



# CITY OF SOUTH HAVEN

Van Buren County  
Michigan

## COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2012

Prepared by: Finance Department



# CITY OF SOUTH HAVEN

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## **INTRODUCTORY SECTION**



November 9, 2012

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, 2012.

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

The City of South Haven's financial statements have been audited by Vredevelde Haefner LLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of South Haven for the fiscal year ended June 30, 2012, 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, 2012. 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 of South Haven covers a land area of 3.5 square miles and is located along the eastern coast of Lake Michigan. The City is in the southwestern region of the State of Michigan where the Black River flows into Lake Michigan. The City is about 26 miles north of St. Joseph and Benton Harbor in northwestern Van Buren

County, 39 miles west of Kalamazoo and 57 miles southwest of Grand Rapids. Although the City's population decreased from 5,021 (2000 Census) to 4,403 (2010 Census), the local population nearly triples during the summer months with vacationers and seasonal residents. 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, results of operations and cash flows from those of the primary government. The South Haven Area Emergency Services, a joint venture with other area units of government, provides fire and ambulance services and has been excluded from the City's financial statement because the City does not exercise significant oversight over this entity. This entity can independently generate revenue, adopt budgets, enter into contracts, and borrow funds.

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

### **Factors Affecting Financial Condition**

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

**Local Economy** The 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. Therefore the City has a stable local economy, which is centered on tourism, manufacturing and health care. The City's per capita retail sales are 144% of the national average due to the tourism component of the local economy.

The State Equalized Value of real and personal property in the City has increased 119.4% over the past ten years from \$234,396,337 to \$513,622,819 in tax year 2010 (fiscal year 2011). State Equalized Value

for the fiscal year beginning July 1, 2011 (fiscal year 2012) has decreased to \$506,689,300 or 1.35%, while the Taxable Value decreased by .03% from \$378,330,776 to \$378,221,496. Van Buren County's average unemployment rate was 11% in 2011, which was higher than the State's 10.3% and the national average of 8.9%.

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, City utility funds 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 – Renovations on the Police/Fire Complex will be funded by a USDA loan and will begin in the Fall of 2012. Other items that may be included with that project are upgrades to the City Hall façade and emergency generators. The City is seeking grant funding for the Van Buren County Trail Extension project as well as for the purchase of land on Monroe Boulevard. The North Marina Reconstruction project, which is partially grant funded, is expected to begin construction in Spring 2013. The design and engineering services are underway for the Dyckman Bridge reconstruction project which is expected to begin in Spring 2013.
- Economic Development - The City of South Haven Brownfield Redevelopment Authority will continue working with 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 one industrial project – Albemarle.
- Technology Improvements – The City is currently upgrading its financial reporting software which 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 reducing. The option to pay City bills online or at the counter by credit card, debit card, or e-checks will also be made available. The City is also upgrading its phone system to VoIP. Both projects should be completed by Winter 2012.
- Recreation - The City has secured a grant from the State of Michigan that will defray a portion of the improvement costs for Elkenburg Park. The design engineering services will be finalized soon and construction will commence in the Spring of 2013. Fund raising efforts will continue for the construction and development of a regional recreation park. Design engineering services for the park will continue and construction is anticipated to begin in the Spring of 2013.

## **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, 2011. This was the twelfth 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, 2011

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.



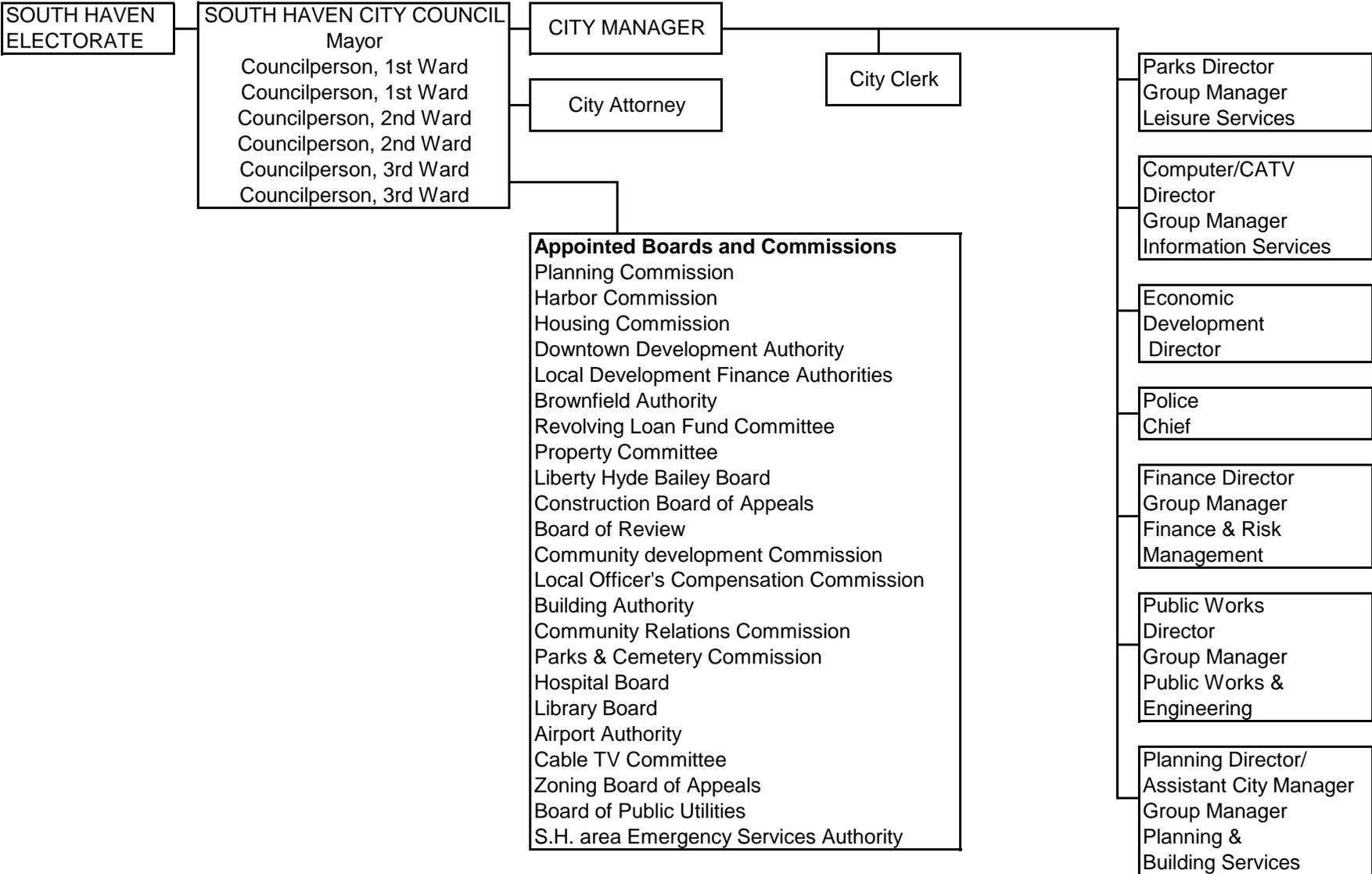
*Linda C. Dandson*

President

*Jeffrey R. Emer*

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, 2012

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### City Officials at June 30, 2012

**Robert Burr**

Mayor

**Susan Fitzgibbon**

Mayor Pro-Tem

**Clark Gruber**

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

## **FINANCIAL SECTION**



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CPA's and Consultants

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**Peter S. Haefner, CPA**

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## INDEPENDENT AUDITORS' REPORT

November 9, 2012

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, 2012, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and 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, 2012, 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.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 9, 2012, on our consideration of the City of South Haven's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be considered in assessing the results of our audit.

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 accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the United States Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non Profit Organizations*, and is also not a required part of the financial statements of the City of South Haven. The combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards 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.

*Wendell 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, 2012. 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

- Completion of construction on a new water treatment plant
- Completion of Phoenix Road Electric Substation upgrade
- Completion of Main Electric Substation upgrade
- Completion of Williams Street Reconstruction project
- Completion of the Kal-Haven Trail & Dunkley Improvements project
- Completion of City Skate Park project
- Completion of South Beach Improvements project
- Completion of installation of parking terminals at North & South Beach and Black River Park
- Completion of foundation improvements at the Liberty/Hyde/Bailey Museum
- Installation of new sidewalk at the Tot Lot
- Completion of Center/Spencer/Lyons Street repaving project
- Resurfacing of the Police & Fire Complex parking lot

### 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 funds balance sheet and the governmental funds 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 funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General and Capital Projects funds which are considered to be major funds. 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's 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 benefit 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 \$55,431,653 at the close of the most recent fiscal year.

By far the largest portion of the City of South Haven's net assets (70.2%) reflects its investment in capital assets (e.g., land, buildings, vehicles, equipment and infrastructure), less any related debt 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 (4.2%) represents resources that are subject to external restrictions on how they may be used. The remaining balance (\$14,120,951) 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	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 8,251,121	\$ 8,911,627	\$ 11,945,166	\$ 12,985,908	\$ 20,196,287	\$ 21,897,535
Capital assets	<u>24,449,445</u>	<u>20,205,916</u>	<u>42,294,615</u>	<u>40,609,319</u>	<u>66,744,060</u>	<u>60,815,235</u>
Total assets	<u>32,700,566</u>	<u>29,117,543</u>	<u>54,239,781</u>	<u>53,595,227</u>	<u>86,940,347</u>	<u>82,712,770</u>
Long-term liabilities						
outstanding	9,410,573	9,925,746	19,047,093	19,195,919	28,457,666	29,121,665
Other liabilities	<u>677,646</u>	<u>791,335</u>	<u>2,373,382</u>	<u>2,865,765</u>	<u>3,051,028</u>	<u>3,657,100</u>
Total liabilities	<u>10,088,219</u>	<u>10,717,081</u>	<u>21,420,475</u>	<u>22,061,684</u>	<u>31,508,694</u>	<u>32,778,765</u>
Net assets:						
Invested in capital assets, net of related debt	15,671,852	10,611,224	23,417,343	22,316,600	38,089,195	32,927,824
Restricted	2,283,023	3,262,642	60,581	60,420	2,343,604	3,323,062
Unrestricted	<u>4,657,472</u>	<u>4,526,596</u>	<u>9,341,382</u>	<u>9,156,523</u>	<u>13,998,854</u>	<u>13,683,119</u>
<b>Total net assets</b>	<b><u>\$ 22,612,347</u></b>	<b><u>\$ 18,400,462</u></b>	<b><u>\$ 32,819,306</u></b>	<b><u>\$ 31,533,543</u></b>	<b><u>\$ 55,431,653</u></b>	<b><u>\$ 49,934,005</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 \$5,497,648 during the current fiscal year.

Governmental activities increased the City of South Haven's net assets by \$4,211,885, accounting for 76.6% 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 \$1,285,763, accounting for 23.4% of the total growth in the net assets of the City of South Haven. The key element of this increase is due to the city utility funds (water, sewer and electric) and marina having operating surpluses for the year.

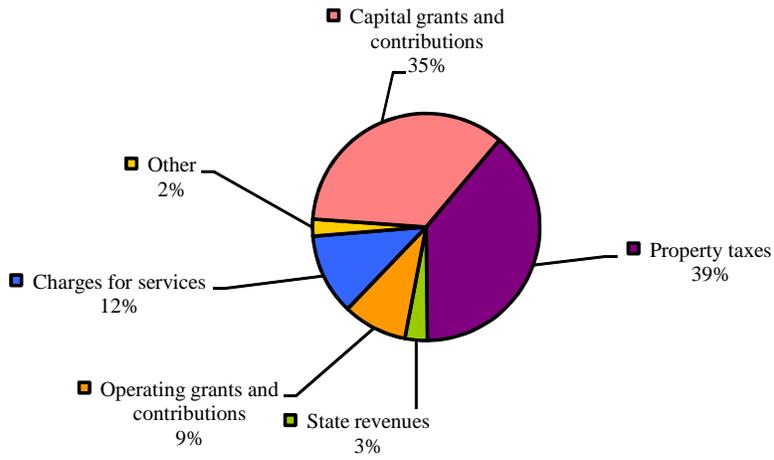
The following table presents a summary of the changes in net assets:

**City of South Haven Changes in Net Assets**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Revenue:						
Program revenue						
Charges for service	\$ 1,401,228	\$ 1,554,495	\$ 19,751,571	\$ 19,078,510	\$ 21,152,799	\$ 20,633,005
Operating grants and contributions	1,106,004	1,228,726	7,541	7,440	1,113,545	1,236,166
Capital grants and contributions	4,239,328	347,925	418,741	318,226	4,658,069	666,151
General revenue:						
Property taxes	4,685,488	4,472,704	-	-	4,685,488	4,472,704
State	388,161	421,319	-	-	388,161	421,319
Other	<u>288,007</u>	<u>322,336</u>	<u>108,512</u>	<u>60,672</u>	<u>396,519</u>	<u>583,008</u>
Total revenue	<u>12,108,216</u>	<u>8,347,505</u>	<u>20,286,365</u>	<u>19,664,848</u>	<u>32,394,581</u>	<u>28,012,353</u>
Expenses:						
General government	1,502,856	1,396,786	-	-	1,502,856	1,396,786
Public safety	3,080,980	2,888,621	-	-	3,080,980	2,888,621
Public works	1,892,189	1,163,015	-	-	1,892,189	1,163,015
Health and welfare	548,765	540,524	-	-	548,765	540,524
Culture and recreation	1,836,804	532,774	-	-	1,836,804	532,774
Interest on long-term debt	381,319	431,684	-	-	381,319	431,684
Electric fund	-	-	12,203,391	11,843,458	12,203,391	11,843,458
Water fund	-	-	2,799,935	3,594,655	2,799,935	3,594,655
Sewer fund	-	-	1,841,287	1,556,146	1,841,287	1,556,146
Other enterprise funds	<u>-</u>	<u>-</u>	<u>809,407</u>	<u>875,450</u>	<u>809,407</u>	<u>875,450</u>
Total expenses	<u>9,242,913</u>	<u>6,953,404</u>	<u>17,654,020</u>	<u>17,869,709</u>	<u>26,896,933</u>	<u>24,823,113</u>
Increase (decrease) before transfers	<u>2,865,303</u>	<u>1,394,101</u>	<u>2,632,345</u>	<u>1,795,139</u>	<u>5,497,648</u>	<u>3,189,240</u>
Transfers –						
Internal activities	507,426	517,424	(507,426)	(517,424)	-	-
Property tax equivalents	<u>839,156</u>	<u>826,299</u>	<u>(839,156)</u>	<u>(826,299)</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net assets	4,211,885	2,737,824	1,285,763	451,416	5,497,648	3,189,240
Net assets – beginning of year	<u>18,400,462</u>	<u>15,662,638</u>	<u>31,533,543</u>	<u>31,082,127</u>	<u>49,934,005</u>	<u>46,744,765</u>
Net assets – end of year	<u><b>\$ 22,612,347</b></u>	<u><b>\$ 18,400,462</b></u>	<u><b>\$ 32,819,306</b></u>	<u><b>\$ 31,533,543</b></u>	<u><b>\$ 55,431,653</b></u>	<u><b>\$ 49,934,005</b></u>

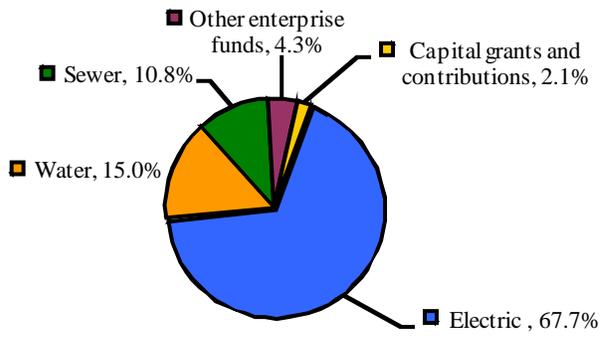
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## Revenues by Source - Governmental Activities



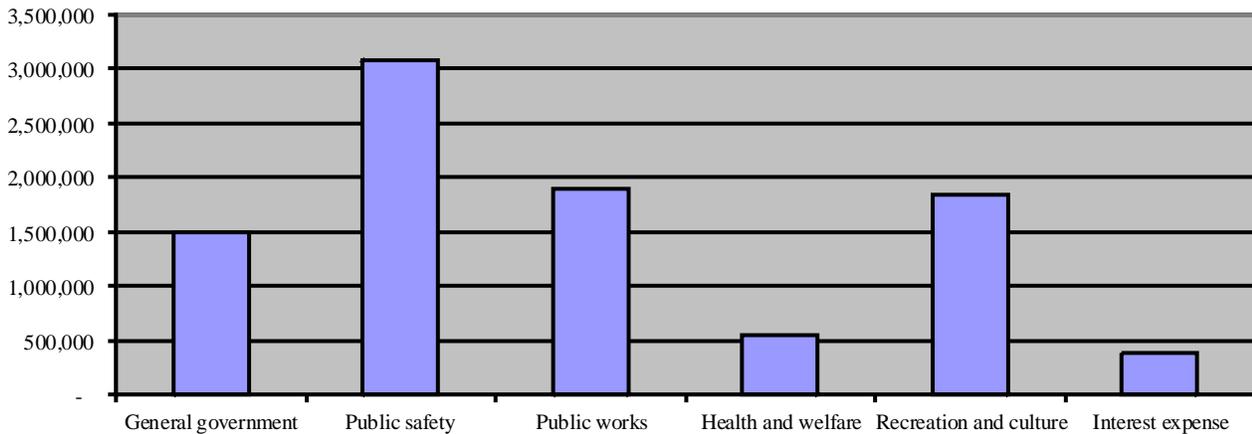
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## Revenues by Source – Business-type Activities



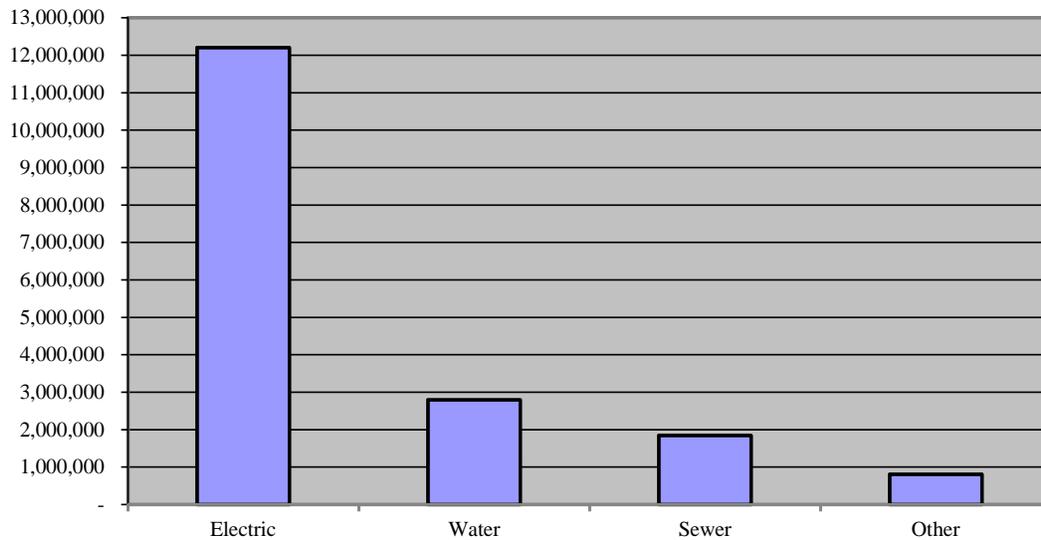
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## Expenses - Governmental Activities



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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, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The City of South Haven's total budget for governmental funds reflected a projected planned use of fund reserves in the amount of \$1,707,230. The actual use of fund reserves in the general fund was \$231,701, which is \$274,576 lower than expected. 97% of this variance or \$266,452 is attributed to the close monitoring of expenditures by all city departments. There was a \$932,000 transfer out from the general fund to the capital projects fund to assist with the skate park and the South Beach improvement projects. The transfer included the prior fiscal year general fund surplus of \$831,980. Another \$56,409 was transferred out to the ice rink & pavilion fund in accordance with the deficit elimination plan filed with the State of Michigan. The actual use of fund reserves in the capital projects fund was \$598,854, which is \$63,798 lower than expected. 92% of this variance or \$58,500 is what remains of the funds set aside for the preliminary engineering and design work on the police/fire complex renovation project. The actual use of fund reserves in the other governmental funds was \$15,746, which is \$522,555 lower than expected. 97% of this variance or \$505,140 is due to lower than planned expenditures in the streets funds. These funds can be used on future street projects. All these components combined resulted in a decrease in governmental fund balances of \$846,301.

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

The proprietary fund operations all resulted in an increase in net assets. Overall the net assets of the proprietary funds increased \$1,285,763.

### General Fund Budgetary Highlights

The major differences between the original budget and the amended budget consisted of \$888,409 in addition to transfers out for capital projects and deficit elimination as mentioned above. Revenue projections were increased by \$15,341, while reductions in budgeted expenditures totaled \$314,791 consisted of adjustments to the dispatch, drains, highways & streets, development and other functions activities.

### Capital Asset and Debt Administration

#### City of South Haven Capital Assets (net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land	\$ 643,295	\$ 643,295	\$ 23,062	\$ 23,062	\$ 666,357	\$ 666,357
Land improvements	131,226	134,860	1,312,999	1,417,326	1,444,225	1,552,186
Building, equipment, and infrastructure, net	<u>23,674,924</u>	<u>19,427,761</u>	<u>40,958,554</u>	<u>39,168,927</u>	<u>64,633,478</u>	<u>58,596,688</u>
<b>Total</b>	<b><u>\$ 24,449,445</u></b>	<b><u>\$ 20,205,916</u></b>	<b><u>\$ 42,294,615</u></b>	<b><u>\$ 40,609,315</u></b>	<b><u>\$ 66,744,060</u></b>	<b><u>\$ 60,815,231</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>City of South Haven Outstanding Debt</b>					
	<b>General Obligation and Revenue Bonds</b>					
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
General obligation bonds	\$ 8,705,000	\$ 9,410,000	\$ 18,607,272	18,900,919	\$ 27,312,272	\$ 28,310,919
Revenue bonds	-	-	270,000	295,000	270,000	295,000
Other debt	<u>705,573</u>	<u>734,732</u>	<u>-</u>	<u>-</u>	<u>705,573</u>	<u>734,732</u>
<b>Total</b>	<b><u>\$ 9,410,573</u></b>	<b><u>\$ 10,144,732</u></b>	<b><u>\$ 18,877,272</u></b>	<b><u>\$ 19,195,919</u></b>	<b><u>\$ 28,287,845</u></b>	<b><u>\$ 29,340,651</u></b>

In FY 2011-12 both Standard & Poor's and Fitch ratings services affirmed the rating on City of South Haven general obligation debt to 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 2011-12 the debt limitation for the City of South Haven was \$50,668,930.

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 2013 budget included a decline in the taxable value of city property and a reduction of state funding. The 2013 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, 2012**

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
<b>Assets</b>				
Cash and pooled investments	\$ 7,489,657	\$ 7,183,161	\$ 14,672,818	\$ 3,782,392
Accounts receivable	370,132	2,886,329	3,256,461	12,206
Prepaid items	123,407	215,678	339,085	438
Due from other governments	142,086	-	142,086	750,000
Inventory	72,183	792,681	864,864	-
Special assessments receivable	29,578	636,915	666,493	14,377
Bond issuance costs, net	24,078	169,821	193,899	-
Restricted cash and pooled investments	-	60,581	60,581	-
Capital assets				
Land	643,295	23,062	666,357	55,373
Construction in progress	41,500	116,645	158,145	-
Depreciable capital assets, net	<u>23,764,650</u>	<u>42,154,908</u>	<u>65,919,558</u>	<u>-</u>
<b>Total assets</b>	<u>32,700,566</u>	<u>54,239,781</u>	<u>86,940,347</u>	<u>4,614,786</u>
<b>Liabilities</b>				
Accounts payable	562,860	1,539,693	2,102,553	1,198,432
Accrued liabilities	104,970	364,605	469,575	1,984
Due to other governments	9,816	-	9,816	-
Customer deposits	-	232,163	232,163	-
Unearned revenue	-	236,921	236,921	-
Noncurrent liabilities				
Accrued compensated absences	332,061	-	332,061	-
Other post employment benefits	276,841	-	276,841	-
Bond discount	-	(377,907)	(377,907)	-
Due within one year	803,003	445,000	1,248,003	27,208
Due in more than one year	<u>7,998,668</u>	<u>18,980,000</u>	<u>26,978,668</u>	<u>74,825</u>
<b>Total liabilities</b>	<u>10,088,219</u>	<u>21,420,475</u>	<u>31,508,694</u>	<u>1,302,449</u>
<b>Net assets</b>				
Invested in capital assets, net of related debt	15,671,852	23,417,343	39,089,195	55,373
Restricted for				
Debt service	58,603	60,581	119,184	-
Streets	1,571,499	-	1,571,499	-
Garbage and refuse	47,357	-	47,357	-
Narcotics unit	57,203	-	57,203	-
Other projects	163,132	-	163,132	-
Capital projects	131,383	-	131,383	-
Permanent trust				
Cemetery - nonexpendable portion	132,245	-	132,245	-
Cemetery - expendable	121,601	-	121,601	-
Unrestricted	<u>4,657,472</u>	<u>9,341,382</u>	<u>13,998,854</u>	<u>3,256,964</u>
<b>Total net assets</b>	<u>\$ 22,612,347</u>	<u>\$ 32,819,306</u>	<u>\$ 55,431,653</u>	<u>\$ 3,312,337</u>

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

**CITY OF SOUTH HAVEN**

**STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED JUNE 30, 2012**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>		<u>Capital Grants and Contributions</u>
<b>Primary government</b>					
Governmental activities					
General government	\$ 1,502,856	\$ 784,511	\$ 92,437	\$ -	\$ (625,908)
Public safety	3,080,980	193,080	206,072	-	(2,681,828)
Public works	1,892,189	412,452	757,495	4,223,120	3,500,878
Health and welfare	548,765	11,185	-	-	(537,580)
Culture and recreation	1,836,804	-	50,000	16,208	(1,770,596)
Interest on long-term deb	381,319	-	-	-	(381,319)
<b>Total governmental activities:</b>	<u>9,242,913</u>	<u>1,401,228</u>	<u>1,106,004</u>	<u>4,239,328</u>	<u>(2,496,353)</u>
Business-type activities					
Electric utility	12,203,391	13,669,768	-	181,140	1,647,517
Water utility	2,799,935	3,028,651	7,541	127,529	363,786
Wastewater utility	1,841,287	2,178,371	-	105,878	442,962
Marina	467,806	513,018	-	4,194	49,406
Parks and beach	341,601	361,763	-	-	20,162
<b>Total business-type activities:</b>	<u>17,654,020</u>	<u>19,751,571</u>	<u>7,541</u>	<u>418,741</u>	<u>2,523,833</u>
<b>Total primary government</b>	<u>\$ 26,896,933</u>	<u>\$ 21,152,799</u>	<u>\$ 1,113,545</u>	<u>\$ 4,658,069</u>	<u>\$ 27,480</u>
<b>Component units</b>					
Downtown Development Authority	\$ 4,073,774	\$ -	\$ 34,624	\$ 2,037,567	\$ (2,001,583)
Local Development Finance Authority #1	156,151	-	-	-	(156,151)
Local Development Finance Authority #2	37,397	-	-	-	(37,397)
Local Development Finance Authority #3	243,946	-	87,341	-	(156,605)
Brownfield Redevelopment Authorit	55,320	-	-	-	(55,320)
<b>Total component units</b>	<u>\$ 4,566,588</u>	<u>\$ -</u>	<u>\$ 121,965</u>	<u>\$ 2,037,567</u>	<u>\$ (2,407,056)</u>

(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, 2012**

	<u>Primary Government</u>			<b>Component Units</b>
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	
<b>Changes in net assets</b>				
<b>Net (expense) revenue</b>	\$ (2,496,353)	\$ 2,523,833	\$ 27,480	\$ (2,407,056)
General revenues				
Property taxes	4,685,488	-	4,685,488	1,911,635
State shared revenues	388,161	-	388,161	-
Unrestricted investment earnings	80,308	108,512	188,820	40,536
Other general revenues	207,699	-	207,699	64,069
Property tax equivalent payments	839,156	(839,156)	-	-
Transfers - internal activities	507,426	(507,426)	-	-
Total general revenues and transfer	<u>6,708,238</u>	<u>(1,238,070)</u>	<u>5,470,168</u>	<u>2,016,240</u>
Change in net assets	4,211,885	1,285,763	5,497,648	(390,816)
<b>Net assets, beginning of year</b>	<u>18,400,462</u>	<u>31,533,543</u>	<u>49,934,005</u>	<u>3,703,153</u>
<b>Net assets, end of year</b>	<u>\$ 22,612,347</u>	<u>\$ 32,819,306</u>	<u>\$ 55,431,653</u>	<u>\$ 3,312,337</u>

(Concluded)

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

# CITY OF SOUTH HAVEN

## GOVERNMENTAL FUNDS BALANCE SHEET

JUNE 30, 2012

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
<b>Assets</b>				
Cash and pooled investments	\$ 2,873,667	\$ 346,447	\$ 2,393,111	\$ 5,613,225
Accounts receivable	73,873	250,278	24,230	348,381
Accrued interest receivable	11,586	-	915	12,501
Special assessment receivable	15,819	-	13,759	29,578
Prepaid items	118,115	-	3,887	122,002
Due from other funds	-	150,555	9,783	160,338
Due from other governments	80,286	-	61,800	142,086
Inventory	72,183	-	-	72,183
<b>Total assets</b>	<u>\$ 3,245,529</u>	<u>\$ 747,280</u>	<u>\$ 2,507,485</u>	<u>\$ 6,500,294</u>
<b>Liabilities and fund balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 115,988	\$ 382,260	\$ 16,716	\$ 514,964
Accrued liabilities	41,271	-	5,329	46,600
Due to other funds	-	-	160,338	160,338
Due to other governments	-	-	9,816	9,816
Deferred revenue	67,071	-	32,263	99,334
<b>Total liabilities</b>	<u>224,330</u>	<u>382,260</u>	<u>224,462</u>	<u>831,052</u>
<b>Fund balances</b>				
Non-spendable				
Prepaid items	118,115	-	3,887	122,002
Permanent fund corpus	-	-	132,245	132,245
Inventory	72,183	-	-	72,183
Restricted				
Streets	-	-	1,569,225	1,569,225
Public safety	-	-	56,425	56,425
Permanent fund spendable portion	-	-	121,601	121,601
Committed				
Budget stabilization	211,658	-	-	211,658
Assigned				
Special revenue funds	-	-	209,654	209,654
Debt service funds	-	-	58,603	58,603
Capital projects funds	-	365,020	281,938	646,958
Accrued employee benefits	112,460	-	-	112,460
Unassigned (deficit)	2,506,783	-	(150,555)	2,356,228
<b>Total fund balances</b>	<u>3,021,199</u>	<u>365,020</u>	<u>2,283,023</u>	<u>5,669,242</u>
<b>Total liabilities and fund balances</b>	<u>\$ 3,245,529</u>	<u>\$ 747,280</u>	<u>\$ 2,507,485</u>	<u>\$ 6,500,294</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, 2012

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<b>Fund balances - total governmental funds</b>	<b>\$ 5,669,242</b>
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Amounts reported for *governmental activities* 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 - construction in progress	41,500
Add - capital assets (net of accumulated depreciation)	22,545,418

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	99,334
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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	3,032,456
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Certain liabilities are not due and payable in the current period and therefore are not reported in the funds.

Deduct - compensated absences payable	(308,402)
Deduct - other post employment benefits	(276,841)
Deduct - bonds payable	(8,801,671)
Add - bond issuance costs	24,078
Deduct - accrued interest on bonds payable	(56,062)

<b>Net assets of governmental activities</b>	<b><u>\$ 22,612,347</u></b>
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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, 2012**

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
<b>Revenues</b>				
Taxes	\$ 3,824,170	\$ -	\$ 1,054,781	\$ 4,878,951
Intergovernmental revenues				
State	378,567	250,000	403,530	1,032,097
Local	200,475	-	370,106	570,581
Licenses and permits	162,533	-	-	162,533
Charges for services	449,347	-	-	449,347
Fines	28,218	-	-	28,218
Special assessments	2,216	-	15,275	17,491
Investment earnings	61,355	6,712	17,278	85,345
Miscellaneous	431,434	16,208	828,325	1,275,967
<b>Total revenues</b>	<u>5,538,315</u>	<u>272,920</u>	<u>2,689,295</u>	<u>8,500,530</u>
<b>Expenditures</b>				
Current				
General government	1,237,929	-	26,753	1,264,682
Public safety	2,847,359	41,500	261,009	3,149,868
Public works	641,075	511,000	1,512,173	2,664,248
Health and welfare	189,472	-	356,289	545,761
Culture and recreation	561,754	1,251,274	45,734	1,858,762
Other	100,562	-	-	100,562
Debt service				
Principal	12,748	-	735,000	747,748
Interest	2,188	-	389,594	391,782
<b>Total expenditures</b>	<u>5,593,087</u>	<u>1,803,774</u>	<u>3,326,552</u>	<u>10,723,413</u>
Revenues over (under) expenditures	<u>(54,772)</u>	<u>(1,530,854)</u>	<u>(637,257)</u>	<u>(2,222,883)</u>
Other financing sources (uses)				
Issuance of refunding bonds	-	-	2,265,000	2,265,000
Payment of refunded bonds	-	-	(2,235,000)	(2,235,000)
Property tax equivalent payments	839,156	-	-	839,156
Transfers in	100,000	932,000	758,869	1,790,869
Transfers out	(1,116,085)	-	(167,358)	(1,283,443)
<b>Total other financing sources (uses)</b>	<u>(176,929)</u>	<u>932,000</u>	<u>621,511</u>	<u>1,376,582</u>
Net changes in fund balances	(231,701)	(598,854)	(15,746)	(846,301)
<b>Fund balances, beginning of year</b>	<u>3,252,900</u>	<u>963,874</u>	<u>2,298,769</u>	<u>6,515,543</u>
<b>Fund balances, end of year</b>	<u>\$ 3,021,199</u>	<u>\$ 365,020</u>	<u>\$ 2,283,023</u>	<u>\$ 5,669,242</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, 2012

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<b>Net changes in fund balances - total governmental funds</b>	<b>\$ (846,301)</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	5,626,863
Deduct - depreciation expense	(1,531,615)

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	(23,969)
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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	3,058,021
Deduct - bond issue	(2,265,000)
Add - bond issuance costs	26,753

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	(6,642)
Deduct - increase in other post employment benefit liability	(52,382)
Deduct - amortization of bond issuance costs	(2,675)
Add - decrease in accrued interest	10,462

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>218,370</u>
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<b>Change in net assets of governmental activities</b>	<b><u>\$ 4,211,885</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, 2012**

	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	\$ 3,587,274	\$ 1,155,542	\$ 938,519	\$ 1,501,826	\$ 7,183,161	\$ 1,876,432
Accounts receivable	2,039,479	496,460	340,030	1,870	2,877,839	5,400
Accrued interest receivable	5,510	-	1,589	1,391	8,490	3,850
Prepaid items	101,349	61,240	51,545	1,544	215,678	1,405
Due from other funds	-	-	-	10,458	10,458	-
Inventory	638,339	146,736	7,606	-	792,681	-
Restricted cash and pooled investments	-	60,581	-	-	60,581	-
<b>Total current assets</b>	<b>6,371,951</b>	<b>1,920,559</b>	<b>1,339,289</b>	<b>1,517,089</b>	<b>11,148,888</b>	<b>1,887,087</b>
Non-current assets						
Special assessments receivable	52,977	257,783	326,155	-	636,915	-
Bond issuance costs	-	169,821	-	-	169,821	-
Capital assets						
Land	1,001	9,394	7,331	5,336	23,062	-
Construction in progress	12,000	-	9,885	94,760	116,645	-
Buildings and equipment	2,720,916	22,614,306	5,258,711	158,426	30,752,359	868,766
Vehicles	-	-	-	-	-	2,471,022
Infrastructure	14,858,275	8,631,031	7,742,143	2,886,270	34,117,719	-
Less accumulated depreciation	(6,393,442)	(7,254,064)	(7,395,803)	(1,671,861)	(22,715,170)	(2,120,556)
<b>Total non-current assets</b>	<b>11,251,727</b>	<b>24,428,271</b>	<b>5,948,422</b>	<b>1,472,931</b>	<b>43,101,351</b>	<b>1,219,232</b>
<b>Total assets</b>	<b>17,623,678</b>	<b>26,348,830</b>	<b>7,287,711</b>	<b>2,990,020</b>	<b>54,250,239</b>	<b>3,106,319</b>
<b>Liabilities</b>						
Current liabilities						
Accounts payable	1,001,725	263,639	241,793	32,536	1,539,693	47,896
Accrued liabilities	140,892	149,604	66,713	7,396	364,605	2,308
Due to other funds	-	-	-	10,458	10,458	-
Unearned revenue	-	-	-	236,921	236,921	-
Customer deposits	192,279	39,784	100	-	232,163	-
Current portion of long-term debt	-	445,000	-	-	445,000	-
<b>Total current liabilities</b>	<b>1,334,896</b>	<b>898,027</b>	<b>308,606</b>	<b>287,311</b>	<b>2,828,840</b>	<b>50,204</b>
Long-term liabilities						
Accrued compensated absences	-	-	-	-	-	23,659
Discount on bonds	-	(377,907)	-	-	(377,907)	-
Bonds payable, net of current portion	-	18,980,000	-	-	18,980,000	-
<b>Total long-term liabilities</b>	<b>-</b>	<b>18,602,093</b>	<b>-</b>	<b>-</b>	<b>18,602,093</b>	<b>23,659</b>
<b>Total liabilities</b>	<b>1,334,896</b>	<b>19,500,120</b>	<b>308,606</b>	<b>287,311</b>	<b>21,430,933</b>	<b>73,863</b>
<b>Net assets</b>						
Invested in capital assets, net of related debt	11,198,750	5,123,395	5,622,267	1,472,931	23,417,343	1,219,232
Restricted for:						
Revenue bond retirement	-	60,581	-	-	60,581	-
Unrestricted	5,090,032	1,664,734	1,356,838	1,229,778	9,341,382	1,813,224
<b>Total net assets</b>	<b>\$ 16,288,782</b>	<b>\$ 6,848,710</b>	<b>\$ 6,979,105</b>	<b>\$ 2,702,709</b>	<b>\$ 32,819,306</b>	<b>\$ 3,032,456</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, 2012**

	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	\$ 13,500,783	\$ 2,952,688	\$ 2,112,556	\$ 222,192	\$ 18,788,219	\$ 1,194,015
Special assessments	-	6,300	17,500	-	23,800	-
Dock rental	-	-	-	650,351	650,351	-
Other	168,985	83,504	65,815	6,432	324,736	6,380
<b>Total operating revenue</b>	<u>13,669,768</u>	<u>3,042,492</u>	<u>2,195,871</u>	<u>878,975</u>	<u>19,787,106</u>	<u>1,200,395</u>
<b>Operating expense</b>						
Operating costs and expenses	11,697,192	1,450,895	1,568,559	667,387	15,384,033	717,702
Depreciation	506,199	377,036	272,728	142,020	1,297,983	293,910
<b>Total operating expense</b>	<u>12,203,391</u>	<u>1,827,931</u>	<u>1,841,287</u>	<u>809,407</u>	<u>16,682,016</u>	<u>1,011,612</u>
Operating income (loss)	<u>1,466,377</u>	<u>1,214,561</u>	<u>354,584</u>	<u>69,568</u>	<u>3,105,090</u>	<u>188,783</u>
Non-operating revenue (expense)						
Gain on sale of capital assets	-	-	-	-	-	16,221
Investment earnings	49,772	22,551	23,286	12,903	108,512	13,366
Interest expense	-	(972,004)	-	-	(972,004)	-
Total non-operating revenue (expense)	<u>49,772</u>	<u>(949,453)</u>	<u>23,286</u>	<u>12,903</u>	<u>(863,492)</u>	<u>29,587</u>
Income (loss) before other items	<u>1,516,149</u>	<u>265,108</u>	<u>377,870</u>	<u>82,471</u>	<u>2,241,598</u>	<u>218,370</u>
Transfers and other items						
Property tax equivalent payments	(627,748)	(85,238)	(87,800)	(38,370)	(839,156)	-
Contribution in aid of construction	181,140	121,229	88,378	-	390,747	-
Transfers out	(167,456)	(43,066)	(265,730)	(31,174)	(507,426)	-
Total transfers and other items	<u>(614,064)</u>	<u>(7,075)</u>	<u>(265,152)</u>	<u>(69,544)</u>	<u>(955,835)</u>	<u>-</u>
Changes in net assets	902,085	258,033	112,718	12,927	1,285,763	218,370
<b>Net assets, beginning 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>
<b>Net assets, end of year</b>	<u>\$ 16,288,782</u>	<u>\$ 6,848,710</u>	<u>\$ 6,979,105</u>	<u>\$ 2,702,709</u>	<u>\$ 32,819,306</u>	<u>\$ 3,032,456</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, 2012**

	Enterprise Funds				Enterprise Fund Total	Governmental Activities
	Electric Utility	Water Utility	Sewer Utility	Nonmajor Enterprise Funds		Internal Service Funds
<b>Cash flows from operating activities</b>						
Receipts from internal services provided	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,194,995
Receipts from customers and users	13,410,489	2,975,165	2,217,385	892,173	19,495,212	-
Payments to employees	(1,344,626)	(718,830)	(606,245)	(168,162)	(2,837,863)	(158,934)
Payments to suppliers	(10,502,062)	(1,207,677)	(833,898)	(487,638)	(13,031,275)	(584,590)
<b>Net cash provided by (used in) operating activities</b>	<u>1,563,801</u>	<u>1,048,658</u>	<u>777,242</u>	<u>236,373</u>	<u>3,626,074</u>	<u>451,471</u>
<b>Cash flows from non-capital financing activities</b>						
Due to other funds	(39,884)	(1,807)	(1,816)	10,458	(33,049)	-
Due from other funds	1,649	39,784	100	(10,458)	31,075	-
Property tax equivalents	(627,748)	(85,238)	(87,800)	(38,370)	(839,156)	-
Transfers out	(167,456)	(43,066)	(265,730)	(31,174)	(507,426)	-
<b>Net cash provided by (used in) non-capital financing activities</b>	<u>(833,439)</u>	<u>(90,327)</u>	<u>(355,246)</u>	<u>(69,544)</u>	<u>(1,348,556)</u>	<u>-</u>
<b>Cash flows from capital and related financing activities</b>						
Proceeds from sale of capital assets	-	-	-	-	-	36,486
Interest expense	-	(945,649)	-	-	(945,649)	-
Contribution in aid of construction	181,140	121,229	88,378	-	390,747	-
Principal paid on bonds and notes	-	(345,000)	-	-	(345,000)	-
Acquisitions of capital assets	(1,259,674)	(1,059,610)	(535,422)	(128,577)	(2,983,283)	(462,457)
<b>Net cash provided by (used in) capital and related financing activities</b>	<u>(1,078,534)</u>	<u>(2,229,030)</u>	<u>(447,044)</u>	<u>(128,577)</u>	<u>(3,883,185)</u>	<u>(425,971)</u>
<b>Cash flows from investing activities</b>						
Interest income	52,718	23,847	22,647	14,316	113,528	15,643
Net increase (decrease) in cash and pooled investments	(295,454)	(1,246,852)	(2,401)	52,568	(1,492,139)	41,143
<b>Cash and pooled investments, beginning 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 and pooled investments, end of year</b>	<u>\$ 3,587,274</u>	<u>\$ 1,216,123</u>	<u>\$ 938,519</u>	<u>\$ 1,501,826</u>	<u>\$ 7,243,742</u>	<u>\$ 1,876,432</u>
<b>Cash flows from operating activities</b>						
Operating income (loss)	\$ 1,466,377	\$ 1,214,561	\$ 354,584	69,568	\$ 3,105,090	\$ 188,783
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities						
Depreciation	506,199	377,036	272,728	142,020	1,297,983	293,910
Change in operating assets and liabilities which provided (used) cash						
Receivables	(247,031)	(67,327)	21,514	(1,670)	(294,514)	(5,400)
Prepaid expenses	20,367	10,706	11,349	297	42,719	(172)
Inventory	(12,204)	(19,729)	(888)	-	(32,821)	-
Accounts payable	(153,753)	(471,616)	112,118	8,536	(504,715)	(26,010)
Accrued liabilities	(3,906)	5,027	5,837	2,754	9,712	522
Customer deposits	(12,248)	-	-	-	(12,248)	-
Deferred revenue	-	-	-	14,868	14,868	(162)
<b>Net cash provided by (used in) operating activities</b>	<u>\$ 1,563,801</u>	<u>\$ 1,048,658</u>	<u>\$ 777,242</u>	<u>\$ 236,373</u>	<u>\$ 3,626,074</u>	<u>\$ 451,471</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, 2012**

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	<u><b>Total</b></u>
<b>Assets</b>	
Cash and pooled investments	\$ 127,155
Prepaid items	<u>42,248</u>
<b>Total assets</b>	<u><u>\$ 169,403</u></u>
<b>Liabilities</b>	
Accounts payable	\$ 59,639
Deposits	88,011
Due to other governmental units	<u>21,753</u>
<b>Total liabilities</b>	<u><u>\$ 169,403</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, 2012**

	<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	\$ 117,714	\$ 1,288,767	\$ 181,184	\$ 865,861	\$ 1,328,866	\$ 3,782,392
Accounts receivable	-	2,780	186	1,302	7,938	12,206
Special assessment receivable	14,377	-	-	-	-	14,377
Prepaid items	356	25	-	57	-	438
Due from other governments	750,000	-	-	-	-	750,000
Capital assets not being depreciated	-	-	55,373	-	-	55,373
<b>Total assets</b>	<u>882,447</u>	<u>1,291,572</u>	<u>236,743</u>	<u>867,220</u>	<u>1,336,804</u>	<u>4,614,786</u>
<b>Liabilities</b>						
Accounts payable	1,152,834	30	-	45,568	-	1,198,432
Accrued liabilities	1,113	522	-	349	-	1,984
Long-term debt						
Due within one year	-	-	-	27,208	-	27,208
Due in more than one year	-	-	-	74,825	-	74,825
<b>Total liabilities</b>	<u>1,153,947</u>	<u>552</u>	<u>-</u>	<u>147,950</u>	<u>-</u>	<u>1,302,449</u>
<b>Net assets</b>						
Invested in capital assets, net of related debt	-	-	55,373	-	-	55,373
Unrestricted	(271,500)	1,291,020	181,370	719,270	1,336,804	3,256,964
<b>Total net assets (deficit)</b>	<u>\$ (271,500)</u>	<u>\$ 1,291,020</u>	<u>\$ 236,743</u>	<u>\$ 719,270</u>	<u>\$ 1,336,804</u>	<u>\$ 3,312,337</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, 2012**

	<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	\$ 4,073,774	\$ 156,151	\$ 37,397	\$ 243,946	\$ 55,320	\$ 4,566,588
<b>Revenues</b>						
Program revenues						
Operating grants and contributions	34,624	-	-	87,341	-	121,965
Capital grants	2,037,567	-	-	-	-	2,037,567
General revenues						
Property taxes	1,480,078	190,514	33,965	41,460	165,618	1,911,635
Unrestricted investment earnings	5,338	12,248	4,992	5,838	12,120	40,536
Miscellaneous	-	-	-	-	64,069	64,069
<b>Total revenues</b>	<u>3,557,607</u>	<u>202,762</u>	<u>38,957</u>	<u>134,639</u>	<u>241,807</u>	<u>4,175,772</u>
Change in net assets	(516,167)	46,611	1,560	(109,307)	186,487	(390,816)
<b>Net assets, beginning 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>
<b>Net assets (deficit), end of year</b>	<u>\$ (271,500)</u>	<u>\$ 1,291,020</u>	<u>\$ 236,743</u>	<u>\$ 719,270</u>	<u>\$ 1,336,804</u>	<u>\$ 3,312,337</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, 2012

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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, 2012

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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, other postemployment benefits, 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, 2012

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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 *Capital Projects Fund* accounts for the accumulation and disbursement of resources for the construction of governmental activities capital projects.

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 specific capital projects of governmental activities.

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.

# CITY OF SOUTH HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2012

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

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 including property and payroll taxes 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, 2012

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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.

### ***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, 2012

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### ***Inventory and Prepaid Items***

All inventories are valued at original cost using the first-in/first-out (FIFO) method. 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 unless they are due and payable 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, 2012

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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	\$ 67,256
Housing loans receivable	2,500
Special assessments	<u>29,578</u>
Total governmental funds	99,334
Proprietary funds	
Unearned rent	<u>236,921</u>
	<u>\$336,255</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 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, 2012

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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, 2012 the City had deficit fund balances/net assets as follows.

Nonmajor capital projects funds	
Sewer rehabilitation	\$150,555
Downtown Development Authority – component Unit	
Fund balance	285,877
Net assets	271,500

## **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.

# CITY OF SOUTH HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2012

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

During the year ended June 30, 2012, 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>General Fund</b>			
Insurance and bonds	\$54,000	\$58,919	\$(4,919)

#### 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	\$14,672,818	\$3,782,392	\$127,155	\$18,582,365
Restricted cash and pooled investment	60,581	-	-	60,581
	\$14,733,399	\$3,782,392	\$127,155	\$18,642,946

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, \$5,484,022 of the City's bank balance of \$8,271,717 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 investments:

	<u>Maturity</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Source</u>
Mutual fund accounts	N/A	\$483,856	Unrated	
Government Securities				
FHLB Bond	9/16/26	500,000	AAA	Moody's
FHLB Bond	3/29/27	1,300,000	AAA	Moody's
FHLB Bond	7/8/25	100,000	AAA	Moody's
FHLB Bond	10/28/25	100,000	AAA	Moody's
FHLB Bond	4/30/27	1,000,000	AAA	Moody's
FHLB Bond	1/25/18	200,000	Not Available	
FHLB Bond	11/22/17	105,000	Not Available	
FHLB Bond	10/30/20	850,000	AAA	Moody's

# CITY OF SOUTH HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2012

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	<u>Maturity</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Source</u>
FHLMC Note	6/21/22	480,000	AAA	Moody's
FHLMC Note	7/27/22	100,000	AAA	Moody's
FHLMC Note	1/24/24	500,000	AAA	Moody's
FHLMC Note	1/25/27	500,000	AAA	Moody's
FHLMC Note	7/29/21	700,000	AAA	Moody's
FHLMC Note	2/15/38	511,672	Not Available	
FHLMC Note	4/15/28	261,829	Not Available	
FHLMC Note	11/15/22	47,849	Not Available	
FHLMC Note	1/15/17	10,192	Not Available	
FHLMC Note	3/15/34	788,648	AAA	Moody's
FNMA Note	2/8/27	220,000	AAA	Moody's
FNMA Bond	5/25/36	49,150	Not Available	
FNMA Bond	3/25/37	258,378	Not Available	
FNMA Note	2/22/23	120,000	AAA	Moody's
FNMA Note	10/27/26	500,000	AAA	Moody's
GNMA Bond	3/20/36	93,684	Not Available	
GNMA Bond	1/20/36	177,489	Not Available	
GNMA Bond	12/20/37	335,218	Not Available	
		<b>\$10,292,965</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.

*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 \$10,292,965 of investments, the City has a custodial credit risk of \$9,809,109 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.

# CITY OF SOUTH HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2012

*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, 2012 were as follows:

<u>Receivable fund</u>	<u>Payable fund</u>		<u>Total</u>
	Nonmajor governmental funds	Nonmajor Enterprise funds	
Capital projects fund	\$150,555	\$ -	\$150,555
Nonmajor governmental funds	9,783	-	9,783
Nonmajor enterprise funds	-	10,458	10,458
<b>Total</b>	<b>\$160,338</b>	<b>\$10,458</b>	<b>\$170,796</b>

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

Transfers in and out for the year ended June 30, 2012 are as follows:

<u>Transfer out</u>	<u>Transfer in</u>			<u>Total</u>
	General fund	Capital projects fund	Nonmajor governmental funds	
General fund	\$ -	\$932,000	\$184,085	\$1,116,085
Nonmajor governmental funds	100,000	-	67,358	167,358
Electric utility	-	-	167,456	167,456
Water utility	-	-	43,066	43,066
Sewer utility	-	-	265,730	265,730
Nonmajor enterprise funds	-	-	31,174	31,174
<b>Total</b>	<b>\$100,000</b>	<b>\$932,000</b>	<b>\$758,869</b>	<b>\$1,790,869</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.

# CITY OF SOUTH HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED JUNE 30, 2012**

### 6. CAPITAL ASSETS

Capital asset activity for the year was as follows:

	<b>Balance July 1, 2011</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2012</b>
<b>Governmental Activities</b>				
<b>Capital assets, not being depreciated</b>				
Land	\$ 643,295	\$ -	\$ -	\$ 643,295
Construction in progress	-	41,500	-	41,500
Total capital assets, not being depreciated	643,295	41,500	-	684,795
<b>Capital assets, being depreciated</b>				
Land improvements	2,656,023	6,092	-	2,662,115
Buildings and improvements	6,673,494	16,806	-	6,690,300
Vehicles	2,276,313	328,819	134,110	2,471,022
Machinery and equipment	1,680,270	217,609	33,697	1,864,182
Infrastructure	33,594,313	5,478,494	-	39,072,807
Total capital assets, being depreciated	46,880,413	6,047,820	167,807	52,760,426
Less accumulated depreciation for				
Land improvements	2,521,163	9,726	-	2,530,889
Buildings and improvements	2,804,762	198,039	-	3,002,801
Vehicles	1,442,022	201,102	113,843	1,529,281
Machinery and equipment	1,270,273	143,803	33,698	1,380,378
Infrastructure	19,279,572	1,272,855	-	20,552,427
Total accumulated depreciation	27,317,792	1,825,525	147,541	28,995,776
<b>Net capital assets, being depreciated</b>	<b>19,562,621</b>	<b>4,222,295</b>	<b>20,266</b>	<b>23,764,650</b>
<b>Governmental Activities capital assets, net</b>	<b>\$20,205,916</b>	<b>\$4,263,795</b>	<b>\$ 20,266</b>	<b>\$24,449,445</b>
<b>Business-type Activities</b>				
<b>Capital assets, not being depreciated</b>				
Land	\$ 23,062	\$ -	\$ -	\$ 23,062
Construction in progress	18,912,750	87,283	18,883,388	116,645
Total capital assets, not being depreciated	18,935,812	87,283	18,883,388	139,707
<b>Capital assets being depreciated</b>				
Land improvements	2,920,306	30,528	-	2,950,834
Buildings and improvements	10,132,716	19,747,770	475,700	29,404,786
Machinery and equipment	1,277,977	80,724	11,128	1,347,573
Utility system	29,246,519	1,920,366	-	31,166,885
Total capital assets, being depreciated	43,577,518	21,779,388	486,828	64,870,078
Less accumulated depreciation for				
Land improvements	1,502,980	134,855	-	1,637,835
Buildings and improvements	5,402,715	387,176	475,700	5,314,191
Machinery and equipment	938,646	56,850	11,128	984,368
Utility system	14,059,674	719,102	-	14,778,776
Total accumulated depreciation	21,904,015	1,297,983	486,828	22,715,170
<b>Net capital assets, being depreciated</b>	<b>21,673,503</b>	<b>20,481,405</b>	<b>-</b>	<b>42,154,908</b>
<b>Business-type Activities capital assets, net</b>	<b>\$40,609,315</b>	<b>\$20,568,688</b>	<b>\$18,883,388</b>	<b>\$42,294,615</b>

# CITY OF SOUTH HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2012

	<u>Balance July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2012</u>
<b>Component units</b>				
Local Development Finance Authority #2				
Capital assets not being depreciated				
Land	\$ 55,373	\$ -	\$ -	\$ 55,373
<hr/>				
Local Development Finance Authority #3				
Capital assets not being depreciated				
Land	\$136,080	\$ -	\$136,080	\$ -
<hr/>				

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

**Governmental Activities**

General government	\$ 210,857
Public safety	15,506
Public works	1,291,058
Health and welfare	3,004
Culture and recreation	11,190
Capital assets held by the governments internal service funds are charged to the various functions based on their usage of the assets	293,910

**Total depreciation expense - governmental activities** \$1,825,525

**Business-type Activities**

Electric	\$ 506,199
Water	377,036
Sewer	272,728
Nonmajor enterprise funds	142,020

**Total depreciation expense - business- type activities** \$1,297,983

## 7. PENSION PLAN

**Defined Benefit Plan**

***Plan Description***

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

# CITY OF SOUTH HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2012

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, 2012, the City's annual pension cost of \$135,745 for MERS was equal to the City's required and actual contributions. The required contribution was determined as part of the December 31, 2010 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, (c) projected withdrawal rates of 2.4% to 20.0% depending on age and years of service, and (d) inflation rate of 3-4%. 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 27 years.

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

#### Three-Year Trend Information

Fiscal Year <u>Ending</u>	Annual Pension <u>Cost (APC)</u>	Percentage of APC <u>Contributed</u>	Net Pension <u>Obligation</u>
6/30/10	\$55,581	100%	-
6/30/11	117,719	100%	-
6/30/12	135,745	100%	-

#### Schedule of Funding Progress

Actuarial Valuation <u>Date</u>	Actuarial Value of Assets <u>(a)</u>	Actuarial Accrued Liability (AAL) Entry Age <u>(b)</u>	Unfunded AAL (UAAL) <u>(b-a)</u>	Funded Ratio <u>Total</u>	Covered Payroll <u>(c)</u>	UAAL as a Percentage of Covered Payroll <u>((b-a)/c)</u>
12/31/10	\$21,695,636	\$20,680,378	\$(1,015,258)	105%	\$4,272,061	(24)%

# CITY OF SOUTH HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2012

#### 8. LONG-TERM DEBT

The following is a summary of the debt transactions of the City for the year ended June 30, 2012:

	<u>Balance July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2012</u>	<u>Due Within 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%	\$2,405,000	\$ -	\$2,405,000	\$ -	\$ -
\$2,265,000 Building Authority Refunding Bonds, Series 2011 Limited Tax General Obligation, due in annual installments of \$200,000 to \$260,000 through November 2022, plus interest at 2.0% to 3.50%	-	2,265,000	-	2,265,000	200,000
\$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%	4,370,000	-	190,000	4,180,000	200,000
\$1,500,000 2007 General Obligation Capital Improvement Bonds, due in annual installments of \$50,000 to \$105,000 through 2027, plus interest at 3.75% to 4.15%	1,285,000	-	60,000	1,225,000	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%	1,350,000	-	315,000	1,035,000	330,000
\$184,692 DEQ Brownfield loan due in annual installments of \$14,937 beginning in 2012 through April 2019, including interest at 2.0%	184,692	-	88,021	96,671	13,003
	<b>9,594,692</b>	<b>2,265,000</b>	<b>3,058,021</b>	<b>8,801,671</b>	<b>803,003</b>
Accrued employee benefits	325,581	201,645	195,165	332,061	107,086
Other post employment benefits	224,459	52,382	-	276,841	-
<b>Total Governmental Activities</b>	<b>\$10,144,732</b>	<b>\$2,519,027</b>	<b>\$3,253,186</b>	<b>\$9,410,573</b>	<b>\$910,089</b>

# CITY OF SOUTH HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2012

	<u>Balance July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2012</u>	<u>Due Within One Year</u>
<b>Business-type Activities</b>					
\$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%	\$ 295,000	\$ -	\$ 25,000	\$ 270,000	\$ 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%	9,805,000	-	125,000	9,680,000	195,000
\$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%	9,670,000	-	195,000	9,475,000	225,000
	<b>19,770,000</b>	<b>-</b>	<b>345,000</b>	<b>19,425,000</b>	<b>445,000</b>
Bond issuance costs	(177,908)	-	(8,087)	(169,821)	-
Bond discount	(396,173)	-	(18,266)	(377,907)	-
<b>Total Business-type Activities</b>	<b>\$19,195,919</b>	<b>\$ -</b>	<b>\$318,647</b>	<b>\$18,877,272</b>	<b>\$445,000</b>
<b>Component Unit - Local Development</b>					
<b>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>\$129,241</b>	<b>\$ -</b>	<b>\$27,208</b>	<b>\$102,033</b>	<b>\$27,208</b>

The annual requirements to amortize all debt outstanding (excluding accrued employee benefits and bond discounts) as of June 30, 2012 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>
2013	\$ 803,003	\$ 336,303	\$ 445,000	\$ 934,858	\$ 27,208	\$ -
2014	843,263	307,063	505,000	918,008	27,208	-
2015	863,529	276,187	580,000	898,395	27,208	-
2016	523,799	243,890	625,000	874,733	20,409	-
2017	539,075	226,967	670,000	848,035	-	-
2018-2022	2,999,002	829,502	3,910,000	3,738,153	-	-
2023-2027	2,230,000	301,135	4,845,000	2,693,775	-	-
2028-2032	-	-	5,875,000	1,362,935	-	-
2033-2034	-	-	1,970,000	102,506	-	-
<b>Total</b>	<b>\$8,801,671</b>	<b>\$2,521,047</b>	<b>\$19,425,000</b>	<b>\$12,371,398</b>	<b>\$102,033</b>	<b>\$ -</b>

# CITY OF SOUTH HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2012

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, 2012 remaining principal and interest on the bonds was \$1,130,250 payable through 2015. During the current year, \$374,993 of the tax increment revenue available was captured to make payment of principal and interest payments.

During the year, the City issued \$2,265,000 of Building Authority general obligation refunding bonds to provide resources to refund the Building Authority general obligation bonds series 2001. This refunding was undertaken to reduce total debt service payments by \$183,908, which resulted in an estimated economic gain of \$163,643.

#### 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 \$78,805 while the City contributed \$25,412 to provide insurance coverage for 9 retired employees during 2012.

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.

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	\$ 78,805
Interest on Net OPEB obligation	8,978
Adjustment to annual required contribution	(9,989)
Annual OPEB cost (expense)	<u>77,794</u>
Contribution made	<u>25,412</u>
Increase in net OPEB obligation	52,382
Net OPEB obligation, beginning of year	<u>224,459</u>
Net OPEB obligation, end of year	<u><u>\$276,841</u></u>

# CITY OF SOUTH HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2012

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 <u>Ending</u>	<u>Annual OPEB Cost</u>	<u>Percentage of OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/10	\$93,615	20.2%	\$156,046
6/30/11	91,775	25.5%	224,459
6/30/12	77,794	32.7%	276,841

#### Schedule of Funding Progress

<u>Valuation Date</u>	<u>Market Value of Assets (a)</u>	<u>Accrued Liability (AL) (b)</u>	<u>Unfunded AL (UAL) (b-a)</u>	<u>Funded Ratio Total</u>	<u>Covered Payroll (c)</u>	<u>UAL as a Percentage of Covered Payroll ((b-a)/c)</u>
6/30/12	\$ -	\$1,087,354	\$1,087,354	0%	\$4,517,179	24.1%

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

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

In the June 30, 2012 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.

# CITY OF SOUTH HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2012

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, 2012 and 2011 are as follows:

	<b>Beginning of Year <u>Liability</u></b>	<b>Current Year Claims and Changes in <u>Estimates</u></b>	<b>Claim <u>Payments</u></b>	<b>End of Year <u>Liability</u></b>
2011	\$90,500	\$(56,794)	\$33,706	\$ -
2012	-	(77,667)	77,667	-

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.

The changes in the claims liability for the years ended June 30, 2012 and 2011 were as follows:

<b><u>Year</u></b>	<b>Beginning of Year <u>Liability</u></b>	<b>Current Year Claims and Changes in <u>Estimates</u></b>	<b>Claim <u>Payments</u></b>	<b>End of Year <u>Liability</u></b>
2011	\$ 22,888	\$274,404	\$262,257	\$35,035
2012	35,035	288,496	290,097	33,434

# **CITY OF SOUTH HAVEN**

## **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2012**

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### **11. JOINT VENTURE**

The City participates in the South Haven Area Emergency Services Authority (SHAES) a joint venture of the City and surrounding townships which provides fire and emergency medical services to participating municipals. Contribution requirements for participating municipalities are based on budgeted costs and the value of property located within each municipality. For the current year the City provided \$463,924 for the aforementioned services. During the most recent fiscal year SHAES reported an increase in net assets of \$113,536.

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. SUBSEQUENT EVENTS**

Subsequent to June 30, 2012, the City awarded construction contracts of approximately \$1,400,000 for construction of the North side marina, and \$900,000 for Kalamazoo Street reconstruction. The City also authorized issuance of general obligation bonds of \$3,000,000 for reconstruction of the police/fire complex through a USDA loan program.

### **13. CONTINGENCY**

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

## **REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF SOUTH HAVEN**

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

**FOR THE YEAR ENDED JUNE 30, 2012**

	<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	\$ 3,806,725	\$ 3,806,725	\$ 3,824,170	\$ 17,445
Intergovernmental revenues				
State	320,604	320,604	378,567	57,963
Local	252,000	200,500	200,475	(25)
Licenses and permits	166,700	166,700	162,533	(4,167)
Charges for services	442,459	453,409	449,347	(4,062)
Fines	25,500	25,500	28,218	2,718
Special assessments	3,756	3,756	2,216	(1,540)
Investment earnings	62,000	62,000	61,355	(645)
Miscellaneous	435,900	494,921	431,434	(63,487)
<b>Total revenues</b>	<u>5,515,644</u>	<u>5,534,115</u>	<u>5,538,315</u>	<u>4,200</u>
<b>Expenditures</b>				
Current				
General government	1,423,793	1,311,736	1,237,929	73,807
Public safety	3,045,032	2,938,213	2,847,359	90,854
Public works	813,143	700,417	641,075	59,342
Health and welfare	189,534	192,672	189,472	3,200
Culture and recreation	567,173	597,872	561,754	36,118
Other	135,655	103,692	100,562	3,130
Debt service				
Principal	-	12,748	12,748	-
Interest and fiscal charges	-	2,189	2,188	1
<b>Total expenditures</b>	<u>6,174,330</u>	<u>5,859,539</u>	<u>5,593,087</u>	<u>266,452</u>
<b>Revenues over (under) expenditures</b>	<u>(658,686)</u>	<u>(325,424)</u>	<u>(54,772)</u>	<u>270,652</u>
Other financing sources (uses)				
Property tax equivalent payments	842,286	839,156	839,156	-
Transfers in	100,000	100,000	100,000	-
Transfers out	(231,600)	(1,120,009)	(1,116,085)	3,924
<b>Total other financing sources (uses)</b>	<u>710,686</u>	<u>(180,853)</u>	<u>(176,929)</u>	<u>3,924</u>
Net changes in fund balance	52,000	(506,277)	(231,701)	274,576
<b>Fund balance, beginning of year</b>	<u>3,252,900</u>	<u>3,252,900</u>	<u>3,252,900</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 3,304,900</u>	<u>\$ 2,746,623</u>	<u>\$ 3,021,199</u>	<u>\$ 274,576</u>

# CITY OF SOUTH HAVEN

## MERS DEFINED BENEFIT PLAN SCHEDULE OF FUNDING PROGRESS

JUNE 30, 2012

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<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
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, 2012

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### SCHEDULE OF FUNDING PROGRESS

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<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>
6/30/2010	\$ -	\$ 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%
6/30/2012	-	1,087,354	1,087,354	0.00%	4,517,179	24.1%

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### SCHEDULE OF EMPLOYER CONTRIBUTIONS

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<u>Year Ended June 30</u>	<u>Annual required Contribution</u>	<u>Actual Contribution</u>	<u>Percent Contributed</u>
2010	\$ 93,615	\$ 18,897	20.2%
2011	92,478	23,362	25.3%
2012	78,805	25,412	32.2%

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### Note to required supplementary information

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#### 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, 2012**

	Budget Amounts		Actual Amount	Variance Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes				
Real and personal property tax	\$ 3,602,325	\$ 3,602,325	\$ 3,628,053	\$ 25,728
Payments in lieu of tax	5,400	5,400	5,590	190
Collection fees	199,000	199,000	190,527	(8,473)
Total taxes	3,806,725	3,806,725	3,824,170	17,445
Licenses and permits				
Business	70,000	70,000	82,524	12,524
Nonbusiness	87,000	87,000	70,415	(16,585)
Liquor license fees	9,700	9,700	9,594	(106)
Total licenses and permits	166,700	166,700	162,533	(4,167)
Intergovernmental - state				
State-shared revenue	320,604	320,604	378,567	57,963
Total state sources	320,604	320,604	378,567	57,963
Intergovernmental - local	252,000	200,500	200,475	(25)
Charges for services				
Planning and zoning fees	22,000	42,251	43,912	1,661
Foundations - cemetery	7,500	7,500	6,848	(652)
Grave openings	17,000	17,000	17,490	490
Cemetery lot use	12,000	12,000	6,439	(5,561)
Other charges for services	383,959	374,658	374,658	-
Total charges for services	442,459	453,409	449,347	(4,062)
Fines				
Ordinance fines	14,000	14,000	17,118	3,118
Other fines	11,500	11,500	11,100	(400)
Total fines	25,500	25,500	28,218	2,718
Assessments	3,756	3,756	2,216	(1,540)
Investment earnings	62,000	62,000	61,355	(645)
Other revenue	435,900	494,921	431,434	(63,487)
Total revenues	\$ 5,515,644	\$ 5,534,115	\$ 5,538,315	\$ 4,200

**CITY OF SOUTH HAVEN**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2012**

Expenditures	Budget Amounts		Actual Amount	Variance Positive (Negative)
	Original	Final		
Current				
General government				
City Council	\$ 32,034	\$ 33,352	\$ 27,333	\$ 6,019
City Managers Office	173,628	177,264	175,857	1,407
Elections	21,224	24,374	21,307	3,067
Finance Department	117,356	117,356	111,250	6,106
City Assessor	156,591	158,180	146,629	11,551
Legal Counsel	125,000	200,000	199,303	697
City Clerk	23,337	24,929	24,266	663
Treasurer	65,438	65,438	59,129	6,309
City hall and grounds	196,800	227,339	193,956	33,383
Cemetery	115,798	122,462	117,457	5,005
Cable TV broadcasting	24,938	24,938	22,003	2,935
Other personnel activities	82,104	82,104	80,520	1,584
Insurance and bonds	289,545	54,000	58,919	(4,919)
	<u>1,423,793</u>	<u>1,311,736</u>	<u>1,237,929</u>	<u>73,807</u>
Public safety				
Police Department	1,961,822	1,993,039	1,955,887	37,152
Dispatch Department	356,082	218,046	195,501	22,545
Fire Authority	464,920	464,920	463,924	996
Building Inspections	262,208	262,208	232,047	30,161
	<u>3,045,032</u>	<u>2,938,213</u>	<u>2,847,359</u>	<u>90,854</u>
Public works				
City Engineer	77,664	89,318	84,190	5,128
Highways and streets	549,479	520,099	471,326	48,773
Drains	106,000	11,000	5,559	5,441
Street lighting	80,000	80,000	80,000	-
	<u>813,143</u>	<u>700,417</u>	<u>641,075</u>	<u>59,342</u>
Health and welfare				
Animal Control	7,000	7,000	7,000	-
Hospital	104,767	105,200	104,738	462
Senior Services	77,767	80,472	77,734	2,738
	<u>189,534</u>	<u>192,672</u>	<u>189,472</u>	<u>3,200</u>
Culture and recreation				
Parks	322,586	350,086	316,582	33,504
Library	185,901	186,000	185,953	47
Youth recreation	15,000	15,000	15,000	-
Museums	43,686	46,786	44,219	2,567
	<u>567,173</u>	<u>597,872</u>	<u>561,754</u>	<u>36,118</u>
Other				
Airport	46,750	9,893	9,893	-
Economic development	66,605	56,196	53,544	2,652
Miscellaneous	22,300	37,603	37,125	478
	<u>135,655</u>	<u>103,692</u>	<u>100,562</u>	<u>3,130</u>
Debt service				
Principal	-	12,748	12,748	-
Interest	-	2,189	2,188	1
Total	<u>-</u>	<u>14,937</u>	<u>14,936</u>	<u>1</u>
<b>Total expenditures</b>	<b>\$ 6,174,330</b>	<b>\$ 5,859,539</b>	<b>\$ 5,593,087</b>	<b>\$ 266,452</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.

## 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.

## PERMANENT FUND

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

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**CITY OF SOUTH HAVEN**

**NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET**

**JUNE 30, 2012**

	Special Revenue						
	<u>Major Streets</u>	<u>Local Streets</u>	<u>Streets Improvement</u>	<u>Garbage and Refuse</u>	<u>Narcotics Unit</u>	<u>Police Training</u>	<u>Community Development Block Grant</u>
<b>Assets</b>							
Cash and pooled investments	\$ 183,407	\$ 95,111	\$ 1,240,528	\$ 47,357	\$ 61,572	\$ 9,027	\$ 94,453
Accounts receivable	-	170	13,083	5,219	3,258	-	2,500
Accrued interest	340	-	-	-	-	-	-
Special assessment receivable	-	-	-	-	-	-	-
Prepaid items	1,302	834	138	-	1,613	-	-
Due from other funds	-	9,783	-	-	-	-	-
Due from other governments	46,287	15,513	-	-	-	-	-
<b>Total assets</b>	<u>\$ 231,336</u>	<u>\$ 121,411</u>	<u>\$ 1,253,749</u>	<u>\$ 52,576</u>	<u>\$ 66,443</u>	<u>\$ 9,027</u>	<u>\$ 96,953</u>
<b>Liabilities and fund balances</b>							
<b>Liabilities</b>							
Accounts payable	\$ 1,990	\$ 4,135	\$ 6,067	\$ -	\$ 4,258	\$ 266	\$ -
Accrued liabilities	1,156	1,030	1,419	-	1,724	-	-
Due to other funds	9,783	-	-	-	-	-	-
Due to other governments	1,890	-	-	-	-	7,926	-
Deferred revenue	-	-	7,527	5,219	3,258	-	2,500
<b>Total liabilities</b>	<u>14,819</u>	<u>5,165</u>	<u>15,013</u>	<u>5,219</u>	<u>9,240</u>	<u>8,192</u>	<u>2,500</u>
<b>Fund balances (deficit)</b>							
Non-spendable							
Prepaid items	1,302	834	138	-	1,613	-	-
Permanent fund corpus	-	-	-	-	-	-	-
Restricted							
Streets	215,215	115,412	1,238,598	-	-	-	-
Public Safety	-	-	-	-	55,590	835	-
Permanent fund spendable portion	-	-	-	-	-	-	-
Assigned	-	-	-	47,357	-	-	94,453
Unassigned (deficit)	-	-	-	-	-	-	-
<b>Total fund balances (deficit)</b>	<u>216,517</u>	<u>116,246</u>	<u>1,238,736</u>	<u>47,357</u>	<u>57,203</u>	<u>835</u>	<u>94,453</u>
<b>Total liabilities and fund balances</b>	<u>\$ 231,336</u>	<u>\$ 121,411</u>	<u>\$ 1,253,749</u>	<u>\$ 52,576</u>	<u>\$ 66,443</u>	<u>\$ 9,027</u>	<u>\$ 96,953</u>

		<u>Debt Service</u>			<u>Capital Projects</u>			<u>Permanent</u>		
<u>River Maintenance</u>	<u>Building Authority #2</u>	<u>Capital Improvement Bonds 2003</u>	<u>Downtown Development Bonds</u>	<u>Capital Improvement Bonds 2007</u>	<u>Cemetery Improvement</u>	<u>Ice Rink and Pavilion</u>	<u>Sewer Rehabilitation</u>	<u>Cemetery Trust</u>	<u>Total</u>	
\$ 67,844	\$ 31,033	\$ 25,729	\$ 505	\$ 1,336	\$ 272,863	\$ 8,741	\$ -	\$ 253,605	\$ 2,393,111	
-	-	-	-	-	-	-	-	-	24,230	
-	-	-	-	-	334	-	-	241	915	
13,759	-	-	-	-	-	-	-	-	13,759	
-	-	-	-	-	-	-	-	-	3,887	
-	-	-	-	-	-	-	-	-	9,783	
-	-	-	-	-	-	-	-	-	61,800	
<u>\$ 81,603</u>	<u>\$ 31,033</u>	<u>\$ 25,729</u>	<u>\$ 505</u>	<u>\$ 1,336</u>	<u>\$ 273,197</u>	<u>\$ 8,741</u>	<u>\$ -</u>	<u>\$ 253,846</u>	<u>\$ 2,507,485</u>	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,716	
-	-	-	-	-	-	-	-	-	5,329	
-	-	-	-	-	-	-	150,555	-	160,338	
-	-	-	-	-	-	-	-	-	9,816	
13,759	-	-	-	-	-	-	-	-	32,263	
<u>13,759</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>150,555</u>	<u>-</u>	<u>224,462</u>	
-	-	-	-	-	-	-	-	-	3,887	
-	-	-	-	-	-	-	-	132,245	132,245	
-	-	-	-	-	-	-	-	-	1,569,225	
-	-	-	-	-	-	-	-	-	56,425	
-	-	-	-	-	-	-	-	121,601	121,601	
67,844	31,033	25,729	505	1,336	273,197	8,741	-	-	550,195	
-	-	-	-	-	-	-	(150,555)	-	(150,555)	
<u>67,844</u>	<u>31,033</u>	<u>25,729</u>	<u>505</u>	<u>1,336</u>	<u>273,197</u>	<u>8,741</u>	<u>(150,555)</u>	<u>253,846</u>	<u>2,283,023</u>	
<u>\$ 81,603</u>	<u>\$ 31,033</u>	<u>\$ 25,729</u>	<u>\$ 505</u>	<u>\$ 1,336</u>	<u>\$ 273,197</u>	<u>\$ 8,741</u>	<u>\$ -</u>	<u>\$ 253,846</u>	<u>\$ 2,507,485</u>	

**CITY OF SOUTH HAVEN**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2012**

	Special Revenue						
	Major Streets	Local Streets	Streets Improvement	Garbage and Refuse	Narcotics Unit	Police Training	Community Development Block Grant
<b>Revenues</b>							
Taxes	\$ -	\$ -	\$ 496,150	\$ 345,264	\$ 213,367	\$ -	\$ -
Intergovernmental revenues							
State	294,357	105,386	-	-	-	3,787	-
Local	-	-	370,106	-	-	-	-
Special assessments	-	-	-	-	-	-	-
Investment earnings	847	516	10,421	675	423	(1)	13
Miscellaneous	250	250	-	-	-	-	3,542
<b>Total revenues</b>	<u>295,454</u>	<u>106,152</u>	<u>876,677</u>	<u>345,939</u>	<u>213,790</u>	<u>3,786</u>	<u>3,555</u>
<b>Expenditures</b>							
Current							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	251,667	9,342	-
Public works	162,245	204,663	1,145,265	-	-	-	-
Health and welfare	-	-	-	356,030	-	-	14
Culture and recreation	-	-	-	-	-	-	-
Debt service							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
<b>Total expenditures</b>	<u>162,245</u>	<u>204,663</u>	<u>1,145,265</u>	<u>356,030</u>	<u>251,667</u>	<u>9,342</u>	<u>14</u>
Revenues over (under) expenditures	<u>133,209</u>	<u>(98,511)</u>	<u>(268,588)</u>	<u>(10,091)</u>	<u>(37,877)</u>	<u>(5,556)</u>	<u>3,541</u>
Other financing sources (uses)							
Issuance of refunding bonds	-	-	-	-	-	-	-
Payment of refunded bonds	-	-	-	-	-	-	-
Transfers in	-	67,358	125,000	-	-	-	-
Transfers out	(67,358)	-	(100,000)	-	-	-	-
Total other financing sources (uses)	<u>(67,358)</u>	<u>67,358</u>	<u>25,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	65,851	(31,153)	(243,588)	(10,091)	(37,877)	(5,556)	3,541
<b>Fund balances (deficit), beginning 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>
<b>Fund balances (deficit), end of year</b>	<u>\$ 216,517</u>	<u>\$ 116,246</u>	<u>\$ 1,238,736</u>	<u>\$ 47,357</u>	<u>\$ 57,203</u>	<u>\$ 835</u>	<u>\$ 94,453</u>

River Maintenance	Building Authority #2	Debt Service			Capital Projects			Permanent		Total
		Capital Improvement Bonds 2003	Downtown Development Bonds	Capital Improvement Bonds 2007	Cemetery Improvement	Ice Rink and Pavilion	Sewer Rehabilitation	Cemetery Trust		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,054,781
-	-	-	-	-	-	-	-	-	-	403,530
-	-	-	-	-	-	-	-	-	-	370,106
15,275	-	-	-	-	-	-	-	-	-	15,275
1,313	-	-	-	-	1,980	-	-	1,091	-	17,278
10,000	90,168	180,183	376,000	111,144	6,788	50,000	-	-	-	828,325
26,588	90,168	180,183	376,000	111,144	8,768	50,000	-	1,091	-	2,689,295
-	26,753	-	-	-	-	-	-	-	-	26,753
-	-	-	-	-	-	-	-	-	-	261,009
-	-	-	-	-	-	-	-	-	-	1,512,173
178	-	-	-	-	41	-	-	-	26	356,289
-	-	-	-	-	-	45,734	-	-	-	45,734
-	170,000	190,000	315,000	60,000	-	-	-	-	-	735,000
-	87,624	190,293	60,522	51,155	-	-	-	-	-	389,594
178	284,377	380,293	375,522	111,155	41	45,734	-	-	26	3,326,552
26,410	(194,209)	(200,110)	478	(11)	8,727	4,266	-	-	1,065	(637,257)
-	2,265,000	-	-	-	-	-	-	-	-	2,265,000
-	(2,235,000)	-	-	-	-	-	-	-	-	(2,235,000)
31,174	167,456	200,000	-	-	-	56,409	108,796	2,676	-	758,869
-	-	-	-	-	-	-	-	-	-	(167,358)
31,174	197,456	200,000	-	-	-	56,409	108,796	2,676	-	621,511
57,584	3,247	(110)	478	(11)	8,727	60,675	108,796	3,741	-	(15,746)
10,260	27,786	25,839	27	1,347	264,470	(51,934)	(259,351)	250,105	-	2,298,769
\$ 67,844	\$ 31,033	\$ 25,729	\$ 505	\$ 1,336	\$ 273,197	\$ 8,741	\$ (150,555)	\$ 253,846	\$ -	\$ 2,283,023

**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, 2012**

	<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	\$ 300,965	\$ 308,065	\$ 294,357	\$ (13,708)
Investment earnings	-	200	847	647
Miscellaneous	-	-	250	250
<b>Total revenues</b>	300,965	308,265	295,454	(12,811)
<b>Expenditures</b>				
Current				
Public works	300,679	275,593	162,245	113,348
Revenues over (under) expenditures	286	32,672	133,209	100,537
Other financing sources				
Transfers out	(67,358)	(67,358)	(67,358)	-
Net changes in fund balance	(67,072)	(34,686)	65,851	100,537
<b>Fund balance, beginning of year</b>	150,666	150,666	150,666	-
<b>Fund balance, end of year</b>	<u>\$ 83,594</u>	<u>\$ 115,980</u>	<u>\$ 216,517</u>	<u>\$ 100,537</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, 2012**

	<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	\$ 92,642	\$ 103,642	\$ 105,386	\$ 1,744
Investment earnings	100	100	516	416
Miscellaneous	-	-	250	250
<b>Total revenues</b>	92,742	103,742	106,152	2,410
<b>Expenditures</b>				
Current				
Public works	251,834	239,755	204,663	35,092
Revenues over (under) expenditures	(159,092)	(136,013)	(98,511)	37,502
Other financing source (uses)				
Transfers in	67,358	67,358	67,358	-
Net changes in fund balance	(91,734)	(68,655)	(31,153)	37,502
<b>Fund balance, beginning of year</b>	147,399	147,399	147,399	-
<b>Fund balance, end of year</b>	<u>\$ 55,665</u>	<u>\$ 78,744</u>	<u>\$ 116,246</u>	<u>\$ 37,502</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, 2012**

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 492,147	\$ 494,230	\$ 496,150	\$ 1,920
Intergovernmental revenues				
Local	306,377	370,222	370,106	(116)
Investment earnings	<u>500</u>	<u>28,000</u>	<u>10,421</u>	<u>(17,579)</u>
<b>Total revenues</b>	799,024	892,452	876,677	(15,775)
<b>Expenditures</b>				
Current				
Public works	<u>975,768</u>	<u>1,470,528</u>	<u>1,145,265</u>	<u>325,263</u>
Revenues over (under) expenditures	<u>(176,744)</u>	<u>(578,076)</u>	<u>(268,588)</u>	<u>309,488</u>
Other financing source (uses)				
Transfers in	125,000	125,000	125,000	-
Transfers out	<u>(100,000)</u>	<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>-</u>
Net changes in fund balance	(151,744)	(553,076)	(243,588)	309,488
<b>Fund balance, beginning of year</b>	<u>1,482,324</u>	<u>1,482,324</u>	<u>1,482,324</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 1,330,580</u>	<u>\$ 929,248</u>	<u>\$ 1,238,736</u>	<u>\$ 309,488</u>

**CITY OF SOUTH HAVEN**

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

**FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 342,500	\$ 343,938	\$ 345,264	\$ 1,326
Investment earnings	750	100	675	575
<b>Total Revenues</b>	343,250	344,038	345,939	1,901
<b>Expenditures</b>				
Current				
Health and welfare	360,000	385,000	356,030	28,970
Net changes in fund balance	(16,750)	(40,962)	(10,091)	30,871
<b>Fund balance, beginning of year</b>	57,448	57,448	57,448	-
<b>Fund balance, end of year</b>	<u>\$ 40,698</u>	<u>\$ 16,486</u>	<u>\$ 47,357</u>	<u>\$ 30,871</u>

**CITY OF SOUTH HAVEN**

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

**FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 211,857	\$ 211,857	\$ 213,367	\$ 1,510
Investment earnings	500	500	423	(77)
<b>Total revenues</b>	212,357	212,357	213,790	1,433
<b>Expenditures</b>				
Current				
Public safety	244,697	256,197	251,667	4,530
Net changes in fund balance	(32,340)	(43,840)	(37,877)	5,963
<b>Fund balance, beginning of year</b>	95,080	95,080	95,080	-
<b>Fund balance, end of year</b>	\$ 62,740	\$ 51,240	\$ 57,203	\$ 5,963

**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, 2012**

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	<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	\$ 4,500	\$ 3,787	\$ (713)
<b>Expenditures</b>				
Current				
Public safety	<u>8,500</u>	<u>10,000</u>	<u>9,342</u>	<u>658</u>
Net changes in fund balance	-	(5,500)	(5,556)	(56)
<b>Fund balance, beginning of year</b>	<u>6,391</u>	<u>6,391</u>	<u>6,391</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 6,391</u>	<u>\$ 891</u>	<u>\$ 835</u>	<u>\$ (56)</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, 2012**

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Investment earnings	\$ -	\$ -	\$ 13	\$ 13
Miscellaneous	<u>3,542</u>	<u>3,542</u>	<u>3,542</u>	<u>-</u>
<b>Total Revenues</b>	3,542	3,542	3,555	13
<b>Expenditures</b>				
Current				
Health and welfare	<u>-</u>	<u>50</u>	<u>14</u>	<u>36</u>
Net changes in fund balance	3,542	3,492	3,541	49
<b>Fund balance, beginning of year</b>	<u>90,912</u>	<u>90,912</u>	<u>90,912</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 94,454</u>	<u>\$ 94,404</u>	<u>\$ 94,453</u>	<u>\$ 49</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, 2012**

	Budget Amounts		Actual Amount	Variance Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Special assessments	\$ 16,000	\$ 16,000	\$ 15,275	\$ (725)
Investment earnings	-	-	1,313	1,313
Miscellaneous	10,000	10,000	10,000	-
<b>Total Revenues</b>	26,000	26,000	26,588	588
<b>Expenditures</b>				
Current				
Health and welfare	10,500	10,500	178	10,322
Revenues over (under) expenditures	15,500	15,500	26,410	10,910
Other financing source (uses)				
Transfers in	31,174	31,174	31,174	-
Net changes in fund balance	46,674	46,674	57,584	10,910
<b>Fund balance (deficit), beginning of year</b>	10,260	10,260	10,260	-
<b>Fund balance, end of year</b>	\$ 56,934	\$ 56,934	\$ 67,844	\$ 10,910

**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, 2012**

	Budget Amounts		Actual Amount	Variance Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Investment earnings	\$ 500	\$ -	\$ -	\$ -
Miscellaneous	95,263	90,905	90,168	(737)
<b>Total Revenues</b>	<u>95,763</u>	<u>90,905</u>	<u>90,168</u>	<u>(737)</u>
<b>Expenditures</b>				
Current				
General government	275	27,000	26,753	247
Debt service				
Principal	170,000	170,000	170,000	-
Interest	102,090	87,625	87,624	1
<b>Total expenditures</b>	<u>272,365</u>	<u>284,625</u>	<u>284,377</u>	<u>248</u>
Revenues over (under) expenditures	<u>(176,602)</u>	<u>(193,720)</u>	<u>(194,209)</u>	<u>(489)</u>
Other financing source (uses)				
Issuance of refunding bonds	-	2,265,000	2,265,000	-
Payment of refunded bonds	-	(2,235,000)	(2,235,000)	-
Transfers in	177,102	177,102	167,456	(9,646)
<b>Total other financing sources (uses)</b>	<u>177,102</u>	<u>207,102</u>	<u>197,456</u>	<u>(9,646)</u>
Net changes in fund balance	500	13,382	3,247	(10,135)
<b>Fund balance, beginning of year</b>	<u>27,786</u>	<u>27,786</u>	<u>27,786</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 28,286</u>	<u>\$ 41,168</u>	<u>\$ 31,033</u>	<u>\$ (10,135)</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, 2012**

	Budget Amounts		Actual Amount	Variance Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Investment earnings	\$ 2,500	\$ -	\$ -	\$ -
Miscellaneous	<u>180,083</u>	<u>180,183</u>	<u>180,183</u>	<u>-</u>
<b>Total Revenues</b>	<u>182,583</u>	<u>180,183</u>	<u>180,183</u>	<u>-</u>
<b>Expenditures</b>				
Debt service				
Principal	190,000	190,000	190,000	-
Interest	<u>190,083</u>	<u>190,583</u>	<u>190,293</u>	<u>290</u>
<b>Total expenditures</b>	<u>380,083</u>	<u>380,583</u>	<u>380,293</u>	<u>290</u>
Revenues over (under) expenditures	(197,500)	(200,400)	(200,110)	290
Other financing source (uses)				
Transfers in	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>-</u>
Net changes in fund balance	2,500	(400)	(110)	290
<b>Fund balance, beginning of year</b>	<u>25,839</u>	<u>25,839</u>	<u>25,839</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 28,339</u>	<u>\$ 25,439</u>	<u>\$ 25,729</u>	<u>\$ 290</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, 2012**

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Miscellaneous	\$ 375,268	\$ 376,000	\$ 376,000	\$ -
<b>Expenditures</b>				
Current				
Debt service				
Principal	315,000	315,000	315,000	-
Interest	60,268	61,000	60,522	478
<b>Total expenditures</b>	<u>375,268</u>	<u>376,000</u>	<u>375,522</u>	<u>478</u>
Net changes in fund balance	-	-	478	478
<b>Fund balance, beginning of year</b>	<u>27</u>	<u>27</u>	<u>27</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 27</u>	<u>\$ 27</u>	<u>\$ 505</u>	<u>\$ 478</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, 2012**

	Budget Amounts		Actual Amount	Variance Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Investment earnings	\$ 100	\$ -	\$ -	\$ -
Miscellaneous	111,133	111,144	111,144	-
<b>Total Revenues</b>	<u>111,233</u>	<u>111,144</u>	<u>111,144</u>	<u>-</u>
<b>Expenditures</b>				
Debt service				
Principal	60,000	60,000	60,000	-
Interest	51,133	51,383	51,155	228
<b>Total expenditures</b>	<u>111,133</u>	<u>111,383</u>	<u>111,155</u>	<u>228</u>
Net changes in fund balance	100	(239)	(11)	228
<b>Fund balance, beginning of year</b>	<u>1,347</u>	<u>1,347</u>	<u>1,347</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 1,447</u>	<u>\$ 1,108</u>	<u>\$ 1,336</u>	<u>\$ 228</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, 2012**

<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	\$ 49,521	\$ 165,631	\$ 1,286,674	\$ 1,501,826
Accounts receivable	-	1,870	-	1,870
Accrued interest receivable	-	-	1,391	1,391
Due from other funds	468	9,990	-	10,458
Prepaid items	163	567	814	1,544
<b>Total current assets</b>	<u>50,152</u>	<u>178,058</u>	<u>1,288,879</u>	<u>1,517,089</u>
Non-current assets				
Capital assets				
Land	-	2,333	3,003	5,336
Construction in progress	-	-	94,760	94,760
Buildings and equipment	-	83,858	74,568	158,426
Infrastructure	-	935,467	1,950,803	2,886,270
Less accumulated depreciation	-	(505,764)	(1,166,097)	(1,671,861)
<b>Total non-current assets</b>	<u>-</u>	<u>515,894</u>	<u>957,037</u>	<u>1,472,931</u>
<b>Total assets</b>	<u>50,152</u>	<u>693,952</u>	<u>2,245,916</u>	<u>2,990,020</u>
<b>Liabilities</b>				
Current liabilities				
Accounts payable	11,112	8,033	13,391	32,536
Accrued liabilities	3,261	1,098	3,037	7,396
Due to other funds	9,990	468	-	10,458
Unearned revenue	-	44,036	192,885	236,921
<b>Total liabilities</b>	<u>24,363</u>	<u>53,635</u>	<u>209,313</u>	<u>287,311</u>
<b>Net assets</b>				
Invested in capital assets, net of related debt	-	515,894	957,037	1,472,931
Unrestricted	25,789	124,423	1,079,566	1,229,778
<b>Total net assets</b>	<u>\$ 25,789</u>	<u>\$ 640,317</u>	<u>\$ 2,036,603</u>	<u>\$ 2,702,709</u>

**CITY OF SOUTH HAVEN**

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

**FOR THE YEAR ENDED JUNE 30, 2012**

	<b>Beach Fund</b>	<b>Black River Park</b>	<b>Marina Fund</b>	<b>Total</b>
<b>Operating revenue</b>				
Charges for services	\$ 214,952	\$ -	\$ 7,240	\$ 222,192
Dock rental	-	146,125	504,226	650,351
Other	-	686	5,746	6,432
<b>Total operating revenue</b>	<u>214,952</u>	<u>146,811</u>	<u>517,212</u>	<u>878,975</u>
<b>Operating expense</b>				
Operating costs and expenses	191,469	103,034	372,884	667,387
Depreciation	-	47,098	94,922	142,020
<b>Total operating expense</b>	<u>191,469</u>	<u>150,132</u>	<u>467,806</u>	<u>809,407</u>
Operating income (loss)	23,483	(3,321)	49,406	69,568
Non-operating revenue (expense)				
Investment earnings	187	266	12,450	12,903
Income (loss) before transfers	<u>23,670</u>	<u>(3,055)</u>	<u>61,856</u>	<u>82,471</u>
Transfers				
Property tax equivalent payments	(4,695)	(7,325)	(26,350)	(38,370)
Transfers out	-	(5,547)	(25,627)	(31,174)
Total transfers	<u>(4,695)</u>	<u>(12,872)</u>	<u>(51,977)</u>	<u>(69,544)</u>
Changes in net assets	18,975	(15,927)	9,879	12,927
<b>Net assets, beginning of year</b>	<u>6,814</u>	<u>656,244</u>	<u>2,026,724</u>	<u>2,689,782</u>
<b>Net assets, end of year</b>	<u>\$ 25,789</u>	<u>\$ 640,317</u>	<u>\$ 2,036,603</u>	<u>\$ 2,702,709</u>

**CITY OF SOUTH HAVEN**  
**NONMAJOR ENTERPRISE FUNDS**  
**COMBINING STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Beach Fund</u>	<u>Black River Park</u>	<u>Marina Fund</u>	<u>Total</u>
<b>Cash flows from operating activities</b>				
Receipts from customers and users	\$ 214,952	\$ 150,448	\$ 526,773	\$ 892,173
Payments to employees	(69,380)	(41,131)	(57,651)	(168,162)
Payments to suppliers	(120,161)	(56,237)	(311,240)	(487,638)
<b>Net cash provided by (used in) operating activities</b>	<u>25,411</u>	<u>53,080</u>	<u>157,882</u>	<u>236,373</u>
<b>Cash flows from non-capital financing activities</b>				
Due to other funds	9,990	468	-	10,458
Due from other funds	(468)	(9,990)	-	(10,458)
Property tax equivalents	(4,695)	(7,325)	(26,350)	(38,370)
Transfers out	-	(5,547)	(25,627)	(31,174)
<b>Net cash provided by (used in) non-capital financing activities</b>	<u>4,827</u>	<u>(22,394)</u>	<u>(51,977)</u>	<u>(69,544)</u>
<b>Cash flows from capital and related financing activities</b>				
Acquisitions of capital assets	-	(21,555)	(107,022)	(128,577)
<b>Cash flows from investing activities</b>				
Interest income	187	266	13,863	14,316
Net increase (decrease) in cash and pooled investments	30,425	9,397	12,746	52,568
<b>Cash and pooled investments, beginning of year</b>	<u>19,096</u>	<u>156,234</u>	<u>1,273,928</u>	<u>1,449,258</u>
<b>Cash and pooled investments, end of year</b>	<u>\$ 49,521</u>	<u>\$ 165,631</u>	<u>\$ 1,286,674</u>	<u>\$ 1,501,826</u>
<b>Cash flows from operating activities</b>				
Operating income (loss)	\$ 23,483	\$ (3,321)	\$ 49,406	\$ 69,568
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation	-	47,098	94,922	142,020
Change in operating assets and liabilities which provided (used) cash				
Accounts receivable	-	(1,670)	-	(1,670)
Prepaid expenses	66	66	165	297
Accounts payable	517	5,224	2,795	8,536
Accrued liabilities	1,345	376	1,033	2,754
Deferred revenue	-	5,307	9,561	14,868
<b>Net cash provided by (used in) operating activities</b>	<u>\$ 25,411</u>	<u>\$ 53,080</u>	<u>\$ 157,882</u>	<u>\$ 236,373</u>

# CITY OF SOUTH HAVEN

## INTERNAL SERVICE FUNDS COMBINING STATEMENT OF NET ASSETS

JUNE 30, 2012

<b>Assets</b>	<b>Motor Pool</b>	<b>Information Services</b>	<b>Self Insurance</b>	<b>Total</b>
Current assets				
Cash and pooled investments	\$ 1,166,642	\$ 34,310	\$ 675,480	\$ 1,876,432
Accounts receivable	5,000	400	-	5,400
Accrued interest receivable	2,510	-	1,340	3,850
Prepaid items	<u>1,310</u>	<u>95</u>	<u>-</u>	<u>1,405</u>
Total current assets	<u>1,175,462</u>	<u>34,805</u>	<u>676,820</u>	<u>1,887,087</u>
Non-current assets				
Capital assets				
Buildings and equipment	684,068	184,698	-	868,766
Vehicles	2,471,022	-	-	2,471,022
Less accumulated depreciation	<u>(1,977,102)</u>	<u>(143,454)</u>	<u>-</u>	<u>(2,120,556)</u>
Total non-current assets	<u>1,177,988</u>	<u>41,244</u>	<u>-</u>	<u>1,219,232</u>
<b>Total assets</b>	<u>2,353,450</u>	<u>76,049</u>	<u>676,820</u>	<u>3,106,319</u>
<b>Liabilities</b>				
Current liabilities				
Accounts payable	4,985	9,477	33,434	47,896
Accrued liabilities	<u>1,347</u>	<u>961</u>	<u>-</u>	<u>2,308</u>
Total current liabilities	6,332	10,438	33,434	50,204
Long-term liabilities				
Compensated absences	<u>15,621</u>	<u>8,038</u>	<u>-</u>	<u>23,659</u>
<b>Total liabilities</b>	<u>21,953</u>	<u>18,476</u>	<u>33,434</u>	<u>73,863</u>
<b>Net assets</b>				
Invested in capital assets, net of related debt	1,177,988	41,244	-	1,219,232
Unrestricted	<u>1,153,509</u>	<u>16,329</u>	<u>643,386</u>	<u>1,813,224</u>
<b>Total net assets</b>	<u>\$ 2,331,497</u>	<u>\$ 57,573</u>	<u>\$ 643,386</u>	<u>\$ 3,032,456</u>

# CITY OF SOUTH HAVEN

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

**FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Motor Pool</u>	<u>Information Services</u>	<u>Self Insurance</u>	<u>Total</u>
<b>Operating revenue</b>				
Charges for services	\$ 640,727	\$ 198,192	\$ 355,096	\$ 1,194,015
Other	<u>5,950</u>	<u>430</u>	<u>-</u>	<u>6,380</u>
<b>Total operating revenue</b>	<u>646,677</u>	<u>198,622</u>	<u>355,096</u>	<u>1,200,395</u>
<b>Operating expense</b>				
Operating costs and expenses	266,617	160,988	290,097	717,702
Depreciation	<u>254,491</u>	<u>39,419</u>	<u>-</u>	<u>293,910</u>
<b>Total operating expense</b>	<u>521,108</u>	<u>200,407</u>	<u>290,097</u>	<u>1,011,612</u>
Operating income (loss)	<u>125,569</u>	<u>(1,785)</u>	<u>64,999</u>	<u>188,783</u>
Non-operating revenue (expense)				
Gain on sale of capital assets	16,221	-	-	16,221
Interest income	<u>9,501</u>	<u>4</u>	<u>3,861</u>	<u>13,366</u>
Total non-operating revenue (expense)	<u>25,722</u>	<u>4</u>	<u>3,861</u>	<u>29,587</u>
Changes in net assets	151,291	(1,781)	68,860	218,370
<b>Net assets, beginning of year</b>	<u>2,180,206</u>	<u>59,354</u>	<u>574,526</u>	<u>2,814,086</u>
<b>Net assets, end of year</b>	<u>\$ 2,331,497</u>	<u>\$ 57,573</u>	<u>\$ 643,386</u>	<u>\$ 3,032,456</u>

**CITY OF SOUTH HAVEN**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

	<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	\$ 641,677	\$ 198,222	\$ 355,096	\$ 1,194,995
Payments to employees	(91,529)	(67,405)	-	(158,934)
Payments to suppliers	(177,313)	(115,579)	(291,698)	(584,590)
<b>Net cash provided by (used in) operating activities</b>	<u>372,835</u>	<u>15,238</u>	<u>63,398</u>	<u>451,471</u>
<b>Cash flows from capital and related financing activities</b>				
Proceeds from sale of capital assets	36,486	-	-	36,486
Acquisitions of capital assets	(434,348)	(28,109)	-	(462,457)
<b>Net cash provided by (used in) capital and related financing activities</b>	<u>(397,862)</u>	<u>(28,109)</u>	<u>-</u>	<u>(425,971)</u>
<b>Cash flows from investing activities</b>				
Interest income	10,784	4	4,855	15,643
Net increase (decrease) in cash and pooled investments	(14,243)	(12,867)	68,253	41,143
<b>Cash and pooled investments, beginning of year</b>	<u>1,180,885</u>	<u>47,177</u>	<u>607,227</u>	<u>1,835,289</u>
<b>Cash and pooled investments, end of year</b>	<u>\$ 1,166,642</u>	<u>\$ 34,310</u>	<u>\$ 675,480</u>	<u>\$ 1,876,432</u>
<b>Cash flows from operating activities</b>				
Operating income (loss)	\$ 125,569	\$ (1,785)	\$ 64,999	\$ 188,783
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation	254,491	39,419	-	293,910
Change in operating assets and liabilities which provided (used) cash				
Accounts receivable	(5,000)	(400)	-	(5,400)
Prepaid expenses	(174)	2	-	(172)
Accounts payable	(2,561)	(21,848)	(1,601)	(26,010)
Accrued liabilities	319	203	-	522
Compensated absences	191	(353)	-	(162)
<b>Net cash provided by (used in) operating activities</b>	<u>\$ 372,835</u>	<u>\$ 15,238</u>	<u>\$ 63,398</u>	<u>\$ 451,471</u>

# CITY OF SOUTH HAVEN

## AGENCY FUNDS COMBINING STATEMENT OF ASSETS AND LIABILITIES

JUNE 30, 2012

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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	\$ 36,782	\$ -	\$ 90,373	\$ 127,155
Prepaid items	<u>42,248</u>	<u>-</u>	<u>-</u>	<u>42,248</u>
<b>Total assets</b>	<u>\$ 79,030</u>	<u>\$ -</u>	<u>\$ 90,373</u>	<u>\$ 169,403</u>
<b>Liabilities</b>				
Accounts payable	\$ 57,277	\$ -	\$ 2,362	\$ 59,639
Deposits	-	-	88,011	88,011
Due to other governmental units	<u>21,753</u>	<u>-</u>	<u>-</u>	<u>21,753</u>
<b>Total liabilities</b>	<u>\$ 79,030</u>	<u>\$ -</u>	<u>\$ 90,373</u>	<u>\$ 169,403</u>

**CITY OF SOUTH HAVEN**

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

**FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2012</u>
<b><u>Payroll Tax Collection Fund</u></b>				
<b>Assets</b>				
Cash and pooled investments	\$ 36,897	\$ 1,428,985	\$ 1,429,100	\$ 36,782
Prepaid items	44,899	42,248	44,899	42,248
	<u>\$ 81,796</u>	<u>\$ 1,471,233</u>	<u>\$ 1,473,999</u>	<u>\$ 79,030</u>
<b>Liabilities</b>				
Accounts payable	\$ 59,676	\$ 533,146	\$ 535,545	\$ 57,277
Due to other governmental units	22,120	2,177,298	2,177,665	21,753
<b>Total liabilities</b>	<u>\$ 81,796</u>	<u>\$ 2,710,445</u>	<u>\$ 2,713,211</u>	<u>\$ 79,030</u>
<b><u>Current Tax Collection Fund</u></b>				
<b>Assets</b>				
Cash and pooled investments	\$ 193	\$ 16,149,305	\$ 16,149,498	\$ -
Taxes receivable	-	351,338	351,338	-
<b>Total assets</b>	<u>\$ 193</u>	<u>\$ 16,500,643</u>	<u>\$ 16,500,836</u>	<u>\$ -</u>
<b>Liabilities</b>				
Accounts Payable	\$ 193	\$ 11,806,074	\$ 11,806,267	\$ -
Due to other governmental units	-	19,668,119	19,668,119	-
<b>Total liabilities</b>	<u>\$ 193</u>	<u>\$ 31,474,193</u>	<u>\$ 31,474,386</u>	<u>\$ -</u>
<b><u>Trust and Agency Fund</u></b>				
<b>Assets</b>				
Cash and pooled investments	\$ 221,394	\$ 50,508	\$ 181,529	\$ 90,373
<b>Total assets</b>	<u>\$ 221,394</u>	<u>\$ 50,508</u>	<u>\$ 181,529</u>	<u>\$ 90,373</u>
<b>Liabilities</b>				
Accounts payable	\$ 235	\$ 185,452	\$ 183,325	\$ 2,362
Deposits	221,159	188,150	321,298	88,011
<b>Total liabilities</b>	<u>\$ 221,394</u>	<u>\$ 373,603</u>	<u>\$ 504,624</u>	<u>\$ 90,373</u>
<b><u>Total - All Agency Funds</u></b>				
<b>Assets</b>				
Cash and pooled investments	\$ 258,484	\$ 17,628,797	\$ 17,760,126	\$ 127,155
Taxes receivable	-	351,338	351,338	-
Prepaid items	44,899	42,248	44,899	42,248
<b>Total assets</b>	<u>\$ 303,383</u>	<u>\$ 18,022,383</u>	<u>\$ 18,156,363</u>	<u>\$ 169,403</u>
<b>Liabilities</b>				
Accounts payable	\$ 60,104	\$ 12,524,673	\$ 12,525,138	\$ 59,639
Deposits	221,159	188,150	321,298	88,011
Due to other governmental units	22,120	21,845,417	21,845,784	21,753
<b>Total liabilities</b>	<u>\$ 303,383</u>	<u>\$ 34,558,240</u>	<u>\$ 34,692,220</u>	<u>\$ 169,403</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, 2012

	Governmental Fund Type			Statement of
	General Fund	Adjustments		Net Assets
<b>Assets</b>				
Cash and pooled investments	\$ 117,714	\$ -	\$	117,714
Special assessment receivable	14,377	-		14,377
Prepaid items	356			356
Due from other governments	750,000	-		750,000
<b>Total assets</b>	\$ 882,447	-		882,447
 <b>Liabilities and fund balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 1,152,834	-	\$	1,152,834
Accrued liabilities	1,113	-		1,113
Deferred revenue	14,377	(14,377)		-
<b>Total liabilities</b>	1,168,324	(14,377)		1,153,947
 <b>Fund balances</b>				
Unreserved				
Undesignated (deficit)	(285,877)	285,877		
<b>Total liabilities and fund balances</b>	\$ 882,447			
 <b>Net assets</b>				
Unrestricted (deficit)		\$ (271,500)	\$	(271,500)

**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, 2012**

---

	<b>General Fund</b>	<b>Adjustments</b>	<b>Statement of Activities</b>
<b>Revenues</b>			
Taxes	\$ 1,480,078	\$ -	\$ 1,480,078
Intergovernmental revenues			
Federal	1,034,298	-	1,034,298
Local	1,003,269	-	1,003,269
Investment earnings	5,338	-	5,338
Miscellaneous	<u>20,247</u>	<u>14,377</u>	<u>34,624</u>
<b>Total revenues</b>	3,543,230	14,377	3,557,607
<b>Expenditures/expenses</b>			
Community development	<u>4,073,774</u>	<u>-</u>	<u>4,073,774</u>
Net changes in fund balances	(530,544)	530,544	
Change in net assets		(516,167)	(516,167)
<b>Fund balances/net assets, beginning of year</b>	<u>244,667</u>		<u>244,667</u>
<b>Fund balances/net assets (deficit), end of year</b>	<u>\$ (285,877)</u>		<u>\$ (271,500)</u>

# CITY OF SOUTH HAVEN

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

JUNE 30, 2012

	<b>General Fund</b>	<b>Adjustments</b>	<b>Statement of Net Assets</b>
<b>Assets</b>			
Cash and pooled investments	\$ 1,288,767	\$ -	\$ 1,288,767
Accounts receivable	2,780	-	2,780
Prepaid items	25	-	25
<b>Total assets</b>	<b>\$ 1,291,572</b>	<b>-</b>	<b>1,291,572</b>
 <b>Liabilities and fund balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ 30	-	30
Accrued liabilities	522	-	522
<b>Total liabilities</b>	<b>552</b>	<b>-</b>	<b>552</b>
 <b>Fund balances</b>			
Unreserved			
Undesignated	1,291,020	(1,291,020)	
<b>Total liabilities and fund balances</b>	<b>\$ 1,291,572</b>		
 <b>Net assets</b>			
Unrestricted		<b>\$ 1,291,020</b>	<b>\$ 1,291,020</b>

# 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, 2012

---

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
<b>Revenues</b>			
Taxes	\$ 190,514	\$ -	\$ 190,514
Investment earnings	<u>12,248</u>	<u>-</u>	<u>12,248</u>
<b>Total revenues</b>	202,762	-	202,762
<b>Expenditures/expenses</b>			
Community development	<u>156,151</u>	<u>-</u>	<u>156,151</u>
Net changes in fund balances	46,611	(46,611)	
Change in net assets		46,611	46,611
<b>Fund balances/net assets, beginning of year</b>	<u>1,244,409</u>		<u>1,244,409</u>
<b>Fund balances/net assets, end of year</b>	<u>\$ 1,291,020</u>		<u>\$ 1,291,020</u>

# CITY OF SOUTH HAVEN

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

JUNE 30, 2012

	<b>General Fund</b>	<b>Adjustments</b>	<b>Statement of Net Assets</b>
<b>Assets</b>			
Cash and pooled investments	\$ 181,184	\$ -	\$ 181,184
Accounts receivable	186	-	186
Capital assets not being depreciated	-	55,373	55,373
<b>Total assets</b>	<b>\$ 181,370</b>	<b>55,373</b>	<b>236,743</b>
 <b>Liabilities and fund balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ -	-	-
 <b>Fund balances</b>			
Unreserved			
Undesignated	181,370	(181,370)	
<b>Total liabilities and fund balances</b>	<b>\$ 181,370</b>		
 <b>Net assets</b>			
Invested in capital assets, net of related debt		55,373	55,373
Unrestricted		181,370	181,370
<b>Total net assets</b>		<b>\$ 236,743</b>	<b>\$ 236,743</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, 2012**

	<b>General Fund</b>	<b>Adjustments</b>	<b>Statement of Activities</b>
<b>Revenues</b>			
Taxes	\$ 33,965	\$ -	\$ 33,965
Investment earnings	<u>4,992</u>	<u>-</u>	<u>4,992</u>
<b>Total revenues</b>	38,957	-	38,957
<b>Expenditures/expenses</b>			
Community development	<u>37,397</u>	<u>-</u>	<u>37,397</u>
Debt Service			
Principal	-	-	-
Interest	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total expenditures/expenses</b>	<u>37,397</u>	<u>-</u>	<u>37,397</u>
Revenues over (under) expenditures/expenses	<u>1,560</u>	<u>-</u>	<u>1,560</u>
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	1,560	(1,560)	
Change in net assets		1,560	1,560
<b>Fund balances/net assets, beginning of year</b>	<u>179,810</u>		<u>235,183</u>
<b>Fund balances/net assets, end of year</b>	<u>\$ 181,370</u>		<u>\$ 236,743</u>

# CITY OF SOUTH HAVEN

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

JUNE 30, 2012

	<b>General Fund</b>	<b>Adjustments</b>	<b>Statement of Net Assets</b>
<b>Assets</b>			
Cash and pooled investments	\$ 865,861	\$ -	\$ 865,861
Accounts receivable	1,302	-	1,302
Prepaid items	57	-	57
<b>Total assets</b>	<b>\$ 867,220</b>	<b>-</b>	<b>867,220</b>
 <b>Liabilities and fund balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ 45,568	-	45,568
Accrued liabilities	349	-	349
Noncurrent liabilities			
Due within one year	-	27,208	27,208
Due in more than one year	-	74,825	74,825
<b>Total liabilities</b>	45,917	102,033	147,950
 <b>Fund balances</b>			
Unreserved			
Undesignated	821,303	(821,303)	
<b>Total liabilities and fund balances</b>	<b>\$ 867,220</b>		
 <b>Net assets</b>			
Unrestricted		<b>\$ 719,270</b>	<b>\$ 719,270</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, 2012**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
<b>Revenues</b>			
Taxes	\$ 41,460	\$ -	\$ 41,460
Investment earnings	5,838	-	5,838
Miscellaneous	<u>223,421</u>	<u>(136,080)</u>	<u>87,341</u>
<b>Total revenues</b>	<u>270,719</u>	<u>(136,080)</u>	<u>134,639</u>
<b>Expenditures/expenses</b>			
Community development	243,946	-	243,946
Debt Service			
Principal	<u>27,208</u>	<u>(27,208)</u>	<u>-</u>
<b>Total expenditures/expenses</b>	<u>271,154</u>	<u>(27,208)</u>	<u>243,946</u>
Net changes in fund balances	(435)	435	
Change in net assets		(109,307)	(109,307)
<b>Fund balances/net assets, beginning of year</b>	<u>821,738</u>		<u>828,577</u>
<b>Fund balances/net assets, end of year</b>	<u>\$ 821,303</u>		<u>\$ 719,270</u>

# CITY OF SOUTH HAVEN

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

JUNE 30, 2012

---

	<b>General Fund</b>	<b>Adjustments</b>	<b>Statement of Net Assets</b>
<b>Assets</b>			
Cash and pooled investments	\$ 1,328,866	\$ -	\$ 1,328,866
Accounts receivable	<u>7,938</u>	<u>-</u>	<u>7,938</u>
<b>Total assets</b>	<u>\$ 1,336,804</u>	<u>-</u>	<u>1,336,804</u>
<b>Liabilities and fund balances</b>			
<b>Liabilities</b>			
Accounts payable	<u>\$ -</u>	<u>-</u>	<u>-</u>
<b>Fund balances</b>			
Unreserved			
Undesignated	<u>1,336,804</u>	<u>(1,336,804)</u>	
<b>Total liabilities and fund balances</b>	<u>\$ 1,336,804</u>		
<b>Net assets</b>			
Unrestricted		<u>\$ 1,336,804</u>	<u>\$ 1,336,804</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, 2012**

---

	<b>General Fund</b>	<b>Adjustments</b>	<b>Statement of Activities</b>
<b>Revenues</b>			
Taxes	\$ 165,618	\$ -	\$ 165,618
Investment earnings	12,120	-	12,120
Miscellaneous	<u>64,069</u>	<u>-</u>	<u>64,069</u>
<b>Total revenues</b>	241,807	-	241,807
<b>Expenditures/expenses</b>			
Community development	<u>55,320</u>	<u>-</u>	<u>55,320</u>
<b>Total expenditures/expenses</b>	<u>55,320</u>	<u>-</u>	<u>55,320</u>
Net changes in fund balances	186,487	(186,487)	
Change in net assets		186,487	186,487
<b>Fund balances/net assets, beginning of year</b>	<u>1,150,317</u>		<u>1,150,317</u>
<b>Fund balances/net assets, end of year</b>	<u>\$ 1,336,804</u>		<u>\$ 1,336,804</u>

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## **STATISTICAL SECTION**

# CITY OF SOUTH HAVEN

## STATISTICAL SECTION

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

### Contents

### Schedule

#### **Financial Trends**

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

1 to 4

#### **Revenue Capacity**

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

5 to 8

#### **Debt Capacity**

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

9 to 13

#### **Demographic and Economic Information**

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

14 to 15

#### **Operating Information**

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

16 to 18

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

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

	FISCAL YEAR									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<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	\$ 15,671,852
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	2,283,023
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	4,526,596	4,657,472
<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>\$ 18,400,462</b>	<b>\$ 22,612,347</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	\$ 23,417,343
Restricted	400,514	241,761	294,997	770,311	231,900	265,024	257,475	180,006	60,420	60,581
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	9,341,382
<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>\$ 32,819,306</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	\$ 39,089,195
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	2,343,604
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	13,683,119	13,998,854
<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>\$ 49,934,005</b>	<b>\$ 55,431,653</b>

Note: No discretely presented component units shown

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	2012
<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	\$ 1,502,856
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	3,080,980
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	1,892,189
Health and welfare	422,070	440,932	581,107	578,735	572,440	727,626	536,700	516,136	540,524	548,765
Culture and recreation	587,415	994,019	573,844	550,392	530,509	577,925	511,308	585,626	532,774	1,836,804
Interest on long-term debt	299,583	439,299	478,856	541,799	537,006	538,351	481,688	457,497	431,684	381,319
<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>6,953,404</b>	<b>9,242,913</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	12,203,391
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	2,799,935
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	1,841,287
Other enterprise funds	677,578	736,018	783,930	851,490	747,573	823,411	806,259	802,951	875,450	809,407
<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>17,654,020</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>\$ 24,823,113</b>	<b>\$ 26,896,933</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	\$ 784,511
Public safety	14,853	14,875	9,456	77,525	428,623	314,410	268,802	234,066	247,118	193,080
Public works	465,051	688,401	675,411	713,064	477,805	449,264	437,097	416,206	495,520	412,452
Health and welfare					51,612	37,409	65,580	46,367	15,940	11,185
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	1,228,726	1,106,004
Capital grants and contributions	144,647	987,152	11,743	8,095	580,822	318,022	591,426	472,044	347,925	4,239,328
<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>3,131,146</b>	<b>6,746,560</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	13,669,768
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	3,028,651
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	2,178,371
Other	735,784	740,255	779,277	814,882	831,220	873,433	895,859	838,664	788,308	874,781
Operating grants and contributions			7,500	22,500	9,495				7,440	7,541
Capital grants and contributions	1,339,458	658,774	15,190	292,334	580,961			120,318	318,226	418,741
<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>20,177,853</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>\$ 22,535,322</b>	<b>\$ 26,924,413</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)	\$ (3,822,258)	\$ (2,496,353)
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	2,523,833
<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>\$ (2,287,791)</b>	<b>\$ 27,480</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	\$ 4,685,488
State revenues - unrestricted	564,291	508,779	500,862	497,039	492,291	490,871	470,121	419,990	421,319	388,161
Interest earnings	159,779	200,435	128,300	180,013	180,814	175,827	113,406	93,929	115,210	80,308
Other grants and contributions not restricted to specific programs	15,188			30,153	24,757	41,020	59,229	67,173	207,126	207,699
Transfers - internal activities	431,091	(2,203,120)	503,775	659,850	1,404,420	1,361,095	1,354,636	1,345,382	517,424	1,346,582
<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>\$ 5,733,783</b>	<b>\$ 6,708,238</b>
Business-type activities:										
Interest earnings	152,896	149,212	255,407	375,020	399,913	376,651	221,209	252,513	260,672	108,512
Other grants and contributions not restricted to specific programs	881,716	2,802,583	1,059,610	790,083		968,077	389,531	-	-	-
Transfers - internal activities	(431,091)	2,203,120	(503,775)	(659,850)	(1,404,420)	(1,361,095)	(1,354,636)	(1,345,382)	(517,424)	(1,346,582)
<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>(256,752)</b>	<b>(1,238,070)</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>\$ 5,470,168</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	\$ 1,911,525	\$ 4,211,885
Business-type activities	2,723,810	5,792,630	889,164	265,420	893,572	330,999	843,271	807,129	1,277,715	1,285,763
<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>\$ 3,189,240</b>	<b>\$ 5,497,648</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	2012
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	\$ 118,115
Inventory	-	-	-	-	-	-	-	-	-	46,994	72,183
Committed											
Capital Projects	132,151									250,000	-
Budget Stabilization	-	-	-	-	-	-	-	-	80,829	161,658	211,658
Assigned											
Accrued employee benefits	104,815	84,987	87,283	91,110	95,224	100,313	103,749	107,368	109,457	111,335	112,460
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	2,506,783
<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>	<b>\$ 3,021,199</b>
All Other Governmental Funds											
Non-spendable											
Prepaid items	\$ 1,033	\$ -	\$ 150	\$ 7,049	\$ 7,415	\$ -	\$ -	\$ -	\$ -	\$ 4,397	\$ 3,887
Permanent Fund Corpus	117,287	121,040	132,245	132,245	132,245	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	1,569,225
Public Safety	58,975	76,792	77,998	58,459	50,555	63,217	81,563	105,974	108,648	99,722	56,425
Permanent Fund Spendable portion	-	-	3,444	19,261	40,831	66,141	83,635	97,401	108,374	117,860	121,601
Assigned											
Special Revenue Funds	267,409	330,250	450,122	407,341	301,522	198,387	81,029	109,578	157,677	158,620	209,654
Debt Service Funds	36,714	46,826	48,183	39,545	52,257	68,831	43,679	47,768	51,257	54,999	58,603
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	646,958
Unassigned	-	(9,671)	(121,652)	(1,211,793)	(1,034,956)	(912,052)	(1,194,309)	(819,295)	(459,258)	(311,286)	(150,555)
<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>\$ 2,648,043</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>	<b>\$ 5,669,242</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									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Revenues</b>										
Property taxes	\$ 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	\$ 4,878,951
Special assessments	8,002	274			4,219	18,447	17,484	18,914	20,277	17,491
Licenses and permits	170,568	236,824	200,283	216,121	326,051	222,320	181,368	142,162	147,784	162,533
Intergovernmental	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	1,602,678
Charges for services	391,995	393,918	421,837	432,922	463,057	427,964	438,974	448,976	463,864	449,347
Fines and forfeits	22,460	25,635	22,319	30,133	36,835	31,186	38,310	30,237	30,036	28,218
Interest and rents	379,317	390,991	329,479	380,197	225,951	201,515	140,877	112,290	152,340	85,345
Other	347,721	1,161,809	746,631	671,839	1,978,060	1,533,387	1,616,488	1,594,401	1,308,101	1,275,967
<b>Total revenues</b>	<b>6,216,684</b>	<b>7,900,889</b>	<b>7,265,141</b>	<b>7,581,712</b>	<b>8,333,197</b>	<b>8,086,500</b>	<b>8,417,603</b>	<b>8,357,155</b>	<b>8,344,669</b>	<b>8,500,530</b>
<b>Expenditures</b>										
General government	923,387	917,662	967,420	1,042,380	1,081,063	1,101,488	1,108,564	1,160,238	1,128,400	1,264,682
Public safety	2,653,486	2,783,710	2,862,693	2,820,671	2,829,173	2,948,953	2,981,580	3,083,758	2,936,835	2,928,165
Public works	999,095	1,114,773	942,020	805,676	876,077	866,403	1,047,802	894,749	1,282,780	2,081,592
Health and welfare	521,218	875,958	536,352	514,077	578,205	752,860	558,314	534,056	537,454	545,761
Culture and recreation	308,349	312,214	341,145	343,212	586,907	482,792	405,453	484,885	538,596	647,547
Other	105,777	115,011	119,780	122,179	139,157	147,038	102,376	106,867	70,732	100,562
Debt service										
Principal retirement	370,000	415,000	450,000	455,000	740,000	1,275,000	660,000	710,212	731,096	747,748
Interest and fiscal charges	404,583	439,299	425,511	461,338	530,549	538,351	481,688	457,497	435,801	391,782
Capital outlay (1)	1,823,238	4,212,122	1,590,141	1,256,183	3,121,502	1,461,559	1,705,561	1,149,322	360,777	2,015,574
<b>Total expenditures</b>	<b>8,109,133</b>	<b>11,185,749</b>	<b>8,235,062</b>	<b>7,820,716</b>	<b>10,482,633</b>	<b>9,574,444</b>	<b>9,051,338</b>	<b>8,581,584</b>	<b>8,022,471</b>	<b>10,723,413</b>
Excess of revenues over (under) expenditures	(1,892,449)	(3,284,860)	(969,921)	(239,004)	(2,149,436)	(1,487,944)	(633,735)	(224,429)	322,198	(2,222,883)
<b>Other Financing Sources (Uses)</b>										
Transfers in	511,897	2,331,059	1,819,222	1,021,474	2,422,519	1,518,450	886,820	1,015,861	889,930	1,790,869
Transfers out	(114,200)	(4,539,179)	(1,285,447)	(411,624)	(1,741,366)	(908,115)	(345,893)	(472,864)	(372,506)	(1,283,443)
Tax equivalent payments	-	-	-	-	723,267	742,732	763,709	802,385	826,299	839,156
Issuance of bonds	5,800,000	-	-	-	1,500,000	-	-	-	-	-
Issuance of refunding bonds	-	-	-	-	-	-	-	-	-	2,265,000
Payment of refunded bonds	-	-	-	-	-	-	-	-	-	(2,235,000)
<b>Total other financing sources (uses)</b>	<b>6,197,697</b>	<b>(2,208,120)</b>	<b>533,775</b>	<b>609,850</b>	<b>2,904,420</b>	<b>1,353,067</b>	<b>1,304,636</b>	<b>1,345,382</b>	<b>1,343,723</b>	<b>1,376,582</b>
<b>Net change in fund balance</b>	<b>\$ 4,305,248</b>	<b>\$ (5,492,980)</b>	<b>\$ (436,146)</b>	<b>\$ 370,846</b>	<b>\$ 754,984</b>	<b>\$ (134,877)</b>	<b>\$ 670,901</b>	<b>\$ 1,120,953</b>	<b>\$ 1,665,921</b>	<b>\$ (846,301)</b>
Debt service as a percentage of noncapital expenditures	12.3%	12.3%	13.2%	14.0%	17.3%	22.4%	15.5%	15.7%	15.2%	13.1%

(1) The Capital outlay total may not include component unit capital contributions which are only included on the government wide statements, therefore this total may not agree with the capital outlay amount shown on the "Reconciliation of the Statement of Revenues, Expenditures and Changes in fund balances of governmental funds to the Statement of Activities".

Source: City of South Haven

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

Fiscal Year Ended June 30	Tax Year	Real Property Valuation				Personal Property Valuation	Total Assessed Valuation	Total Direct Tax Rate	Estimated Actual Value	Assessed Value as a Percentage of Actual Value
		Agricultural Property	Commercial Property	Industrial Property	Residential Property					
2003	2002	\$ 184,500	\$ 49,847,400	\$ 21,023,500	\$ 202,251,900	\$ 40,736,800	\$ 314,044,100	14.6935	\$ 628,088,200	50.0%
2004	2003	144,700	54,956,700	21,640,600	227,359,200	41,003,800	345,105,000	16.1097	690,210,000	50.0%
2005	2004	144,700	71,829,100	19,514,100	262,966,200	40,502,300	394,956,400	15.8281	789,912,800	50.0%
2006	2005	144,700	72,648,000	18,775,200	288,381,800	40,555,400	420,505,100	15.4639	841,010,200	50.0%
2007	2006	144,700	76,849,400	18,725,600	318,489,500	36,210,200	450,419,400	15.2044	900,838,800	50.0%
2008	2007	151,300	84,186,500	19,975,900	350,585,600	34,604,600	489,503,900	15.1977	979,007,800	50.0%
2009	2008	151,300	88,499,100	19,631,300	406,824,300	36,674,800	551,780,800	14.8071	1,103,561,600	50.0%
2010	2009	158,000	101,774,500	19,428,000	413,492,800	26,026,800	560,880,100	14.8084	1,121,760,200	50.0%
2011	2010	150,700	97,054,700	12,775,100	380,752,900	23,474,900	514,208,300	14.8176	1,028,416,600	50.0%
2012	2011	150,700	88,914,400	11,409,100	382,251,500	23,914,000	506,639,700	14.8176	1,013,279,400	50.0%

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

Values include Ad Valorem and Special Acts

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 taxable 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	
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
2012	2011	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 2011			Tax Year 2002		
	Total Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Total Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Albemarle	\$ 8,866,700	1	1.75%			
Wal Mart	7,162,900	2	1.41%	\$ 5,027,500	3	1.60%
Menard Inc.	3,369,000	3	0.67%			
HC Land LLC	2,505,400	4	0.49%			
River Ridge Retirement Village	2,334,600	5	0.46%	1,568,000	6	0.50%
South Haven Yacht Club	1,771,600	6	0.35%			
Maple Glen Apartments				1,416,700	8	0.45%
Orion Properties Sixteen LLC	1,546,100	7	0.31%			
Central Lofts	1,488,100	9	0.29%			
Shoreline Insurance Services	1,507,200	8	0.30%	1,397,300	10	0.44%
American Twisting				1,404,200	9	0.45%
Yale-South Haven	1,455,300	10		1,934,300	5	0.62%
Double J Molding				4,164,500	4	1.33%
Pullman Industries				11,479,000	2	3.66%
DSM. Inc.				19,062,827	1	6.07%
CCG Properties - SH LLC				1,567,100	7	0.50%

Source: City of South Haven

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

<u>Taxes Levied July 1,</u>	<u>Fiscal Year</u>	<u>Taxes Levied for the Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy</u>		<u>Collections in Subsequent Years</u>	<u>Total Collections to Date</u>	
			<u>Amount</u>	<u>Percentage of Levy</u>		<u>Amount</u>	<u>Percentage of Levy</u>
2002	2003	\$ 3,534,544	\$ 3,511,973	99.36%	\$ 4,356	\$ 3,516,329	99.48%
2003	2004	4,569,495	4,554,085	99.66%	11,667	4,565,752	99.92%
2004	2005	4,354,718	4,340,127	99.66%	10,460	4,350,587	99.91%
2005	2006	4,638,204	4,633,157	99.89%	2,106	4,635,264	99.94%
2006	2007	4,871,869	4,864,428	99.85%	1,026	4,865,454	99.87%
2007	2008	5,194,054	5,183,263	99.79%	2,493	5,185,756	99.84%
2008	2009	5,545,364	5,526,661	99.66%	7,617	5,534,278	99.80%
2009	2010	5,746,082	5,730,854	99.73%	2,592	5,733,447	99.78%
2010	2011	5,498,055	5,476,876	99.61%	2,747	5,479,623	99.66%
2011	2012	5,610,570	5,590,099	99.64%	617	5,590,716	99.65%

Notes:

- (1) Real and personal property taxes combined
- (2) Property taxes are levied July 1 and become delinquent March 1 of the following year.
- (3) Delinquent real property taxes are purchased by Van Buren County and are settled before the end of each fiscal year.
- (4) Delinquent personal property taxes are collected by the City of South Haven.

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					
2003	\$ 13,840,000	\$ 235,460	\$ -	\$ 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
2012	8,705,000	96,671	19,155,000	270,000	0	28,226,671	19.37%	6,411	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>
2001	5,021	\$253,200,062	\$6,417,834	\$91,542	\$3,415,000	\$2,911,292	1.15%	\$580
2002	5,021	279,789,800	11,715,000	33,368	3,205,000	8,476,632	3.03%	1,688
2003	5,021	313,501,900	16,045,000	34,519	2,205,000	13,805,481	4.40%	2,750
2004	5,021	344,553,600	15,385,000	35,617	2,105,000	13,244,383	3.84%	2,638
2005	5,021	394,580,600	14,345,000	39,545	1,700,000	12,605,455	3.19%	2,511
2006	5,021	420,621,184	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	555,283,400	13,110,000	43,679	1,645,000	11,421,321	2.06%	2,275
2009	5,021	551,620,900	32,516,000	47,768	21,480,000	10,988,232	1.99%	2,188
2010	5,021	559,902,250	30,885,788	51,258	20,560,000	10,274,530	1.84%	2,046
2011	4,403	513,622,819	29,364,692	54,999	19,770,000	9,539,693	1.86%	2,167
2012	4,403	506,689,300	28,226,671	54,776	19,425,000	8,746,895	1.73%	1,987

- 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, 2012**

<b>City Direct Debt</b>	<b>Gross</b>	<b>Self-Supporting</b>	<b>Net Debt</b>	<b>Net Debt (1) % of</b>	
				<b>Per Capita</b>	<b>Taxable Valuation</b>
Building Authority Bonds (LTGO) (3)	\$ 2,265,000	\$ 2,265,000	\$ -		
Capital Improvement Bonds (LTGO) (2)	24,560,000	24,560,000	-		
Water Revenue Bonds	270,000	270,000	-		
Downtown Development Authority Bonds (LTGO)	1,035,000	1,035,000	-		
<b>Total Direct Debt</b>	<b>\$ 28,130,000</b>	<b>\$ 28,130,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>0.00%</b>

<b>City Overlapping (4)</b>	<b>Gross</b>	<b>City Share as % of Gross</b>	<b>Net City Share</b>	<b>Net Debt (1) % of</b>	
				<b>Per Capita</b>	<b>Taxable Valuation</b>
South Haven Public Schools	\$ 26,680,000	50.19%	\$ 13,390,692		
Allegan County at Large	14,150,000	0.08%	11,320		
Van Buren County at Large	630,000	12.52%	78,876		
<b>Total Overlapping Debt</b>	<b>\$ 41,460,000</b>		<b>\$ 13,480,888</b>	<b>\$ 3,062</b>	<b>3.56%</b>

<b>Total Direct and Overlapping Debt</b>			<b>\$ 13,480,888</b>	<b>\$ 3,062</b>	<b>3.56%</b>
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(1) Based upon the 2010 US Census population of 4,403 and the 2011 Ad Valorem Taxable Value of \$378,221,496

(2) Includes the 2008 and 2009 Capital Improvement Bonds in the total combined outstanding amount of \$19,155,000; both of which are general obligation bonds which are intended to be paid with Water Revenues. Also includes the City's 2007 Capital Improvement Bonds currently outstanding in the amount of \$1,225,000 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 \$4,180,000 and paid by the City's Sewer Fund, Local Development Finance Authority, and Downtown Development Authority.

(3) Represents the 2011 Building Authority Bonds that are general obligation bonds which are intended to be paid by annual lease payments from by the City's Electric Fund, Local Development Finance Authority and Downtown Development Authority.

(4) 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 2012**

State Equalized Value, real and personal property	\$506,689,300
Debt limitation - 10 percent of total valuation	<u>50,668,930</u>
Debt applicable to limit	
Outstanding Debt	27,760,000
Less: Exempt Obligations	<u>270,000</u>
Total net debt applicable to limit	<u>27,490,000</u>
Legal debt margin	<u>\$ 23,178,930</u>

	<b>Fiscal Year</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>	<b>2012</b>
Debt limit	\$31,350,190	\$34,455,360	\$39,458,060	\$42,062,118	\$45,015,150	\$55,528,340	\$55,162,090	\$55,990,225	\$51,362,282	\$50,668,930
Debt applicable to limit	<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>	<u>27,490,000</u>
Legal debt margin	<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>\$44,107,019</u>	<u>\$24,769,858</u>	<u>\$26,186,483</u>	<u>\$22,477,282</u>	<u>\$23,178,930</u>
Debt applicable to limit as a percentage of SEV	4.40%	3.84%	3.19%	2.84%	2.81%	2.06%	5.51%	5.32%	5.62%	5.43%

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

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

Fiscal Year Ended 30-Jun	Electric Utility System Revenue Bonds - Called August 2010							Sewer Utility Revenue Bonds - Called May 2003						
	Gross Revenue	Direct Operating Expenses(1)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage (2)	Gross Revenue	Direct Operating Expenses(1)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage(2)
				Principal	Interest	Total					Principal	Interest	Total	
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							

Fiscal Year Ended 30-Jun	Water Utility Revenue Bonds						
	Gross Revenue	Direct Operating Expenses(1)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage (2)
				Principal	Interest	Total	
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
2012	3,042,492	1,450,895	1,591,597	25,000	15,238	40,238	39.56

(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	6.80%	40,511
2008	5,021	97,387,316	19,396	42.10	2,155	8.10%	40,248
2009	5,021	97,387,316	19,396	42.10	2,119	12.50%	39,288
2010	5,021	97,387,316	19,396	42.10	2,236	12.90%	37,247
2011	4,403	145,752,509	33,103	50.20	2,269	11.00%	36,017
2012	4,403	145,752,509	33,103	50.20	2,301	9.70%	36,739

(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 Years 2011-2012

(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 Nine Years Ago \***

		<b>2012</b>		<b>2003</b>	
<b>Employer</b>	<b>Principal Product/Service</b>	<b>Employees</b>	<b>Rank</b>	<b>Employees</b>	<b>Rank</b>
South Haven Community Hospital	Health Care	424	1	221	2
Wal-Mart Stores	Retail	324	2	180	4
South Haven Schools	Education	280	3	425	1
Village Market	Retail	132	4		
Albemarle	Pharmaceuticals	132	5		
Menards	Retail	115	6		
Countryside	Nursing Home	110	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	70	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	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
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	1.75	1.75	2.25	2.25	2.25
City Clerk	1.00	1.00	1.00	0.75	1.00	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	2.75	2.75	2.75
City Assessor	1.25	1.25	1.25	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Building Services	2.00	2.00	2.00	2.25	2.00	1.50	1.50	2.00	2.00	2.00
Development	1.25	1.25	1.25	1.25	1.25	1.00	1.00	1.50	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	31.00	31.00	30.25	31.00	31.00	31.25	31.25	31.00	30.00	30.00
Public Works										
Public Works	9.50	9.50	9.50	8.75	9.50	10.50	10.50	11.25	11.25	11.25
Cemetery	2.00	2.00	2.00	1.75	2.00	2.25	2.25	2.25	2.25	2.25
Parks and Recreation	11.00	12.75	12.75	12.50	11.75	13.00	13.00	12.00	12.00	12.00
Public Utilities	26.50	26.50	26.50	28.75	32.25	32.50	32.50	33.00	33.00	33.00
Total Full-Time Equivalents	97.50	99.25	98.50	100.00	103.75	106.25	106.25	108.00	107.00	107.00

SOURCE: City of South Haven

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

<b>Function</b>	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>General Government</b>										
Population	5021	5021	5021	5021	5021	5021	5021	5021	4403	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)	380	468	395	325	320	223	58	17	47	(a)
Value of permits (Calendar year)	23,155,722	15,810,261	12,586,428	19,988,103	18,455,567	7,235,964	16,658,735	2,296,750	1,294,050	(a)
<b>Police (1)</b>										
Number of Criminal Offenses Reported	1695	1412	1649	2593	1521	1364	1112	1148	911	(a)
Number of Arrests	619	586	768	718	954	801	615	606	437	(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	3412	3524	3665	3823	3894	3969	4030	4048	4052	4081
Miles of storm sewers	13.6	13.6	13.6	13.6	13.6	15	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	55	55	55	55	55
Water towers	3	3	3	3	3	3	3	3	3	3
Water system connections	4146	4402	4620	4855	4982	5115	5224	5250	5276	5325
Number of fire hydrants	406	406	406	406	406	425	425	425	425	425
Miles of electric lines	112	115	115	115	115	121	121	121	121	121
Number of electric connections	7533	7534	7675	7743	7815	8040	8151	8173	8173	8199
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**

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Police</b>										
Stations	1	1	1	1	1	1	1	1	1	1
Substations	1	1	1	1	0	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	21.84	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	11	11	11	11	11	11	11	11	11	11
Skate parks	1	1	1	1	1	1	1	1	1	1
Parks acreage	39.7	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	10	10	10	10	10	10	10	10
Feet of broadside dockage	550	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

## **SINGLE AUDIT SECTION**



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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

November 9, 2012

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

We have audited the 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, 2012, which collectively comprise the City's basic financial statements and have issued our report thereon dated November 9, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

Management of the City is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, City Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Vredeveld Haefner LLC*

*Specializing in services to governmental and nonprofit entities*

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS  
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133**

November 9, 2012

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

**Compliance**

We have audited the compliance of the City of South Haven, Michigan, (the "City") with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City of South Haven, complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

**Internal Control Over Compliance**

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, City Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Uredaxold Haefner LLC*

**CITY OF SOUTH HAVEN**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**FOR THE YEAR ENDED JUNE 30, 2012**

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass- through Grantor's Number	Approved Grant Award Amount	Expenditures
U.S. Department of Housing and Urban Development Passed through Michigan Strategic Fund Community Development Block Grant	14.228	MSC 210034-DIG	<u>\$ 750,000</u>	<u>\$ 750,000</u>

Notes to Schedule of Expenditures of Federal Awards

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of South Haven, Michigan and is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in the financial statements.

The Michigan Department of Transportation (MDOT) acts as the agent of the Federal Highway Administration (FHWA) in the administration of federal funds provided to the City of South Haven for the improvement of streets in the City. Expenditures of these funds for the year totaled \$284,298. MDOT, as the agency of FHWA, is responsible for controlling the receipts and disbursements related to these funds and also awards construction and in some instances, contracts for other services. The City receives interim and final accounting of receipts and disbursements for these projects from MDOT. Since all project administration is performed by MDOT, the above amount is not included in the City's schedule of expenditures of federal awards.

**CITY OF SOUTH HAVEN**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

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**SECTION I - SUMMARY OF AUDITORS' RESULTS**

**Financial Statements**

Type of auditors' report issued	Unqualified on basic financial statements	
Internal controls over financial reporting		
Material weaknesses identified?	<u>      </u> yes	<u>  X  </u> no
Reportable conditions identified not considered to be material weaknesses?	<u>      </u> yes	<u>  X  </u> none reported
Noncompliance material to financial statements noted?	<u>      </u> yes	<u>  X  </u> no

**Federal Awards**

Internal control over major programs		
Material weaknesses identified?	<u>      </u> yes	<u>  X  </u> no
Reportable conditions identified not considered to be material weaknesses?	<u>      </u> yes	<u>  X  </u> none reported
Type of auditors' report issued on compliance for major programs	Unqualified	
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, section 510(a)?	<u>      </u> yes	<u>  X  </u> no

Identification of Major Programs

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.228	CDBG

Dollar threshold used to distinguish between Type A and B programs?	<u>  \$300,000  </u>
Auditee qualified as low-risk auditee?	<u>      </u> yes <u>  X  </u> no

**SECTION II - FINANCIAL STATEMENT FINDINGS**

None were identified.

**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None were identified.

**SECTION IV - SUMMARY OF PRIOR AUDIT FINDINGS**

None were identified.