,549,493	1,240,860	1,131,970	108,890
Public safety	2,762,685	2,766,685	2,713,417	53,268
Public works	694,109	704,109	655,043	49,066
Health and welfare	187,684	187,684	182,396	5,288
Culture and recreation	432,863	513,858	503,381	10,477
Other	133,813	89,406	70,732	18,674
Debt service				
Principal	-	21,096	21,096	-
Interest and fiscal charges	-	4,116	4,116	-
<b>Total expenditures</b>	<u>5,760,647</u>	<u>5,527,814</u>	<u>5,282,151</u>	<u>245,663</u>
<b>Revenues over (under) expenditures</b>	<u>(608,521)</u>	<u>(58,506)</u>	<u>308,808</u>	<u>367,314</u>
Other financing sources (uses)				
Property tax equivalent payments	826,299	826,299	826,299	-
Transfers out	(136,600)	(307,600)	(303,127)	4,473
<b>Total other financing sources (uses)</b>	<u>689,699</u>	<u>518,699</u>	<u>523,172</u>	<u>4,473</u>
<b>Net changes in fund balance</b>	<u>81,178</u>	<u>460,193</u>	<u>831,980</u>	<u>371,787</u>
<b>Fund balance, beginning of year, as restated</b>	<u>2,420,920</u>	<u>2,420,920</u>	<u>2,420,920</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 2,502,098</u>	<u>\$ 2,881,113</u>	<u>\$ 3,252,900</u>	<u>\$ 371,787</u>

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

**JUNE 30, 2011**

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<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Accrued Liability (AAL)</b>	<b>Unfunded AAL (UAAL)</b>	<b>Funded Ratio</b>	<b>Covered Payroll</b>	<b>UAAL as a Percentage of Covered Payroll</b>
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%
12/31/2010	21,695,636	20,680,378	(1,015,258)	104.9%	4,272,061	-23.8%

# CITY OF SOUTH HAVEN

## RETIREE HEALTH OTHER POST EMPLOYMENT BENEFIT PLAN

*JUNE 30, 2011*

### ***SCHEDULE OF FUNDING PROGRESS***

<u>Actuarial Valuation Date</u>	<u>Value of Assets</u>	<u>Accrued Liability (AL)</u>	<u>Unfunded AL (UAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAL as a Percentage of Covered Payroll</u>
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%
6/30/2011	-	1,233,424	1,233,424	0.00%	4,139,806	29.8%

### ***SCHEDULE OF EMPLOYER CONTRIBUTIONS***

<u>Year Ended June 30</u>	<u>Annual required Contribution</u>	<u>Actual Contribution</u>	<u>Percent Contributed</u>
2009	\$ 93,411	\$ 16,324	17.5%
2010	93,615	18,897	20.2%
2011	92,478	23,362	25.3%

### **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, 2011**

	Budget Amounts		Actual Amount	Variance Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes				
Real and personal property tax	\$ 3,559,414	\$ 3,559,414	\$ 3,449,381	\$ (110,033)
Payments in lieu of tax	5,000	5,000	5,423	423
Collection fees	<u>184,000</u>	<u>184,000</u>	<u>195,465</u>	<u>11,465</u>
Total taxes	<u>3,748,414</u>	<u>3,748,414</u>	<u>3,650,269</u>	<u>(98,145)</u>
Licenses and permits				
Business	65,000	65,000	80,936	15,936
Nonbusiness	104,000	61,000	56,436	(4,564)
Liquor license fees	<u>9,000</u>	<u>9,000</u>	<u>10,412</u>	<u>1,412</u>
Total licenses and permits	<u>178,000</u>	<u>135,000</u>	<u>147,784</u>	<u>12,784</u>
Intergovernmental - state				
State-shared revenue	<u>305,000</u>	<u>305,000</u>	<u>410,907</u>	<u>105,907</u>
Intergovernmental - local	<u>-</u>	<u>302,670</u>	<u>331,836</u>	<u>29,166</u>
Charges for services				
Planning and zoning fees	24,000	39,000	34,565	(4,435)
Foundations - cemetery	7,500	7,500	5,415	(2,085)
Grave openings	15,000	15,000	13,813	(1,187)
Cemetery lot use	10,200	10,200	13,939	3,739
Other charges for services	<u>400,132</u>	<u>400,132</u>	<u>396,132</u>	<u>(4,000)</u>
Total charges for services	<u>456,832</u>	<u>471,832</u>	<u>463,864</u>	<u>(7,968)</u>
Fines				
Ordinance fines	12,000	12,000	17,677	5,677
Other fines	<u>5,000</u>	<u>11,000</u>	<u>12,359</u>	<u>1,359</u>
Total fines	<u>17,000</u>	<u>23,000</u>	<u>30,036</u>	<u>7,036</u>
Assessments	<u>1,000</u>	<u>1,000</u>	<u>3,278</u>	<u>2,278</u>
Investment earnings	<u>40,000</u>	<u>66,300</u>	<u>73,648</u>	<u>7,348</u>
Other revenue	<u>405,880</u>	<u>416,092</u>	<u>479,337</u>	<u>63,245</u>
Total revenues	<u>\$ 5,152,126</u>	<u>\$ 5,469,308</u>	<u>\$ 5,590,959</u>	<u>\$ 121,651</u>

**CITY OF SOUTH HAVEN**

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

**FOR THE YEAR ENDED JUNE 30, 2011**

Expenditures	Budget Amounts		Actual Amount	Variance Positive (Negative)
	Original	Final		
Current				
General government				
City Council	\$ 33,035	\$ 35,535	\$ 35,400	\$ 135
City Managers Office	167,160	168,660	164,153	4,507
Elections	20,540	22,640	20,908	1,732
Finance Department	114,501	125,501	115,336	10,165
City Assessor	131,462	176,462	164,322	12,140
Legal Counsel	125,000	150,000	148,419	1,581
City Clerk	24,174	26,774	24,876	1,898
Treasurer	60,549	71,049	61,385	9,664
City hall and grounds	239,983	194,983	176,992	17,991
Cemetery	108,170	108,170	104,192	3,978
Cable TV broadcasting	26,247	26,247	23,576	2,671
Other personnel activities	73,329	80,839	76,678	4,161
Insurance and bonds	425,343	54,000	15,733	38,267
	<u>1,549,493</u>	<u>1,240,860</u>	<u>1,131,970</u>	<u>108,890</u>
Public safety				
Police Department	1,669,757	1,730,757	1,719,170	11,587
Dispatch Department	348,024	370,524	354,433	16,091
Fire Authority	460,669	460,669	458,442	2,227
Building Inspections	284,235	204,735	181,372	23,363
	<u>2,762,685</u>	<u>2,766,685</u>	<u>2,713,417</u>	<u>53,268</u>
Public works				
City Engineer	90,511	90,511	86,497	4,014
Highways and streets	526,598	536,598	493,565	43,033
Drains	7,000	7,000	4,981	2,019
Street lighting	70,000	70,000	70,000	-
	<u>694,109</u>	<u>704,109</u>	<u>655,043</u>	<u>49,066</u>
Health and welfare				
Animal Control	7,000	7,000	7,000	-
Hospital	103,711	103,711	100,712	2,999
Senior Services	76,973	76,973	74,684	2,289
	<u>187,684</u>	<u>187,684</u>	<u>182,396</u>	<u>5,288</u>
Culture and recreation				
Parks	204,147	283,142	278,771	4,371
Library	183,610	183,610	178,428	5,182
Youth recreation	15,000	15,000	15,000	-
Museums	30,106	32,106	31,182	924
	<u>432,863</u>	<u>513,858</u>	<u>503,381</u>	<u>10,477</u>
Other				
Airport	46,750	-	-	-
Economic development	64,763	64,763	51,154	13,609
Miscellaneous	22,300	24,643	19,578	5,065
	<u>133,813</u>	<u>89,406</u>	<u>70,732</u>	<u>18,674</u>
Debt service				
Principal	-	21,096	21,096	-
Interest	-	4,116	4,116	-
Total	<u>-</u>	<u>25,212</u>	<u>25,212</u>	<u>-</u>
<b>Total expenditures</b>	<b>\$ 5,760,647</b>	<b>\$ 5,527,814</b>	<b>\$ 5,282,151</b>	<b>\$ 245,663</b>

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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 *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.

The *Police Training Fund* accounts for state grants specifically designated for police 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.

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## DEBT SERVICE FUNDS

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 Downtown Development Authority (DDA) provides funding for the payment of this debt service.

The *Capital Improvement 2007 Bond Debt Service Fund* accumulates funds for payment of principal and interest for Bonds issued to finance infrastructure improvements. The Downtown Development Authority (DDA) provides funding for the payment of this debt service.

## CAPITAL PROJECTS FUNDS

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

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 and farmers market booth rentals.

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.

**CITY OF SOUTH HAVEN**

**NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET**

**JUNE 30, 2011**

	Special Revenue						
	Major Streets	Local Streets	Streets Improvement	Garbage and Refuse	Narcotics Unit	Police Training	Community Development Block Grant
<b>Assets</b>							
Cash and pooled investments	\$ 117,673	\$ 120,328	\$ 1,503,792	\$ 57,447	\$ 99,286	\$ 3,991	\$ 90,912
Accounts receivable	-	1	9,097	5,325	3,403	-	6,042
Accrued interest	1	-	-	-	-	-	-
Special assessment receivable	-	-	-	-	-	-	-
Prepaid items	1,391	1,112	145	-	1,749	-	-
Due from other funds	-	11,194	-	-	-	-	-
Due from other governments	46,882	15,477	-	-	-	2,400	-
<b>Total assets</b>	<b>\$ 165,947</b>	<b>\$ 148,112</b>	<b>\$ 1,513,034</b>	<b>\$ 62,772</b>	<b>\$ 104,438</b>	<b>\$ 6,391</b>	<b>\$ 96,954</b>
<b>Liabilities and fund balances</b>							
<b>Liabilities</b>							
Accounts payable	\$ 2,974	\$ 344	\$ 21,716	\$ -	\$ 4,260	\$ -	\$ -
Accrued liabilities	1,113	369	1,138	-	1,696	-	-
Due to other funds	11,194	-	-	-	-	-	-
Deferred revenue	-	-	7,856	5,324	3,402	-	6,042
<b>Total liabilities</b>	<b>15,281</b>	<b>713</b>	<b>30,710</b>	<b>5,324</b>	<b>9,358</b>	<b>-</b>	<b>6,042</b>
<b>Fund balances (deficit)</b>							
Non-spendable							
Prepaid items	1,391	1,112	145	-	1,749	-	-
Permanent fund corpus	-	-	-	-	-	-	-
Restricted							
Streets	149,275	146,287	1,482,179	-	-	-	-
Public Safety	-	-	-	-	93,331	6,391	-
Permanent fund spendable portion	-	-	-	-	-	-	-
Committed							
Assigned	-	-	-	57,448	-	-	90,912
Unassigned (deficit)	-	-	-	-	-	-	-
<b>Total fund balances (deficit)</b>	<b>150,666</b>	<b>147,399</b>	<b>1,482,324</b>	<b>57,448</b>	<b>95,080</b>	<b>6,391</b>	<b>90,912</b>
<b>Total liabilities and fund balances</b>	<b>\$ 165,947</b>	<b>\$ 148,112</b>	<b>\$ 1,513,034</b>	<b>\$ 62,772</b>	<b>\$ 104,438</b>	<b>\$ 6,391</b>	<b>\$ 96,954</b>

	Debt Service					Capital Projects			Permanent	Total	
	River Maintenance	Building Authority #2	Capital Improvement Bonds 2003	Downtown Development Bonds	Capital Improvement Bonds 2007	Cemetery Improvement	Ice Rink and Pavilion	Sewer Rehabilitation	Capital Projects		Cemetery Trust
\$	10,260	\$ 27,786	\$ 25,839	\$ 27	\$ 1,347	\$ 210,882	\$ 1,066	\$ 648	\$ 703,457	\$ 249,867	\$ 3,224,608
	-	-	-	-	-	-	-	-	417	-	24,285
	-	-	-	-	-	588	-	-	-	238	827
	29,034	-	-	-	-	-	-	-	-	-	29,034
	-	-	-	-	-	-	-	-	-	-	4,397
	-	-	-	-	-	53,000	-	-	260,000	-	324,194
	-	-	-	-	-	-	-	-	-	-	64,759
<b>\$</b>	<b>39,294</b>	<b>\$ 27,786</b>	<b>\$ 25,839</b>	<b>\$ 27</b>	<b>\$ 1,347</b>	<b>\$ 264,470</b>	<b>\$ 1,066</b>	<b>\$ 648</b>	<b>\$ 963,874</b>	<b>\$ 250,105</b>	<b>\$ 3,672,104</b>
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 29,294
	-	-	-	-	-	-	-	-	-	-	4,316
	-	-	-	-	-	-	53,000	260,000	-	-	324,194
	29,034	-	-	-	-	-	-	-	-	-	51,658
	29,034	-	-	-	-	-	53,000	260,000	-	-	409,462
	-	-	-	-	-	-	-	-	-	-	4,397
	-	-	-	-	-	-	-	-	-	132,245	132,245
	-	-	-	-	-	-	-	-	-	-	1,777,741
	-	-	-	-	-	-	-	-	-	-	99,722
	-	-	-	-	-	-	-	-	-	117,860	117,860
	10,260	27,786	25,839	27	1,347	264,470	-	-	963,874	-	1,441,963
	-	-	-	-	-	-	(51,934)	(259,352)	-	-	(311,286)
	10,260	27,786	25,839	27	1,347	264,470	(51,934)	(259,352)	963,874	250,105	3,262,642
<b>\$</b>	<b>39,294</b>	<b>\$ 27,786</b>	<b>\$ 25,839</b>	<b>\$ 27</b>	<b>\$ 1,347</b>	<b>\$ 264,470</b>	<b>\$ 1,066</b>	<b>\$ 648</b>	<b>\$ 963,874</b>	<b>\$ 250,105</b>	<b>\$ 3,672,104</b>

**CITY OF SOUTH HAVEN**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2011**

	Special Revenue						
	Major Streets	Local Streets	Streets Improvement	Garbage and Refuse	Narcotics Unit	Police Training	Community Development Block Grant
<b>Revenues</b>							
Taxes	\$ -	\$ -	\$ 473,179	\$ 329,216	\$ 203,450	\$ -	\$ -
Intergovernmental revenues							
State	333,338	116,383	-	-	-	8,763	-
Local	-	-	364,926	-	-	-	-
Special assessments	-	-	-	-	-	-	-
Investment earnings	80	75	44,741	903	280	-	62
Miscellaneous	-	-	-	-	6,010	-	5,417
<b>Total revenues</b>	<u>333,418</u>	<u>116,458</u>	<u>882,846</u>	<u>330,119</u>	<u>209,740</u>	<u>8,763</u>	<u>5,479</u>
<b>Expenditures</b>							
Current							
Public safety	-	-	-	-	221,159	4,521	-
Public works	223,510	127,534	617,776	-	-	-	-
Health and welfare	-	-	-	344,901	-	-	14
Culture and recreation	-	-	-	-	-	-	-
Debt service							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
<b>Total expenditures</b>	<u>223,510</u>	<u>127,534</u>	<u>617,776</u>	<u>344,901</u>	<u>221,159</u>	<u>4,521</u>	<u>14</u>
Revenues over (under) expenditures	<u>109,908</u>	<u>(11,076)</u>	<u>265,070</u>	<u>(14,782)</u>	<u>(11,419)</u>	<u>4,242</u>	<u>5,465</u>
Other financing sources (uses)							
Transfers in	-	69,379	285,000	-	-	-	-
Transfers out	(69,379)	-	-	-	-	-	-
Total other financing sources (uses)	<u>(69,379)</u>	<u>69,379</u>	<u>285,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	40,529	58,303	550,070	(14,782)	(11,419)	4,242	5,465
<b>Fund balances (deficit), beginning of year</b>	<u>110,137</u>	<u>89,096</u>	<u>932,254</u>	<u>72,230</u>	<u>106,499</u>	<u>2,149</u>	<u>85,447</u>
<b>Fund balances (deficit), end of year</b>	<u>\$ 150,666</u>	<u>\$ 147,399</u>	<u>\$ 1,482,324</u>	<u>\$ 57,448</u>	<u>\$ 95,080</u>	<u>\$ 6,391</u>	<u>\$ 90,912</u>

	Debt Service					Capital Projects			Permanent		Total										
	River Maintenance	Building Authority #2	Capital Improvement Bonds 2003	Downtown Development Bonds	Capital Improvement Bonds 2007	Cemetery Improvement	Ice Rink and Pavilion	Sewer Rehabilitation	Capital Projects	Cemetery Trust											
\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	1,005,845								
-	-	-	-	-	-	-	-	-	-	-	-	-	458,484								
-	-	-	-	-	-	-	-	-	-	-	-	-	364,926								
16,999	-	-	-	-	-	-	-	-	-	-	-	-	16,999								
2,124	628	3,076	26	70	4,854	-	-	19,047	2,726	-	-	-	78,692								
11,774	87,828	181,500	377,773	108,288	6,174	44,000	-	-	-	-	-	-	828,764								
30,897	88,456	184,576	377,799	108,358	11,028	44,000	-	19,047	2,726	-	-	-	2,753,710								
-	-	-	-	-	-	-	-	-	-	-	-	-	225,680								
-	-	-	-	-	-	-	-	-	-	-	-	-	968,820								
10,143	-	-	-	-	-	-	-	-	-	-	-	-	355,058								
-	-	-	-	-	-	49,076	-	-	-	-	-	-	49,076								
-	165,000	185,000	305,000	55,000	-	-	-	-	-	-	-	-	710,000								
-	109,065	196,558	72,773	53,289	-	-	-	-	-	-	-	-	431,685								
10,143	274,065	381,558	377,773	108,289	-	49,076	-	-	-	-	-	-	2,740,319								
20,754	(185,609)	(196,982)	26	69	11,028	(5,076)	-	19,047	2,726	-	-	-	13,391								
19,609	186,237	200,000	-	-	-	11,367	111,578	-	6,760	-	-	-	889,930								
-	-	-	-	-	-	-	-	-	-	-	-	-	(69,379)								
19,609	186,237	200,000	-	-	-	11,367	111,578	-	6,760	-	-	-	820,551								
40,363	628	3,018	26	69	11,028	6,291	111,578	19,047	9,486	-	-	-	833,942								
(30,103)	27,158	22,821	1	1,278	253,442	(58,225)	(370,930)	944,827	240,619	-	-	-	2,428,700								
\$	10,260	\$	27,786	\$	25,839	\$	27	\$	1,347	\$	264,470	\$	(51,934)	\$	(259,352)	\$	963,874	\$	250,105	\$	3,262,642

# 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, 2011**

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental revenues				
State	\$ 306,389	\$ 320,369	\$ 333,338	\$ 12,969
Investment earnings	120	120	80	(40)
<b>Total revenues</b>	<u>306,509</u>	<u>320,489</u>	<u>333,418</u>	<u>12,929</u>
<b>Expenditures</b>				
Current				
Public works	<u>219,529</u>	<u>235,929</u>	<u>223,510</u>	<u>12,419</u>
Revenues over (under) expenditures	<u>86,980</u>	<u>84,560</u>	<u>109,908</u>	<u>25,348</u>
Other financing sources				
Transfers in	10,000	-	-	-
Transfers out	<u>(67,038)</u>	<u>(67,038)</u>	<u>(69,379)</u>	<u>(2,341)</u>
Total other financing sources (uses)	<u>(57,038)</u>	<u>(67,038)</u>	<u>(69,379)</u>	<u>(2,341)</u>
Net changes in fund balance	29,942	17,522	40,529	23,007
<b>Fund balance, beginning of year</b>	<u>110,137</u>	<u>110,137</u>	<u>110,137</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 140,079</u>	<u>\$ 127,659</u>	<u>\$ 150,666</u>	<u>\$ 23,007</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, 2011**

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental revenues				
State	\$ 103,238	\$ 112,604	\$ 116,383	\$ 3,779
Investment earnings	50	50	75	25
<b>Total revenues</b>	103,288	112,654	116,458	3,804
<b>Expenditures</b>				
Current				
Public works	159,092	150,087	127,534	22,553
Revenues over (under) expenditures	(55,804)	(37,433)	(11,076)	26,357
Other financing source (uses)				
Transfers in	87,038	67,038	69,379	2,341
Net changes in fund balance	31,234	29,605	58,303	28,698
<b>Fund balance, beginning of year</b>	89,096	89,096	89,096	-
<b>Fund balance, end of year</b>	<u>\$ 120,330</u>	<u>\$ 118,701</u>	<u>\$ 147,399</u>	<u>\$ 28,698</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, 2011**

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 487,609	\$ 487,609	\$ 473,179	\$ (14,430)
Intergovernmental revenues				
Federal	125,000	-	-	-
Local	302,650	302,650	364,926	62,276
Investment earnings	500	500	44,741	44,241
<b>Total revenues</b>	<b>915,759</b>	<b>790,759</b>	<b>882,846</b>	<b>92,087</b>
<b>Expenditures</b>				
Current				
Public works	669,086	672,086	617,776	54,310
Revenues over (under) expenditures	246,673	118,673	265,070	146,397
Other financing source (uses)				
Transfers in	100,000	285,000	285,000	-
Net changes in fund balance	346,673	403,673	550,070	146,397
<b>Fund balance, beginning of year</b>	<b>932,254</b>	<b>932,254</b>	<b>932,254</b>	<b>-</b>
<b>Fund balance, end of year</b>	<b>\$ 1,278,927</b>	<b>\$ 1,335,927</b>	<b>\$ 1,482,324</b>	<b>\$ 146,397</b>

**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, 2011**

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 339,792	\$ 339,792	\$ 329,216	\$ (10,576)
Investment earnings	750	750	903	153
<b>Total Revenues</b>	340,542	340,542	330,119	(10,423)
<b>Expenditures</b>				
Current				
Health and welfare	345,000	345,000	344,901	99
Net changes in fund balance	(4,458)	(4,458)	(14,782)	(10,324)
<b>Fund balance, beginning of year</b>	72,230	72,230	72,230	-
<b>Fund balance, end of year</b>	\$ 67,772	\$ 67,772	\$ 57,448	\$ (10,324)

**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, 2011**

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 209,675	\$ 209,675	\$ 203,450	\$ (6,225)
Investment earnings	1,000	300	280	(20)
Miscellaneous	8,680	6,012	6,010	(2)
<b>Total revenues</b>	219,355	215,987	209,740	(6,247)
<b>Expenditures</b>				
Current				
Public safety	230,656	230,656	221,159	9,497
Net changes in fund balance	(11,301)	(14,669)	(11,419)	3,250
<b>Fund balance, beginning of year</b>	106,499	106,499	106,499	-
<b>Fund balance, end of year</b>	<u>\$ 95,198</u>	<u>\$ 91,830</u>	<u>\$ 95,080</u>	<u>\$ 3,250</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, 2011**

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental revenues				
State	\$ 8,500	\$ 8,500	\$ 8,763	\$ 263
<b>Expenditures</b>				
Current				
Public safety	<u>8,500</u>	<u>8,500</u>	<u>4,521</u>	<u>3,979</u>
Net changes in fund balance	-	-	4,242	4,242
<b>Fund balance, beginning of year</b>	<u>2,149</u>	<u>2,149</u>	<u>2,149</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 2,149</u>	<u>\$ 2,149</u>	<u>\$ 6,391</u>	<u>\$ 4,242</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, 2011**

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Investment earnings	\$ 75	\$ 75	\$ 62	\$ (13)
Miscellaneous	5,417	5,417	5,417	-
<b>Total Revenues</b>	5,492	5,492	5,479	(13)
<b>Expenditures</b>				
Current				
Health and welfare	20,182	20,182	14	20,168
Net changes in fund balance	(14,690)	(14,690)	5,465	20,155
<b>Fund balance, beginning of year</b>	85,447	85,447	85,447	-
<b>Fund balance, end of year</b>	<u>\$ 70,757</u>	<u>\$ 70,757</u>	<u>\$ 90,912</u>	<u>\$ 20,155</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, 2011**

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Special assessments	\$ 13,000	\$ 13,000	\$ 16,999	\$ 3,999
Investment earnings	2,000	2,000	2,124	124
Miscellaneous	-	10,000	11,774	1,774
<b>Total Revenues</b>	15,000	25,000	30,897	5,897
<b>Expenditures</b>				
Current				
Health and welfare	400	10,400	10,143	257
Revenues over (under) expenditures	14,600	14,600	20,754	6,154
Other financing source (uses)				
Transfers in	19,609	19,609	19,609	-
Net changes in fund balance	34,209	34,209	40,363	6,154
<b>Fund balance (deficit), beginning of year</b>	<u>(30,103)</u>	<u>(30,103)</u>	<u>(30,103)</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 4,106</u>	<u>\$ 4,106</u>	<u>\$ 10,260</u>	<u>\$ 6,154</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, 2011**

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Investment earnings	\$ 500	\$ 500	\$ 628	\$ 128
Miscellaneous	87,828	87,828	87,828	-
<b>Total Revenues</b>	<u>88,328</u>	<u>88,328</u>	<u>88,456</u>	<u>128</u>
<b>Expenditures</b>				
Debt service				
Principal	165,000	165,000	165,000	-
Interest	109,065	109,065	109,065	-
<b>Total expenditures</b>	<u>274,065</u>	<u>274,065</u>	<u>274,065</u>	<u>-</u>
Revenues over (under) expenditures	(185,737)	(185,737)	(185,609)	128
Other financing source (uses)				
Transfers in	186,237	186,237	186,237	-
Net changes in fund balance	500	500	628	128
<b>Fund balance, beginning of year</b>	<u>27,158</u>	<u>27,158</u>	<u>27,158</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 27,658</u>	<u>\$ 27,658</u>	<u>\$ 27,786</u>	<u>\$ 128</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, 2011**

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Investment earnings	\$ 750	\$ 750	\$ 3,076	\$ 2,326
Miscellaneous	181,500	181,500	181,500	-
<b>Total Revenues</b>	<u>182,250</u>	<u>182,250</u>	<u>184,576</u>	<u>2,326</u>
<b>Expenditures</b>				
Debt service				
Principal	185,000	185,000	185,000	-
Interest	196,558	196,558	196,558	-
<b>Total expenditures</b>	<u>381,558</u>	<u>381,558</u>	<u>381,558</u>	<u>-</u>
Revenues over (under) expenditures	(199,308)	(199,308)	(196,982)	2,326
Other financing source (uses)				
Transfers in	200,000	200,000	200,000	-
Net changes in fund balance	692	692	3,018	2,326
<b>Fund balance, beginning of year</b>	<u>22,821</u>	<u>22,821</u>	<u>22,821</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 23,513</u>	<u>\$ 23,513</u>	<u>\$ 25,839</u>	<u>\$ 2,326</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, 2011**

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Investment earnings	-	-	26	26
Miscellaneous	\$ 377,773	\$ 377,773	\$ 377,773	\$ -
<b>Total Revenues</b>	<u>377,773</u>	<u>377,773</u>	<u>377,799</u>	<u>26</u>
<b>Expenditures</b>				
Debt service				
Principal	305,000	305,000	305,000	-
Interest	<u>72,773</u>	<u>72,773</u>	<u>72,773</u>	<u>-</u>
<b>Total expenditures</b>	<u>377,773</u>	<u>377,773</u>	<u>377,773</u>	<u>-</u>
Net changes in fund balance	-	-	26	26
<b>Fund balance, beginning of year</b>	<u>1</u>	<u>1</u>	<u>1</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 27</u>	<u>\$ 26</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, 2011**

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Investment earnings	\$ 200	\$ 200	\$ 70	\$ (130)
Miscellaneous	108,288	108,288	108,288	-
<b>Total Revenues</b>	<u>108,488</u>	<u>108,488</u>	<u>108,358</u>	<u>(130)</u>
<b>Expenditures</b>				
Debt service				
Principal	55,000	55,000	55,000	-
Interest	53,289	53,289	53,289	-
<b>Total expenditures</b>	<u>108,289</u>	<u>108,289</u>	<u>108,289</u>	<u>-</u>
Net changes in fund balance	199	199	69	(130)
<b>Fund balance, beginning of year</b>	<u>1,278</u>	<u>1,278</u>	<u>1,278</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 1,477</u>	<u>\$ 1,477</u>	<u>\$ 1,347</u>	<u>\$ (130)</u>

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## 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, 2011

<b>Assets</b>	<b>Beach Fund</b>	<b>Black River Park</b>	<b>Marina Fund</b>	<b>Total</b>
Current assets				
Cash and pooled investments	\$ 19,096	\$ 156,234	\$ 1,273,928	\$ 1,449,258
Accounts receivable	-	200	-	200
Accrued interest receivable	-	-	2,804	2,804
Prepaid items	<u>229</u>	<u>633</u>	<u>979</u>	<u>1,841</u>
Total current assets	<u>19,325</u>	<u>157,067</u>	<u>1,277,711</u>	<u>1,454,103</u>
Non-current assets				
Capital assets				
Land	-	2,333	3,003	5,336
Construction in progress	-	-	29,362	29,362
Buildings and equipment	-	62,303	63,471	125,774
Infrastructure	-	935,467	1,920,275	2,855,742
Less accumulated depreciation	<u>-</u>	<u>(458,666)</u>	<u>(1,071,174)</u>	<u>(1,529,840)</u>
Total non-current assets	<u>-</u>	<u>541,437</u>	<u>944,937</u>	<u>1,486,374</u>
<b>Total assets</b>	<u>19,325</u>	<u>698,504</u>	<u>2,222,648</u>	<u>2,940,477</u>
<b>Liabilities</b>				
Current liabilities				
Accounts payable	10,595	2,809	10,596	24,000
Accrued liabilities	1,916	722	2,004	4,642
Unearned revenue	<u>-</u>	<u>38,729</u>	<u>183,324</u>	<u>222,053</u>
<b>Total liabilities</b>	<u>12,511</u>	<u>42,260</u>	<u>195,924</u>	<u>250,695</u>
<b>Net assets</b>				
Invested in capital assets, net of related debt	-	541,437	944,937	1,486,374
Unrestricted	<u>6,814</u>	<u>114,807</u>	<u>1,081,787</u>	<u>1,203,408</u>
<b>Total net assets</b>	<u>\$ 6,814</u>	<u>\$ 656,244</u>	<u>\$ 2,026,724</u>	<u>\$ 2,689,782</u>

# CITY OF SOUTH HAVEN

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

FOR THE YEAR ENDED JUNE 30, 2011

	<u>Beach Fund</u>	<u>Black River Park</u>	<u>Marina Fund</u>	<u>Total</u>
<b>Operating revenue</b>				
Charges for services	\$ 173,643	\$ -	\$ 7,948	\$ 181,591
Dock rental	-	136,006	468,357	604,363
Other	-	749	1,761	2,510
<b>Total operating revenue</b>	<u>173,643</u>	<u>136,755</u>	<u>478,066</u>	<u>788,464</u>
<b>Operating expense</b>				
Operating costs and expenses	240,848	104,463	392,000	737,311
Depreciation	-	45,853	92,286	138,139
<b>Total operating expense</b>	<u>240,848</u>	<u>150,316</u>	<u>484,286</u>	<u>875,450</u>
Operating income (loss)	(67,205)	(13,561)	(6,220)	(86,986)
Non-operating revenue (expense)				
Investment earnings	289	357	19,720	20,366
Income (loss) before transfers	<u>(66,916)</u>	<u>(13,204)</u>	<u>13,500</u>	<u>(66,620)</u>
Transfers				
Property tax equivalent payments	(8,750)	(7,877)	(26,947)	(43,574)
Transfers out	-	(4,171)	(15,438)	(19,609)
Total transfers	<u>(8,750)</u>	<u>(12,048)</u>	<u>(42,385)</u>	<u>(63,183)</u>
Changes in net assets	(75,666)	(25,252)	(28,885)	(129,803)
<b>Net assets, beginning of year</b>	<u>82,480</u>	<u>681,496</u>	<u>2,055,609</u>	<u>2,819,585</u>
<b>Net assets, end of year</b>	<u>\$ 6,814</u>	<u>\$ 656,244</u>	<u>\$ 2,026,724</u>	<u>\$ 2,689,782</u>

**CITY OF SOUTH HAVEN**  
**NONMAJOR ENTERPRISE FUNDS**  
**COMBINING STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

	<b>Beach Fund</b>	<b>Black River Park</b>	<b>Marina Fund</b>	<b>Total</b>
<b>Cash flows from operating activities</b>				
Receipts from customers and users	\$ 173,643	\$ 123,828	\$ 464,712	\$ 762,183
Payments to employees	(82,395)	(41,527)	(73,309)	(197,231)
Payments to suppliers	(152,842)	(64,650)	(321,318)	(538,810)
<b>Net cash provided by (used in) operating activities</b>	<u>(61,594)</u>	<u>17,651</u>	<u>70,085</u>	<u>26,142</u>
<b>Cash flows from non-capital financing activities</b>				
Property tax equivalents	(8,750)	(7,877)	(26,947)	(43,574)
Transfers out	-	(4,171)	(15,438)	(19,609)
<b>Net cash provided by (used in) non-capital financing activities</b>	<u>(8,750)</u>	<u>(12,048)</u>	<u>(42,385)</u>	<u>(63,183)</u>
<b>Cash flows from capital and related financing activities</b>				
Acquisitions of capital assets	-	(3,574)	(14,529)	(18,103)
<b>Cash flows from investing activities</b>				
Interest income	289	357	19,137	19,783
Net increase (decrease) in cash and pooled investments	(70,055)	2,386	32,308	(35,361)
<b>Cash and pooled investments, beginning of year</b>	<u>89,151</u>	<u>153,848</u>	<u>1,241,620</u>	<u>1,484,619</u>
<b>Cash and pooled investments, end of year</b>	<u>\$ 19,096</u>	<u>\$ 156,234</u>	<u>\$ 1,273,928</u>	<u>\$ 1,449,258</u>
<b>Cash flows from operating activities</b>				
Operating income (loss)	\$ (67,205)	\$ (13,561)	\$ (6,220)	\$ (86,986)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation	-	45,853	92,286	138,139
Change in operating assets and liabilities which provided (used) cash				
Accounts receivable	-	(200)	-	(200)
Prepaid expenses	(229)	(633)	(979)	(1,841)
Accounts payable	4,924	(1,301)	(2,052)	1,571
Accrued liabilities	916	220	404	1,540
Deferred revenue	-	(12,727)	(13,354)	(26,081)
<b>Net cash provided by (used in) operating activities</b>	<u>\$ (61,594)</u>	<u>\$ 17,651</u>	<u>\$ 70,085</u>	<u>\$ 26,142</u>

**CITY OF SOUTH HAVEN**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF NET ASSETS**

**JUNE 30, 2011**

<b>Assets</b>	<b>Motor Pool</b>	<b>Information Services</b>	<b>Self Insurance</b>	<b>Total</b>
Current assets				
Cash and pooled investments	\$ 1,180,885	\$ 47,177	\$ 607,227	\$ 1,835,289
Accrued interest receivable	3,793	-	2,334	6,127
Prepaid items	<u>1,136</u>	<u>97</u>	<u>-</u>	<u>1,233</u>
Total current assets	<u>1,185,814</u>	<u>47,274</u>	<u>609,561</u>	<u>1,842,649</u>
Non-current assets				
Capital assets				
Buildings and equipment	612,236	156,590	-	768,826
Vehicles	2,276,313	-	-	2,276,313
Less accumulated depreciation	<u>(1,870,153)</u>	<u>(104,036)</u>	<u>-</u>	<u>(1,974,189)</u>
Total non-current assets	<u>1,018,396</u>	<u>52,554</u>	<u>-</u>	<u>1,070,950</u>
<b>Total assets</b>	<u>2,204,210</u>	<u>99,828</u>	<u>609,561</u>	<u>2,913,599</u>
<b>Liabilities</b>				
Current liabilities				
Accounts payable	7,546	31,325	35,035	73,906
Accrued liabilities	<u>1,028</u>	<u>758</u>	<u>-</u>	<u>1,786</u>
Total current liabilities	8,574	32,083	35,035	75,692
Long-term liabilities				
Compensated absences	<u>15,430</u>	<u>8,391</u>	<u>-</u>	<u>23,821</u>
Total long-term liabilities	15,430	8,391	-	23,821
<b>Total liabilities</b>	<u>24,004</u>	<u>40,474</u>	<u>35,035</u>	<u>99,513</u>
<b>Net assets</b>				
Invested in capital assets, net of related debt	1,018,396	52,554	-	1,070,950
Unrestricted	<u>1,161,810</u>	<u>6,800</u>	<u>574,526</u>	<u>1,743,136</u>
<b>Total net assets</b>	<u>\$ 2,180,206</u>	<u>\$ 59,354</u>	<u>\$ 574,526</u>	<u>\$ 2,814,086</u>

# CITY OF SOUTH HAVEN

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

**FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Motor Pool</u>	<u>Information Services</u>	<u>Self Insurance</u>	<u>Total</u>
<b>Operating revenue</b>				
Charges for services	\$ 674,768	\$ 198,191	\$ 316,130	\$ 1,189,089
Other	<u>8,478</u>	<u>-</u>	<u>-</u>	<u>8,478</u>
<b>Total operating revenue</b>	<u>683,246</u>	<u>198,191</u>	<u>316,130</u>	<u>1,197,567</u>
<b>Operating expense</b>				
Operating costs and expenses	277,643	137,355	267,791	682,789
Depreciation	<u>249,653</u>	<u>39,467</u>	<u>-</u>	<u>289,120</u>
<b>Total operating expense</b>	<u>527,296</u>	<u>176,822</u>	<u>267,791</u>	<u>971,909</u>
Operating income (loss)	<u>155,950</u>	<u>21,369</u>	<u>48,339</u>	<u>225,658</u>
Non-operating revenue (expense)				
Gain on sale of capital assets	5,026	-	-	5,026
Interest income	<u>11,592</u>	<u>25</u>	<u>8,976</u>	<u>20,593</u>
Total non-operating revenue (expense)	<u>16,618</u>	<u>25</u>	<u>8,976</u>	<u>25,619</u>
Changes in net assets	172,568	21,394	57,315	251,277
<b>Net assets, beginning of year</b>	<u>2,007,638</u>	<u>37,960</u>	<u>517,211</u>	<u>2,562,809</u>
<b>Net assets, end of year</b>	<u>\$ 2,180,206</u>	<u>\$ 59,354</u>	<u>\$ 574,526</u>	<u>\$ 2,814,086</u>

**CITY OF SOUTH HAVEN**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Motor Pool</u>	<u>Information Services</u>	<u>Self Insurance</u>	<u>Total</u>
<b>Cash flows from operating activities</b>				
Receipts from internal services provided	\$ 683,246	\$ 198,191	\$ 316,130	\$ 1,197,567
Payments to employees	(102,041)	(73,159)	-	(175,200)
Payments to suppliers	(173,290)	(45,967)	(255,644)	(474,901)
<b>Net cash provided by (used in) operating activities</b>	<u>407,915</u>	<u>79,065</u>	<u>60,486</u>	<u>547,466</u>
<b>Cash flows from capital and related financing activities</b>				
Proceeds from sale of capital assets	5,026	-	-	5,026
Acquisitions of capital assets	(242,307)	(53,461)	-	(295,768)
<b>Net cash provided by (used in) capital and related financing activities</b>	<u>(237,281)</u>	<u>(53,461)</u>	<u>-</u>	<u>(290,742)</u>
<b>Cash flows from investing activities</b>				
Interest income	7,799	25	6,642	14,466
Net increase (decrease) in cash and pooled investments	178,433	25,629	67,128	271,190
<b>Cash and pooled investments, beginning of year</b>	<u>1,002,452</u>	<u>21,548</u>	<u>540,099</u>	<u>1,564,099</u>
<b>Cash and pooled investments, end of year</b>	<u>\$ 1,180,885</u>	<u>\$ 47,177</u>	<u>\$ 607,227</u>	<u>\$ 1,835,289</u>
<b>Cash flows from operating activities</b>				
Operating income (loss)	\$ 155,950	\$ 21,369	\$ 48,339	\$ 225,658
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation	249,653	39,467	-	289,120
Change in operating assets and liabilities which provided (used) cash				
Prepaid expenses	(1,136)	(97)	-	(1,233)
Accounts payable	(1,172)	25,470	12,147	36,445
Accrued liabilities	4,620	(7,144)	-	(2,524)
<b>Net cash provided by (used in) operating activities</b>	<u>\$ 407,915</u>	<u>\$ 79,065</u>	<u>\$ 60,486</u>	<u>\$ 547,466</u>

# CITY OF SOUTH HAVEN

## AGENCY FUNDS COMBINING STATEMENT OF ASSETS AND LIABILITIES

JUNE 30, 2011

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	<u>Payroll tax Collection</u>	<u>Current tax Fund</u>	<u>Trust and Agency</u>	<u>Total</u>
<b>Assets</b>				
Cash and pooled investments	\$ 36,897	\$ 193	\$ 221,394	\$ 258,484
Prepaid items	<u>44,899</u>	<u>-</u>	<u>-</u>	<u>44,899</u>
<b>Total assets</b>	<u>\$ 81,796</u>	<u>\$ 193</u>	<u>\$ 221,394</u>	<u>\$ 303,383</u>
<b>Liabilities</b>				
Accounts payable	\$ 59,676	\$ 193	\$ 235	\$ 60,104
Deposits	-	-	221,159	221,159
Due to other governmental units	<u>22,120</u>	<u>-</u>	<u>-</u>	<u>22,120</u>
<b>Total liabilities</b>	<u>\$ 81,796</u>	<u>\$ 193</u>	<u>\$ 221,394</u>	<u>\$ 303,383</u>

**CITY OF SOUTH HAVEN**  
**AGENCY FUNDS**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2011</u>
<b><u>Payroll Tax Collection Fund</u></b>				
<b>Assets</b>				
Cash and pooled investments	\$ 31,970	\$ 1,463,214	\$ 1,458,287	\$ 36,897
Prepaid items	52,773	97,673	105,547	44,899
	<u>\$ 84,743</u>	<u>\$ 1,560,887</u>	<u>\$ 1,563,834</u>	<u>\$ 81,796</u>
<b>Liabilities</b>				
Accounts payable	\$ 64,509	\$ 1,159,944	\$ 1,164,777	\$ 59,676
Due to other governmental units	20,234	1,220,228	1,218,342	22,120
<b>Total liabilities</b>	<u>\$ 84,743</u>	<u>\$ 2,380,172</u>	<u>\$ 2,383,119</u>	<u>\$ 81,796</u>
<b><u>Current Tax Collection Fund</u></b>				
<b>Assets</b>				
Cash and pooled investments	\$ -	\$ 14,031,535	\$ 14,031,342	\$ 193
Accounts receivable	-	344,344	344,344	-
<b>Total assets</b>	<u>\$ -</u>	<u>\$ 14,375,879</u>	<u>\$ 14,375,686</u>	<u>\$ 193</u>
<b>Liabilities</b>				
Accounts Payable	\$ -	\$ 11,430,749	\$ 11,430,556	\$ 193
Due to other governmental units	-	29,884,783	29,884,783	-
<b>Total liabilities</b>	<u>\$ -</u>	<u>\$ 29,884,783</u>	<u>\$ 29,884,783</u>	<u>\$ -</u>
<b><u>Trust and Agency Fund</u></b>				
<b>Assets</b>				
Cash and pooled investments	\$ 80,957	\$ 276,115	\$ 135,678	\$ 221,394
<b>Total assets</b>	<u>\$ 80,957</u>	<u>\$ 276,115</u>	<u>\$ 135,678</u>	<u>\$ 221,394</u>
<b>Liabilities</b>				
Accounts payable	\$ 9,468	\$ 103,965	\$ 113,198	\$ 235
Deposits	71,489	150,363	693	221,159
<b>Total liabilities</b>	<u>\$ 80,957</u>	<u>\$ 254,328</u>	<u>\$ 113,891</u>	<u>\$ 221,394</u>
<b><u>Total - All Agency Funds</u></b>				
<b>Assets</b>				
Cash and pooled investments	\$ 112,927	\$ 15,770,864	\$ 15,625,307	\$ 258,484
Prepaid items	52,773	97,673	105,547	44,899
<b>Total assets</b>	<u>\$ 165,700</u>	<u>\$ 15,868,537</u>	<u>\$ 15,730,854</u>	<u>\$ 303,383</u>
<b>Liabilities</b>				
Accounts payable	\$ 73,977	\$ 12,694,658	\$ 12,708,531	\$ 60,104
Deposits	71,489	150,363	693	221,159
Due to other governmental units	20,234	31,105,011	31,103,125	22,120
<b>Total liabilities</b>	<u>\$ 165,700</u>	<u>\$ 43,950,032</u>	<u>\$ 43,812,349</u>	<u>\$ 303,383</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.

A *Local Development Finance Authority Fund (LDFA)* accounts for tax increment financing plans adopted by the each of the three LDFA districts within the City. Each district receives “captured” tax revenue from properties located within the development district and uses the funds for further development in those districts.

The *Brownfield Redevelopment Authority (BRA)* accounts for the Brownfield plans adopted by the authority. These plans are site specific and have been identified and approved by the State of Michigan as an “eligible” property requiring site reclamation. These “captured” tax revenues from each specific property 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, 2011**

	<u>Governmental</u> <u>Fund Type</u>		
	<u>General</u> <u>Fund</u>	<u>Adjustments</u>	<u>Statement</u> <u>of</u> <u>Net Assets</u>
<b>Assets</b>			
Cash and pooled investments	\$ 449,309	\$ -	\$ 449,309
Accounts receivable	184	-	184
Prepaid items	<u>226</u>		<u>226</u>
<b>Total assets</b>	<u>\$ 449,719</u>	<u>-</u>	<u>449,719</u>
<b>Liabilities and fund balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ 204,467	-	204,467
Accrued liabilities	<u>585</u>	<u>-</u>	<u>585</u>
<b>Total liabilities</b>	205,052	<u>-</u>	<u>205,052</u>
<b>Fund balances</b>			
Unreserved			
Undesignated	<u>244,667</u>	<u>(244,667)</u>	
<b>Total liabilities and fund balances</b>	<u>\$ 449,719</u>		
<b>Net assets</b>			
Unrestricted		<u>244,667</u>	<u>244,667</u>
<b>Total net assets</b>		<u>\$ 244,667</u>	<u>\$ 244,667</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, 2011**

---

	<b>General Fund</b>	<b>Adjustments</b>	<b>Statement of Activities</b>
<b>Revenues</b>			
Taxes	\$ 1,553,532	\$ -	\$ 1,553,532
Investment earnings	746	-	746
Miscellaneous	<u>12,184</u>	<u>-</u>	<u>12,184</u>
	1,566,462	-	1,566,462
<b>Expenditures/expenses</b>			
Community development	<u>1,595,689</u>	<u>-</u>	<u>1,595,689</u>
Net changes in fund balances	(29,227)	29,227	
Change in net assets		(29,227)	(29,227)
<b>Fund balances/net assets, beginning of year</b>	<u>273,894</u>		<u>273,894</u>
<b>Fund balances/net assets, end of year</b>	<u>\$ 244,667</u>		<u>\$ 244,667</u>

**CITY OF SOUTH HAVEN**

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

**JUNE 30, 2011**

	<b>General Fund</b>	<b>Adjustments</b>	<b>Statement of Net Assets</b>
<b>Assets</b>			
Cash and pooled investments	\$ 1,243,017	\$ -	\$ 1,243,017
Accounts receivable	1,931	-	1,931
Prepaid items	<u>53</u>		<u>53</u>
<b>Total assets</b>	<u>\$ 1,245,001</u>	<u>-</u>	<u>1,245,001</u>
 <b>Liabilities and fund balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ 45	-	45
Accrued liabilities	<u>547</u>	<u>-</u>	<u>547</u>
<b>Total liabilities</b>	592	<u>-</u>	<u>592</u>
 <b>Fund balances</b>			
Unreserved			
Undesignated	<u>1,244,409</u>	<u>(1,244,409)</u>	
<b>Total liabilities and fund balances</b>	<u>\$ 1,245,001</u>		
 <b>Net assets</b>			
Unrestricted		<u>\$ 1,244,409</u>	<u>\$ 1,244,409</u>

**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, 2011**

---

	<b>General Fund</b>	<b>Adjustments</b>	<b>Statement of Activities</b>
<b>Revenues</b>			
Taxes	\$ 194,237	\$ -	\$ 194,237
Investment earnings	4,983	-	4,983
Miscellaneous	<u>1,076</u>	<u>-</u>	<u>1,076</u>
	200,296	-	200,296
<b>Expenditures/expenses</b>			
Community development	<u>187,192</u>	<u>-</u>	<u>187,192</u>
Net changes in fund balances	13,104	(13,104)	
Change in net assets		13,104	13,104
<b>Fund balances/net assets, beginning of year</b>	<u>1,231,305</u>		<u>1,231,305</u>
<b>Fund balances/net assets, end of year</b>	<u>\$ 1,244,409</u>		<u>\$ 1,244,409</u>

**CITY OF SOUTH HAVEN**

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

**JUNE 30, 2011**

	<b>General Fund</b>	<b>Adjustments</b>	<b>Statement of Net Assets</b>
<b>Assets</b>			
Cash and pooled investments	\$ 179,702	\$ -	\$ 179,702
Accounts receivable	108	-	108
Capital assets not being depreciated	<u>-</u>	<u>55,373</u>	<u>55,373</u>
<b>Total assets</b>	<b><u>\$ 179,810</u></b>	<b><u>55,373</u></b>	<b><u>235,183</u></b>
 <b>Liabilities and fund balances</b>			
<b>Liabilities</b>			
Accounts payable	<u>\$ -</u>	<u>-</u>	<u>-</u>
 <b>Fund balances</b>			
Unreserved			
Undesignated	<u>179,810</u>	<u>(179,810)</u>	
<b>Total liabilities and fund balances</b>	<b><u>\$ 179,810</u></b>		
 <b>Net assets</b>			
Invested in capital assets, net of related debt		55,373	55,373
Unrestricted		<u>179,810</u>	<u>179,810</u>
<b>Total net assets</b>		<b><u>\$ 235,183</u></b>	<b><u>\$ 235,183</u></b>

**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, 2011**

---

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
<b>Revenues</b>			
Taxes	\$ 37,844	\$ -	\$ 37,844
Investment earnings	<u>4,523</u>	<u>-</u>	<u>4,523</u>
	42,367	-	42,367
<b>Expenditures/expenses</b>			
Community development	<u>18,703</u>	<u>-</u>	<u>18,703</u>
Net changes in fund balances	23,664	(23,664)	
Change in net assets		23,664	23,664
<b>Fund balances/net assets, beginning of year</b>	<u>156,146</u>		<u>211,519</u>
<b>Fund balances/net assets, end of year</b>	<u>\$ 179,810</u>		<u>\$ 235,183</u>

# CITY OF SOUTH HAVEN

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

JUNE 30, 2011

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Assets</u>
<b>Assets</b>			
Cash and pooled investments	\$ 821,872	\$ -	\$ 821,872
Accounts receivable	279	-	279
Prepaid items	35	-	35
Capital assets not being depreciated	<u>-</u>	<u>136,080</u>	<u>136,080</u>
<b>Total assets</b>	<b><u>\$ 822,186</u></b>	<b><u>136,080</u></b>	<b><u>958,266</u></b>
 <b>Liabilities and fund balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ 84	-	84
Accrued liabilities	364	-	364
Noncurrent liabilities			
Due within one year	-	27,208	27,208
Due in more than one year	<u>-</u>	<u>102,033</u>	<u>102,033</u>
<b>Total liabilities</b>	<b>448</b>	<b><u>129,241</u></b>	<b><u>129,689</u></b>
 <b>Fund balances</b>			
Unreserved			
Undesignated	<u>821,738</u>	<u>(821,738)</u>	
<b>Total liabilities and fund balances</b>	<b><u>\$ 822,186</u></b>		
 <b>Net assets</b>			
Invested in capital assets, net of related debt		6,839	6,839
Unrestricted		<u>821,738</u>	<u>821,738</u>
<b>Total net assets</b>		<b><u>\$ 828,577</u></b>	<b><u>\$ 828,577</u></b>

**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, 2011**

	<b>General Fund</b>	<b>Adjustments</b>	<b>Statement of Activities</b>
<b>Revenues</b>			
Taxes	\$ 44,665	\$ -	\$ 44,665
Investment earnings	7,651	-	7,651
Miscellaneous	<u>4,422</u>	-	<u>4,422</u>
	<u>56,738</u>	-	<u>56,738</u>
<b>Expenditures/expenses</b>			
Community development	36,152	-	36,152
Debt Service			
Principal	27,208	(27,208)	-
<b>Total expenditures/expenses</b>	<u>63,360</u>	<u>(27,208)</u>	<u>36,152</u>
Net changes in fund balances	(6,622)	6,622	
Change in net assets		20,586	20,586
<b>Fund balances/net assets, beginning of year</b>	<u>828,360</u>		<u>807,991</u>
<b>Fund balances/net assets, end of year</b>	<u>\$ 821,738</u>		<u>\$ 828,577</u>

**CITY OF SOUTH HAVEN**

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

**JUNE 30, 2011**

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Totals</u>	<u>Adjustments</u>	<u>Statement of Net Assets</u>
<b>Assets</b>					
Cash and pooled investments	\$ 1,493,859	\$ -	\$ 1,493,859	\$ -	\$ 1,493,859
Accounts receivable	<u>2,535</u>	<u>-</u>	<u>2,535</u>	<u>-</u>	<u>2,535</u>
<b>Total assets</b>	<u>\$ 1,496,394</u>	<u>\$ -</u>	<u>\$ 1,496,394</u>	<u>-</u>	<u>1,496,394</u>
<b>Liabilities and fund balances</b>					
<b>Liabilities</b>					
Accounts payable	\$ 269,270	\$ -	\$ 269,270	-	269,270
Due to other governments	<u>76,807</u>	<u>-</u>	<u>76,807</u>	<u>-</u>	<u>76,807</u>
<b>Total liabilities</b>	<u>346,077</u>	<u>-</u>	<u>346,077</u>	<u>-</u>	<u>346,077</u>
<b>Fund balances</b>					
Unreserved Undesignated	<u>1,150,317</u>	<u>-</u>	<u>1,150,317</u>	<u>(1,150,317)</u>	
<b>Total liabilities and fund balances</b>	<u>\$ 1,496,394</u>	<u>\$ -</u>	<u>\$ 1,496,394</u>		
<b>Net assets</b>					
Unrestricted				<u>\$ 1,150,317</u>	<u>\$ 1,150,317</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, 2011**

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	<b>General Fund</b>	<b>Adjustments</b>	<b>Statement of Activities</b>
<b>Revenues</b>			
Taxes	\$ 162,547	\$ -	\$ 162,547
Investment earnings	<u>7,688</u>	<u>-</u>	<u>7,688</u>
	170,235	-	170,235
<b>Expenditures/expenses</b>			
Community development	<u>431,151</u>	<u>-</u>	<u>431,151</u>
Net changes in fund balances	(260,916)	260,916	
Change in net assets		(260,916)	(260,916)
<b>Fund balances/net assets, beginning of year</b>	<u>1,411,233</u>		<u>1,411,233</u>
<b>Fund balances/net assets, end of year</b>	<u>\$ 1,150,317</u>		<u>\$ 1,150,317</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.

<b><u>Contents</u></b>	<b><u>Schedule</u></b>
<b>Financial Trends</b>	
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
<b>Revenue Capacity</b>	
These schedules contain information to help the reader assess the city's most significant local revenue source, the property tax.	5 to 8
<b>Debt Capacity</b>	
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
<b>Demographic and Economic Information</b>	
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
<b>Operating Information</b>	
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 Nine Fiscal Years**  
(accrual basis of accounting)

	FISCAL YEAR								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Governmental activities</b>									
Invested in capital assets, net of related debt	\$ 3,022,895	\$ 1,172,825	\$ 2,225,731	\$ 3,061,058	\$ 5,557,726	\$ 7,554,458	\$ 9,135,065	\$ 9,703,248	\$ 10,611,224
Restricted	465,980	486,230	849,964	1,826,780	1,733,705	1,160,293	2,290,539	2,778,475	3,262,642
Unrestricted	3,296,209	3,376,649	2,406,064	2,550,877	2,420,909	2,653,944	2,176,541	3,180,915	4,526,595
<b>Total governmental activities net assets</b>	<b>\$ 6,785,084</b>	<b>\$ 5,035,704</b>	<b>\$ 5,481,759</b>	<b>\$ 7,438,715</b>	<b>\$ 9,712,340</b>	<b>\$ 11,368,695</b>	<b>\$ 13,602,145</b>	<b>\$ 15,662,638</b>	<b>\$ 18,400,461</b>
<b>Business-type activities</b>									
Invested in capital assets, net of related debt	\$ 13,501,558	\$ 17,186,046	\$ 17,402,624	\$ 17,899,141	\$ 20,870,409	\$ 19,580,754	\$ 21,345,979	\$ 22,521,811	\$ 22,316,600
Restricted	400,514	241,761	294,997	770,311	231,900	265,024	257,475	180,006	60,420
Unrestricted	7,359,298	9,624,766	10,244,115	9,537,704	7,998,419	9,585,949	8,671,544	8,380,310	9,156,523
<b>Total business-type activities net assets</b>	<b>\$ 21,261,370</b>	<b>\$ 27,052,573</b>	<b>\$ 27,941,736</b>	<b>\$ 28,207,156</b>	<b>\$ 29,100,728</b>	<b>\$ 29,431,727</b>	<b>\$ 30,274,998</b>	<b>\$ 31,082,127</b>	<b>\$ 31,533,543</b>
<b>Primary government</b>									
Invested in capital assets, net of related debt	\$ 16,524,453	\$ 18,358,871	\$ 19,628,355	\$ 20,960,199	\$ 26,428,135	\$ 27,135,212	\$ 30,481,044	\$ 32,225,059	\$ 32,927,824
Restricted	866,494	727,991	1,144,961	2,597,091	1,965,605	1,425,317	2,548,014	2,958,481	3,323,062
Unrestricted	10,655,507	13,001,415	12,650,179	12,088,581	10,419,328	12,239,893	10,848,085	11,561,225	13,683,118
<b>Total primary government net assets</b>	<b>\$ 28,046,454</b>	<b>\$ 32,088,277</b>	<b>\$ 33,423,495</b>	<b>\$ 35,645,871</b>	<b>\$ 38,813,068</b>	<b>\$ 40,800,422</b>	<b>\$ 43,877,143</b>	<b>\$ 46,744,765</b>	<b>\$ 49,934,004</b>

Note: No discretely presented component units shown  
City of South Haven implemented GASB 34 in Fiscal Year 2003

Source: City of South Haven

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

	FISCAL YEAR								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Expenses</b>									
Governmental activities:									
General government	\$873,531	\$1,123,354	\$1,228,829	\$1,239,832	\$1,379,519	\$954,567	\$1,277,691	\$1,334,355	\$1,396,786
Public safety	2,836,035	2,887,402	2,953,261	2,689,126	2,844,831	2,894,663	2,948,164	3,046,626	2,888,621
Public works	1,247,726	1,639,589	1,318,248	1,247,813	1,903,245	2,035,880	1,896,910	1,668,514	1,163,015
Health and welfare	422,070	440,932	581,107	578,735	572,440	727,626	536,700	516,136	540,524
Culture and recreation	587,415	994,019	573,844	550,392	530,509	577,925	511,308	585,626	532,774
Interest on long-term debt	299,583	439,299	478,856	541,799	537,006	538,351	481,688	457,497	435,801
<b>Total governmental activities expenses</b>	<b>6,266,360</b>	<b>7,524,595</b>	<b>7,134,145</b>	<b>6,847,697</b>	<b>7,767,550</b>	<b>7,729,012</b>	<b>7,652,461</b>	<b>7,608,754</b>	<b>6,957,521</b>
Business-type activities									
Electric utility	8,606,946	8,912,236	8,856,995	9,608,078	10,217,612	12,020,477	11,412,606	11,102,046	11,843,458
Water utility	1,363,519	1,397,570	1,482,354	1,653,571	1,467,184	1,635,390	2,151,847	2,694,258	3,594,655
Sewer utility	1,243,519	1,298,007	1,390,204	1,571,794	1,458,392	1,614,760	1,720,004	1,643,790	1,556,146
Other enterprise funds	677,578	736,018	783,930	851,490	747,573	823,411	806,259	802,951	875,450
<b>Total business-type activities expenses</b>	<b>11,891,562</b>	<b>12,343,831</b>	<b>12,513,483</b>	<b>13,684,933</b>	<b>13,890,761</b>	<b>16,094,038</b>	<b>16,090,716</b>	<b>16,243,045</b>	<b>17,869,709</b>
<b>Total primary government expenses</b>	<b>\$18,157,922</b>	<b>\$19,868,426</b>	<b>\$19,647,628</b>	<b>\$20,532,630</b>	<b>\$21,658,311</b>	<b>\$23,823,050</b>	<b>\$23,743,177</b>	<b>\$23,851,799</b>	<b>\$24,827,230</b>
<b>Program Revenues</b>									
Governmental activities:									
Charges for services:									
General government	\$724,351	\$881,824	\$980,656	\$760,207	\$1,097,733	\$1,016,589	\$1,049,352	\$1,031,187	\$795,917
Public safety	14,853	14,875	9,456	77,525	428,623	314,410	268,802	234,066	247,118
Public works	465,051	688,401	675,411	713,064	477,805	449,264	437,097	416,206	495,520
Health and welfare					51,612	37,409	65,580	46,367	15,940
Culture and recreation	255,743	293,570	289,263	257,021					
Operating grants and contributions	210,712	216,170	220,636	668,310	1,359,329	914,256	894,614	943,745	1,232,842
Capital grants and contributions	144,647	987,152	11,743	8,095	580,822	318,022	591,426	472,044	347,925
<b>Total governmental activities program revenues</b>	<b>1,815,357</b>	<b>3,081,992</b>	<b>2,187,165</b>	<b>2,484,222</b>	<b>3,995,924</b>	<b>3,049,950</b>	<b>3,306,871</b>	<b>3,143,615</b>	<b>3,135,262</b>
Business-type activities:									
Charges for services:									
Electric utility	9,537,165	9,054,203	9,204,854	9,541,512	11,079,025	12,052,914	12,645,848	12,377,286	13,440,017
Water utility	961,319	1,018,882	1,059,948	1,186,093	1,465,982	1,554,130	2,122,777	2,767,339	2,791,085
Sewer utility	1,438,125	1,509,432	1,524,636	1,587,779	1,822,157	1,960,927	2,013,399	2,039,436	2,059,100
Other	735,784	740,255	779,277	814,882	831,220	873,433	895,859	838,664	788,308
Operating grants and contributions			7,500	22,500	9,495				7,440
Capital grants and contributions	1,339,458	658,774	15,190	292,334	580,961			120,318	318,226
<b>Total business-type activities program revenues</b>	<b>14,011,851</b>	<b>12,981,546</b>	<b>12,591,405</b>	<b>13,445,100</b>	<b>15,788,840</b>	<b>16,441,404</b>	<b>17,677,883</b>	<b>18,143,043</b>	<b>19,404,176</b>
<b>Total primary government program revenues</b>	<b>\$15,827,208</b>	<b>\$16,063,538</b>	<b>\$14,778,570</b>	<b>\$15,929,322</b>	<b>\$19,784,764</b>	<b>\$19,491,354</b>	<b>\$20,984,754</b>	<b>\$21,286,658</b>	<b>\$22,539,438</b>
<b>Net(Expenses)/Revenues</b>									
Governmental activities	(\$4,451,003)	(\$4,442,603)	(\$4,946,980)	(\$4,363,475)	(\$3,771,626)	(\$4,679,062)	(\$4,345,590)	(\$4,465,139)	(\$3,822,259)
Business-type activities	2,120,289	637,715	77,922	(239,833)	1,898,079	347,366	1,587,167	1,899,998	1,534,467
<b>Total primary government net expense</b>	<b>(\$2,330,714)</b>	<b>(\$3,804,888)</b>	<b>(\$4,869,058)</b>	<b>(\$4,603,308)</b>	<b>(\$1,873,547)</b>	<b>(\$4,331,696)</b>	<b>(\$2,758,423)</b>	<b>(\$2,565,141)</b>	<b>(\$2,287,792)</b>
<b>General Revenues and Other Changes in Net Assets</b>									
Governmental activities:									
Property taxes	\$3,646,893	\$4,109,683	\$4,446,071	\$4,417,615	\$3,942,969	\$4,266,604	\$4,581,654	\$4,599,158	\$4,472,704
State revenues - unrestricted	564,291	508,779	500,862	497,039	492,291	490,871	470,121	419,990	421,319
Interest earnings	159,779	200,435	128,300	180,013	180,814	175,827	113,406	93,929	115,210
Other grants and contributions not restricted to specific programs	15,188			30,153	24,757	41,020	59,229	67,173	207,126
Transfers - internal activities	431,091	(2,203,120)	503,775	659,850	1,404,420	1,361,095	1,354,636	1,345,382	1,343,723
<b>Total governmental activities</b>	<b>4,817,242</b>	<b>2,615,777</b>	<b>5,579,008</b>	<b>5,784,670</b>	<b>6,045,251</b>	<b>6,335,417</b>	<b>6,579,046</b>	<b>6,525,632</b>	<b>6,560,082</b>
Business-type activities:									
Interest earnings	152,896	149,212	255,407	375,020	399,913	376,651	221,209	252,513	260,672
Other grants and contributions not restricted to specific programs	881,716	2,802,583	1,059,610	790,083		968,077	389,531	0	0
Transfers - internal activities	(431,091)	2,203,120	(503,775)	(659,850)	(1,404,420)	(1,361,095)	(1,354,636)	(1,345,382)	(1,343,723)
<b>Total business-type activities</b>	<b>603,521</b>	<b>5,154,915</b>	<b>811,242</b>	<b>505,253</b>	<b>(1,004,507)</b>	<b>(16,367)</b>	<b>(743,896)</b>	<b>(1,092,869)</b>	<b>(1,083,051)</b>
<b>Total primary government</b>	<b>\$5,420,763</b>	<b>\$7,770,692</b>	<b>\$6,390,250</b>	<b>\$6,289,923</b>	<b>\$5,040,744</b>	<b>\$6,319,050</b>	<b>\$5,835,150</b>	<b>\$5,432,763</b>	<b>\$5,477,031</b>
<b>Changes in Net Assets</b>									
Governmental activities	\$366,239	(\$1,826,826)	\$632,028	\$1,421,195	\$2,273,625	\$1,656,355	\$2,233,456	\$2,060,493	\$2,737,823
Business-type activities	2,723,810	5,792,630	889,164	265,420	893,572	330,999	843,271	807,129	451,416
<b>Total primary government</b>	<b>\$3,090,049</b>	<b>\$3,965,804</b>	<b>\$1,521,192</b>	<b>\$1,686,615</b>	<b>\$3,167,197</b>	<b>\$1,987,354</b>	<b>\$3,076,727</b>	<b>\$2,867,622</b>	<b>\$3,189,239</b>

Source: City of South Haven

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

	FISCAL YEAR									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Fund										
Non-spendable										
Prepaid items	\$ 37,887	\$ 38,693	\$ 38,543	\$ 106,267	\$ 101,847	\$ 62,136	\$ 78,896	\$ 130,952	\$ 72,626	\$ 135,981
Inventory	-	-	-	-	-	-	-	-	-	46,994
Committed										
Capital Projects	132,151	-	-	-	-	-	-	-	-	250,000
Budget Stabilization	-	-	-	-	-	-	-	-	80,829	161,658
Assigned										
Accrued employee benefits	104,815	84,987	87,283	91,110	95,224	100,313	103,749	107,368	109,457	111,335
Unassigned	918,454	1,340,411	1,197,258	1,111,426	1,251,217	1,595,188	1,788,573	1,901,594	2,077,179	2,546,932
<b>Total General Fund</b>	<b>\$ 1,193,307</b>	<b>\$ 1,464,091</b>	<b>\$ 1,323,084</b>	<b>\$ 1,308,803</b>	<b>\$ 1,448,288</b>	<b>\$ 1,757,637</b>	<b>\$ 1,971,218</b>	<b>\$ 2,139,914</b>	<b>\$ 2,340,091</b>	<b>\$ 3,252,900</b>
All Other Governmental Funds										
Non-spendable										
Prepaid items	\$ 1,033	\$ -	\$ 150	\$ 7,049	\$ 7,415	\$ -	\$ -	\$ -	\$ -	\$ 4,397
Permanent Fund Corpus	117,287	121,040	126,675	126,675	132,245	132,245	132,245	132,245	132,245	132,245
Restricted										
Streets	407,389	419,411	311,442	515,357	349,401	540,198	1,002,843	855,498	1,131,487	1,777,741
Public Safety	58,975	76,792	77,998	58,459	50,555	63,217	81,563	105,974	108,648	99,722
Permanent Fund Spendable portion	-	-	9,014	24,831	40,831	66,141	83,635	97,401	108,374	117,860
Assigned										
Special Revenue Funds	267,409	330,250	450,122	407,341	301,522	198,387	81,029	109,578	157,677	158,620
Debt Service Funds	36,714	46,826	48,183	39,545	52,257	68,831	43,679	47,768	51,257	54,999
Capital Projects Funds	1,742,674	481,498	344,969	857,571	1,157,126	1,278,039	855,863	1,059,584	1,198,270	1,228,344
Unassigned	-	(9,671)	(121,652)	(1,211,793)	(1,034,956)	(912,052)	(1,194,309)	(819,295)	(459,258)	(311,286)
<b>Total all other governmental funds</b>	<b>\$ 2,631,481</b>	<b>\$ 1,466,146</b>	<b>\$ 1,246,901</b>	<b>\$ 825,035</b>	<b>\$ 1,056,396</b>	<b>\$ 1,435,006</b>	<b>\$ 1,086,548</b>	<b>\$ 1,588,753</b>	<b>\$ 2,428,700</b>	<b>\$ 3,262,642</b>
<b>Total governmental funds</b>	<b>\$ 3,824,788</b>	<b>\$ 2,930,237</b>	<b>\$ 2,569,985</b>	<b>\$ 2,133,838</b>	<b>\$ 2,504,684</b>	<b>\$ 3,192,643</b>	<b>\$ 3,057,766</b>	<b>\$ 3,728,667</b>	<b>\$ 4,768,791</b>	<b>\$ 6,515,542</b>

Note: Fund Balance classifications are in accordance with GASB 54.

Source: City of South Haven

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

	FISCAL YEAR									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Revenues</b>										
Property taxes	\$3,520,901	\$3,766,618	\$4,244,497	\$4,596,361	\$4,581,281	\$4,119,962	\$4,443,016	\$4,764,245	\$4,796,366	\$4,656,114
Special assessments	16,330	8,002	274			4,219	18,447	17,484	18,914	20,277
Licenses and permits	143,436	170,568	236,824	200,283	216,121	326,051	222,320	181,368	142,162	147,784
Intergovernmental	1,279,902	1,130,003	1,446,941	948,231	1,269,219	1,179,062	1,208,665	1,219,857	1,213,809	1,566,153
Charges for services	349,281	391,995	393,918	421,837	432,922	463,057	427,964	438,974	448,976	463,864
Fines and forfeits	17,679	22,460	25,635	22,319	30,133	36,835	31,186	38,310	30,237	30,036
Interest and rents	351,982	379,317	390,991	329,479	380,197	225,951	201,515	140,877	112,290	152,340
Other	256,012	347,721	1,161,809	746,631	671,839	1,978,060	1,533,387	1,616,488	1,594,401	1,308,101
Total revenues	5,935,523	6,216,684	7,900,889	7,265,141	7,581,712	8,333,197	8,086,500	8,417,603	8,357,155	8,344,669
<b>Expenditures</b>										
General government	913,585	923,387	917,662	967,420	1,053,478	1,081,063	1,101,488	1,108,564	1,160,238	1,128,400
Public safety	2,668,544	2,653,486	2,783,710	2,862,693	2,870,261	2,829,173	2,948,953	2,981,580	3,083,758	2,936,835
Public works	807,392	999,095	1,114,773	942,020	793,181	598,092	866,403	947,953	990,201	1,282,780
Health and welfare	484,164	521,218	875,958	536,352	514,077	578,205	752,860	558,314	534,056	537,454
Culture and recreation	312,193	308,349	312,214	341,145	343,212	586,907	482,792	405,453	484,885	538,596
Other	142,964	105,777	115,011	119,780	122,179	139,157	147,038	102,376	106,867	70,732
Debt service										
Principal retirement	285,000	370,000	415,000	450,000	455,000	740,000	1,275,000	660,000	710,212	731,096
Interest and fiscal charges	210,228	404,583	439,299	425,511	408,703	530,549	538,351	481,688	457,497	435,801
Capital outlay	2,468,556	1,823,238	4,212,122	1,590,141	1,260,625	3,399,487	1,461,559	1,805,410	1,053,870	360,776
Total expenditures	8,292,626	8,109,133	11,185,749	8,235,062	7,820,716	10,482,633	9,574,444	9,051,338	8,581,584	8,022,470
Excess of revenues over (under) expenditures	(2,357,103)	(1,892,449)	(3,284,860)	(969,921)	(239,004)	(2,149,436)	(1,487,944)	(633,735)	(224,429)	322,199
<b>Other Financing Sources (Uses)</b>										
Transfers in	578,799	511,897	2,331,059	1,819,222	1,021,474	2,422,519	1,518,450	886,820	1,015,861	889,930
Transfers out	(689,020)	(114,200)	(4,539,179)	(1,285,447)	(411,624)	(1,741,366)	(908,115)	(345,893)	(472,864)	(372,506)
Tax equivalent payments	0	0	0	0	0	723,267	742,732	763,709	802,385	826,299
Issuance of bonds	3,700,000	5,800,000	0	0	0	1,500,000	0	0	0	0
Total other financing sources (uses)	3,589,779	6,197,697	(2,208,120)	533,775	609,850	2,904,420	1,353,067	1,304,636	1,345,382	1,343,723
Net change in fund balance	\$1,232,676	\$4,305,248	(\$5,492,980)	(\$436,146)	\$370,846	\$754,984	(\$134,877)	\$670,901	\$1,120,953	\$1,665,922
Debt service as a percentage of noncapital expenditures	8.5%	12.3%	12.3%	13.2%	13.2%	17.9%	22.4%	15.8%	15.5%	15.2%

Source: City of South Haven

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

<b>Fiscal Year Ended June 30</b>	<b>Residential Property</b>	<b>Commercial Property</b>	<b>Industrial Property</b>	<b>Agricultural Property</b>	<b>Personal Property Valuation</b>	<b>Total Assessed Valuation</b>	<b>Total Direct Tax Rate</b>	<b>Estimated Actual Value</b>	<b>Assessed Value as a Percentage of Actual Value</b>
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	227,359,200	54,956,700	21,640,600	144,700	41,003,800	345,105,000	16.1097	690,210,000	50.0%
2005	262,966,200	71,829,100	19,514,100	144,700	40,502,300	394,956,400	15.8281	789,912,800	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	318,489,500	76,849,400	18,725,600	144,700	36,210,200	450,419,400	15.2044	900,838,800	50.0%
2008	350,585,600	84,186,500	19,975,900	151,300	34,604,600	489,503,900	15.1977	979,007,800	50.0%
2009	406,824,300	88,499,100	19,631,300	151,300	36,674,800	551,780,800	14.8071	1,103,561,600	50.0%
2010	413,492,800	101,774,500	19,428,000	158,000	26,026,800	560,880,100	14.8084	1,121,760,200	50.0%
2011	380,752,900	97,054,700	12,775,100	150,700	23,474,900	514,208,300	14.8176	1,028,416,600	50.0%

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

Source: City of South Haven

**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	
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
2011	2010	10.2860	4.5316	14.8176	7.1721	21.2800	6.0000	1.7854	5.9728	57.0279

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

(2) Non homestead rate including debt millage

Source: City of South Haven

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

Taxpayer	Tax Year 2010			Tax Year 2001		
	Total Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Total Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Albemarle	\$ 10,193,300	1	1.98%			
Wal Mart	7,147,800	2	1.39%	\$ 2,569,000	4	1.02%
South Haven Community Hospital	4,652,700	3	0.90%			
Menard Inc.	4,090,200	4	0.80%			
PW Harbor LLC	3,171,400	5	0.62%			
River Ridge Retirement Village	2,650,100	6	0.52%			
815 Wells Street LLC	2,422,400	7	0.47%			
Maple Glen Apartments	2,136,900	8	0.42%	1,380,500	7	
Orion Properties Sixteen LLC	1,716,800	9	0.33%	1,551,600	6	0.62%
Central Lofts	1,639,800	10	0.32%			
Basic Enterprises				1,228,000	10	0.49%
FRM Inc				1,350,900	8	0.54%
American Twisting				1,238,500	9	0.49%
Yale-South Haven				2,260,000	5	0.90%
Double J Molding				4,117,500	3	1.64%
Pullman Industries				8,429,900	2	3.35%
DSM. Inc.				18,430,400	1	7.33%

Source: City of South Haven

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

<b>Taxes Levied July 1,</b>	<b>Fiscal Year</b>	<b>Taxes Levied for the Fiscal Year</b>	<b>Tax Collection for the Fiscal Year</b>	<b>Percent of Levy Collected</b>
2001	2002	\$ 3,273,823	\$ 3,258,611	99.54%
2002	2003	3,541,194	3,518,955	99.37%
2003	2004	4,141,938	4,137,785	99.90%
2004	2005	4,360,881	4,356,038	99.89%
2005	2006	4,566,837	4,563,102	99.92%
2006	2007	4,802,217	4,794,691	99.84%
2007	2008	5,141,566	5,131,883	99.81%
2008	2009	5,523,757	5,504,598	99.65%
2009	2010	5,688,131	5,672,397	99.72%
2010	2011	5,538,270	5,522,749	99.72%

Note: Net of chargebacks from the County Tax Revolving Funds for taxes still delinquent after three years.

Source: City of South Haven

**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					
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
2011	9,410,000	184,692	19,475,000	295,000	0	29,364,692	20.15%	6,669	145,752,509	4,403

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

Sources: City of South Haven  
U.S. Census Bureau

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

<b>Fiscal Year Ended June 30</b>	<b>Population(1)</b>	<b>SEV Value(3)</b>	<b>Gross Bonded Debt(2)</b>	<b>Debt Service Monies Available</b>	<b>Debt Payable From Enterprise Revenues &amp; Special Assessments</b>	<b>Net Bonded Debt</b>	<b>Ratio of Net Bonded Debt to SEV Value</b>	<b>Net Bonded Debt per Capita</b>
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	560,880,100	30,680,000	51,258	20,560,000	10,068,742	1.80%	2,005
2011	4,403	514,208,300	29,180,000	54,999	19,770,000	9,355,001	1.82%	2,125

- 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  
Debt Statement  
As of June 30, 2011**

<u>City Direct Debt</u>	<u>Gross</u>	<u>Self-Supporting</u>	<u>Net Debt</u>	<u>Net Debt (1)</u>	
				<u>Per Capita</u>	<u>% of Taxable Valuation</u>
Building Authority Bonds (LTGO)	\$ 2,405,000	\$ -	\$ 2,405,000		
Capital Improvement Bonds (LTGO) (2)	25,130,000	25,130,000	-		
Water Revenue Bonds	295,000	295,000	-		
Downtown Development Authority Bonds (LTGO)	1,350,000	1,350,000	-		
<b>Total Direct Debt</b>	<b>\$ 29,180,000</b>	<b>\$ 26,775,000</b>	<b>\$ 2,405,000</b>	<b>\$ 546</b>	<b>0.63%</b>

<u>City Overlapping (3)</u>	<u>Gross</u>	<u>City Share as % of Gross</u>	<u>Net City Share</u>	<u>Net Debt (1)</u>	
				<u>Per Capita</u>	<u>% of Taxable Valuation</u>
South Haven Public Schools	\$ 28,240,000	49.81%	\$ 14,066,344		
Allegan County at Large	795,000	13.33%	105,974		
Van Buren County at Large	750,000	0.07%	525		
<b>Total Overlapping Debt</b>	<b>\$ 29,785,000</b>		<b>\$ 14,172,843</b>	<b>\$ 3,219</b>	<b>3.74%</b>

<b>Total Direct and Overlapping Debt</b>			<b>\$ 16,577,842.50</b>	<b>\$ 3,765</b>	<b>4.37%</b>
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(1) Based upon the 2010 US Census population of 4,403 and the 2010 Ad Valorem Taxable Value of \$379,204,049.

(2) Includes the 2008 and 2009 Capital Improvement Bonds in the total combined outstanding amount of \$19,475,000; both of which are paid with Water Revenues. Also includes the City's 2007 Capital Improvement Bonds currently outstanding in the amount of \$1,285,000 and paid by the Downtown Development Authority (DDA) subordinate to the outstanding DDA Bonds listed above. Further includes the 2003 Capital Improvement Bonds currently outstanding in the amount of \$4,370,000 and paid by the City's Sewer Fund, Local Development Finance Authority, and Downtown Development Authority.

(3) Overlapping debt is the portion of other taxing units debt for which a City taxpayer is responsible for in addition to the debt of the City.

Source: City of South Haven and Municipal Advisory Council of Michigan

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

**Legal Debt Margin Calculation for Fiscal Year 2011**

State Equalized Value, real and personal property	\$514,208,300
Debt limitation - 10 percent of total valuation	<u>51,420,830</u>
Debt applicable to limit	
Outstanding Debt	29,180,000
Less: Exempt Obligations	<u>295,000</u>
Total net debt applicable to limit	<u>28,885,000</u>
Legal debt margin	<u><u>\$ 22,535,830</u></u>

	<b>Fiscal Year</b>									
	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
Debt limit	\$27,789,800	\$31,404,410	\$34,458,200	\$39,432,110	\$42,050,510	\$45,015,150	\$48,928,820	\$55,162,090	\$56,088,010	\$51,420,830
Debt applicable to limit	<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>	<u>28,885,000</u>
Legal debt margin	<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>	<u>\$22,535,830</u>
Debt applicable to limit as a percentage of SEV	3.05%	4.40%	3.84%	3.20%	2.84%	2.81%	2.33%	5.51%	5.31%	5.62%

Source: City of South Haven and Municipal Advisory Council of Michigan

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

Electric Utility System Revenue Bonds - Called August 2010								Sewer Utility Revenue Bonds - Called May 2003						
Fiscal Year Ended 30-Jun	Gross Revenue	Direct	Net Revenue	Debt Service Requirements			Coverage (2)	Gross Revenue	Direct	Net Revenue	Debt Service Requirements			Coverage(2)
		Operating Expenses(1)_	Available for Debt Service	Principal	Interest	Total			Operating Expenses(1)	Available for Debt Service	Principal	Interest	Total	
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							
2011	13,440,017	11,338,284	2,101,733	510,000	12,150	522,150	4.03							

Water Utility Revenue Bonds							
Fiscal Year Ended 30-Jun	Gross Revenue	Direct	Net Revenue	Debt Service Requirements			Coverage (2)
		Operating Expenses(1)_	Available for Debt Service	Principal	Interest	Total	
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
2011	2,798,525	1,589,818	1,208,707	20,000	14,892	34,892	34.64

(1) Operating expenses less depreciation.

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

Source: City of South Haven

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

<b>Year</b>	<b>Population(1)</b>	<b>Personal Income(2)</b>	<b>Per capita Personal Income(2)</b>	<b>Median Age(2)</b>	<b>Public School Enrollment(3)</b>	<b>Unemployment % Rate(4)</b>	<b>Labor Force(4)</b>
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
2011	4,403	145,752,509	33,103	50.20	2,269	12.10%	39,081

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

(2) 2000 U.S. Census Data for Fiscal Years 2002-2010, 2010 U. S. Census Data for Fiscal Year 2011

(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 Eight Years Ago \***

<b>Employer</b>	<b>Principal Product/Service</b>	<b>2011</b>		<b>2003</b>	
		<b>Employees</b>	<b>Rank</b>	<b>Employees</b>	<b>Rank</b>
South Haven Community Hospital	Health Care	427	1	221	2
Wal-Mart Stores	Retail	320	2	180	4
South Haven Schools	Education	273	3	425	1
Village Market	Retail	129	4		
Albemarle	Pharmaceuticals	125	5		
Menards	Retail	125	6		
Countryside	Nursing Home	114	7	115	8
Trelleborg, Inc.	Auto Parts	110	8	140	7
City of South Haven	Municipal Government	107	9	98	9
Do-It Corporation	Plastic Hang Tabs	67	10	72	10
Pullman Industries	Auto Parts			215	3
Clarion, Inc.	Auto Parts			143	6

\* 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.

Source: City of South Haven

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

Function	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Government										
City Council	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
City Manager	1.50	1.50	1.50	1.50	1.50	1.50	1.75	1.75	2.25	2.25
City Clerk	1.00	1.00	1.00	1.00	0.75	1.00	1.00	1.00	1.00	1.00
City Treasurer	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.75	2.75
City Assessor	1.25	1.25	1.25	1.25	1.00	1.00	1.00	1.00	1.00	1.00
Building Services	2.00	2.00	2.00	2.00	2.25	2.00	1.50	1.50	2.00	2.00
Development	1.25	1.25	1.25	1.25	1.25	1.25	1.00	1.00	1.50	1.50
Computer Services	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Public Safety										
Police/Dispatch	33.00	31.00	31.00	30.25	31.00	31.00	31.25	31.25	31.00	30.00
Public Works										
Public Works	9.50	9.50	9.50	9.50	8.75	9.50	10.50	10.50	11.25	11.25
Cemetery	2.00	2.00	2.00	2.00	1.75	2.00	2.25	2.25	2.25	2.25
Parks and Recreation	13.00	11.00	12.75	12.75	12.50	11.75	13.00	13.00	12.00	12.00
Public Utilities	26.50	26.50	26.50	26.50	28.75	32.25	32.50	32.50	33.00	33.00
<b>Total Full-Time Equivalents</b>	<b>101.50</b>	<b>97.50</b>	<b>99.25</b>	<b>98.50</b>	<b>100.00</b>	<b>103.75</b>	<b>106.25</b>	<b>106.25</b>	<b>108.00</b>	<b>107.00</b>

SOURCE: City of South Haven

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

<b>Function</b>	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>General Government</b>										
Population	5021	5021	5021	5021	5021	5021	5021	5021	5021	4403
Area - square miles	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5
<b>Building and zoning</b>										
Number of construction permits (Calendar year)	409	380	468	395	325	320	223	207	7	(a)
Value of permits (Calendar year)	16,679,143	23,155,722	15,810,261	12,586,428	19,988,103	18,455,567	7,235,964	22,160,885	2,439,655	(a)
<b>Police (1)</b>										
Number of Criminal Offenses Reported	1814	1695	1412	1649	2593	1521	1364	1112	1148	(a)
Number of Arrests	484	619	586	768	718	954	801	615	606	(a)
<b>Public Works (2)</b>										
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
<b>Public Utilities (2)</b>										
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	3308	3412	3524	3665	3823	3894	3969	4030	4048	4048
Miles of storm sewers	13.6	13.6	13.6	13.6	13.6	13.6	15	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	55	55	55	55
Water towers	3	3	3	3	3	3	3	3	3	3
Water system connections	3930	4146	4402	4620	4855	4982	5115	5224	5250	5250
Number of fire hydrants	406	406	406	406	406	406	425	425	425	425
Miles of electric lines	112	112	115	115	115	115	121	121	121	121
Number of electric connections	7380	7533	7534	7675	7743	7815	8040	8151	8173	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**

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Police</b>										
Stations	1	1	1	1	1	1	1	1	1	1
Substations	1	1	1	1	1	0	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	1	1	1	1	1	1	1	1	1	1
<b>Public Works</b>										
Miles of local streets	21.71	21.84	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
<b>Parks &amp; Recreation</b>										
Parks	10	11	11	11	11	11	11	11	11	11
Skate parks	1	1	1	1	1	1	1	1	1	1
Parks acreage	39.5	39.7	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	10	10	10	10	10	10	10
Feet of broadside dockage	500	550	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

Source: City of South Haven