

CITY OF SOUTH HAVEN



VAN BUREN COUNTY
MICHIGAN

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2014



CITY OF SOUTH HAVEN, MICHIGAN

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2014

Prepared by: Finance Department

CITY OF SOUTH HAVEN

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INTRODUCTORY SECTION



City of South Haven

City Hall • 539 Phoenix Street • South Haven, Michigan 49090
Telephone (269) 637-0700 • FAX (269) 637-5319

December 3, 2014

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, 2014.

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

The City of South Haven's financial statements have been audited by Vredeveld Haefner LLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of South Haven for the fiscal year ended June 30, 2014, 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, 2014. 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 122% 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 dramatically from \$212,731,966 in tax year 2000 (fiscal year 2001) to \$492,175,800 in tax year 2012 (fiscal year 2013). State Equalized Value for the fiscal year beginning July 1, 2013 (fiscal year 2014) has decreased to \$477,463,606 or 2.9%, while the Taxable Value for the same period increased by .72% from \$377,551,982 to \$380,282,888. The State of Michigan and Van Buren County's average unemployment were at 7.4% in 2014, which was higher than the national average of 6.1%.

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 & utility improvements. Construction of non-motorized pathways will also be constructed using both local and grant funds. The Phases 1 & 2 of the Kalamazoo Street reconstruction has been completed and Phase 3 is now in the design and engineering stage for possible construction by 2016. The Dyckman Bridge reconstruction and Dyckman Avenue Street Improvement projects are underway and both are expected to be completed by Summer, 2015. The Maritime Museum will also see changes made to its parking lot in conjunction with the Dyckman Avenue Street Improvement project. The reconstruction of Kentucky Avenue and the Indiana Avenue & Eagle Street Drainage project will also be completed by Fall of 2014. Phase 1 of the Core City Secondary Electrical Upgrade, Veterans Blvd Underground Electrical, Phoenix Road Substation and 2nd Avenue/Wells Street electrical circuit improvements are some of the Utility projects to be completed in Fiscal Year 2015.
- Capital Projects – Renovations to the interior of the Department of Public Works (DPW) facility and City Hall are planned for Fiscal year 2015, as well as the DPW building storage addition.
- 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. The City's Local Development Finance Authority #1 has obtained property in the district and will be making improvements to the building and seeking out possible buyers or tenants in the near future.
- Recreation - A BMX/Pump track is currently being designed and is expected to be constructed in Fiscal Year 2015. The City has planned for improvements to Dyckman Park, Black River Park pedestrian bridge, Kids Corner playground equipment, and Tot Lot restroom and sidewalk improvements.

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, 2013. This was the fourteenth 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.

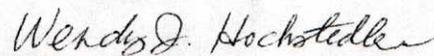
The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire administrative staff and other City departments that contributed to the preparation of

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,

A handwritten signature in black ink, appearing to read "B. Dissette", written in a cursive style.

Brian Dissette
City Manager

A handwritten signature in black ink, appearing to read "Wendy J. Hochstedler", written in a cursive style.

Wendy J. Hochstedler
Finance Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

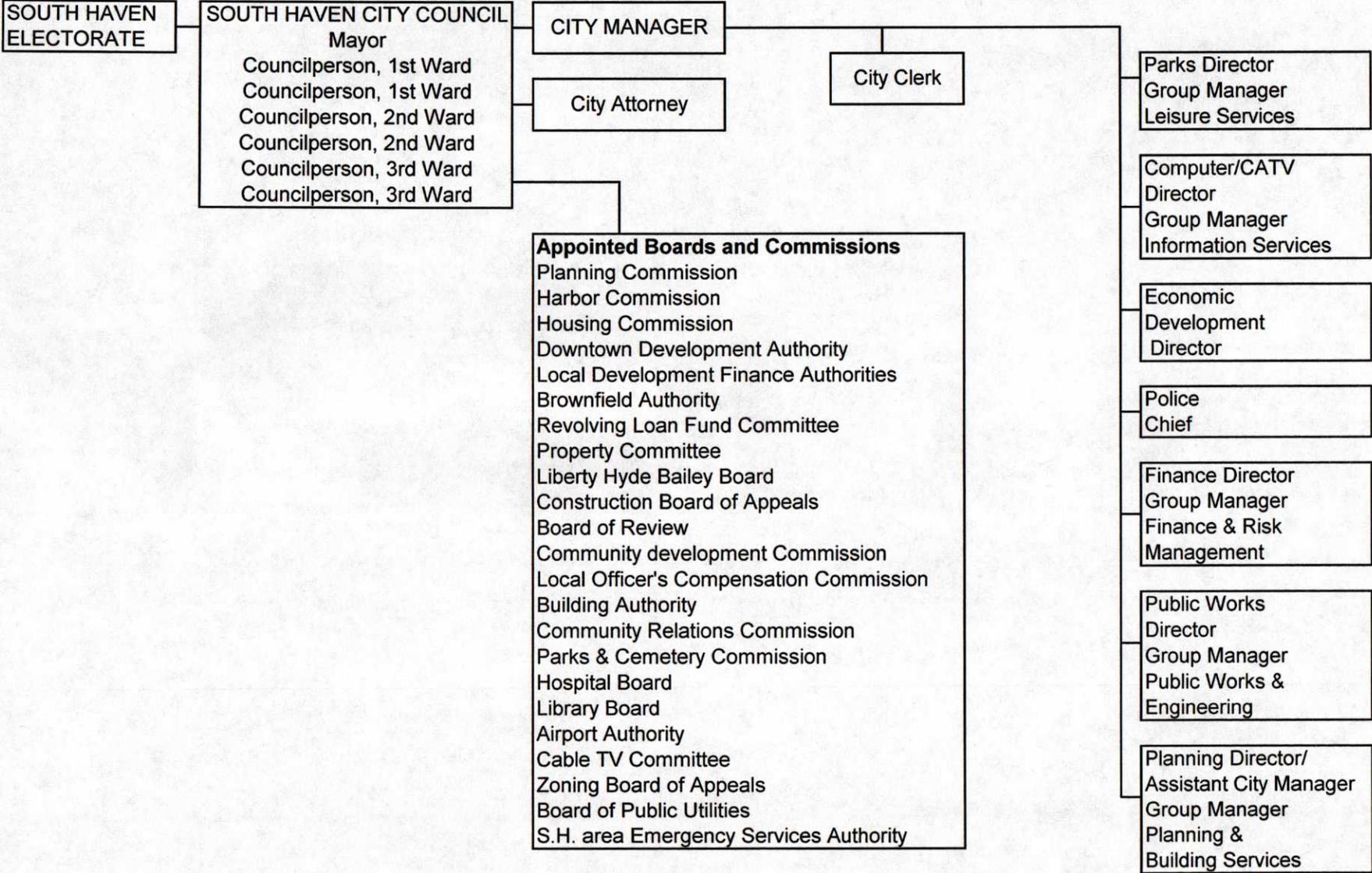
**City of South Haven
Michigan**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO

**CITY OF SOUTH HAVEN
Organizational Chart**



City of South Haven, Michigan

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

For the Fiscal Year Ended
June 30, 2013

City Officials at June 30, 2013

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

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FINANCIAL SECTION



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INDEPENDENT AUDITORS' REPORT

December 3, 2014

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

Report on the Financial Statements

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 City of South Haven, Michigan, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 of the City of South Haven, Michigan, as of June 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 12, budgetary comparison information on page 47, and the benefit plan schedules 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of South Haven, Michigan's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by U.S. 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 basic financial statements.

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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules and schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2014, on our consideration of the City of South Haven, Michigan's internal control over financial reporting and on 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of South Haven, Michigan's internal control over financial reporting and compliance.

Uredaxeld Haefner LLC

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2014. 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 upgrade to Council Chambers Audio/Video System
- Completion of Second Avenue Electric Line Rebuild
- Completion of Meijer Electric System Installation
- Completion of WI FI capabilities at the Water Filtration Plant
- Completion of the installation of new Beach Camera System
- Completion of the installation of a "Code Blue" emergency system on North & South Beaches
- Completion of Monroe Boulevard sanitary extension
- Completion of Elkenburg Park Phase 1 & 2 Improvements
- Completion of resurfacing on various local streets
- Completion of Van Buren Trail Extension project
- Completion of Kalamazoo Street improvements – Phase 2
- Completion of various sidewalk projects
- Completion of Celery Pond Creek's stone weirs installment
- Completion of City Hall interior office changes
- Completion of City Hall landscaping & rain garden
- Completion of DDA purchase of property for expansion of downtown parking
- Continued Year 2 Monroe Boulevard Bluff restoration efforts
- Continued design engineering work on the Dyckman Bridge rehabilitation project
- Continued to move forward on partially grant funded Monroe Boulevard property purchase
- Substantially completed the Phoenix Street reconstruction project
- Substantially completed the Public Safety Facility funded by a Building Authority Bonds
- Substantially completed exterior building work at Liberty Hyde Bailey Museum
- Started design engineering work on Dyckman Avenue Street improvements
- Started design engineering work on Kentucky Avenue Reconstruction
- Started work on Phase One of Core City Secondary Electric Upgrade
- Started work on Phoenix Road Substation/Transformer Upgrade
- Started work on Veteran's Blvd Underground Electric project
- Started work on the Downtown WI FI project

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 position* presents information on all of the City of South Haven assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

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

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

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

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

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

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and Capital Projects Fund 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 schedules have been provided herein to demonstrate compliance with those budgets.

Proprietary funds. The City of South Haven maintains 2 different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of South Haven uses enterprise funds to account for its electric, water and sewer and other non-major operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City of South Haven various functions. The City of South Haven uses internal service funds to account for its Motor Pool, Information Services, and Self-insurance operations. Because these services predominantly 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 Position - As noted earlier, net position 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 \$63,448,343 at the close of the most recent fiscal year.

By far the largest portion of the City of South Haven's net position (72.3%) 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 position (3.9%) represents resources that are subject to external restrictions on how they may be used. The remaining balance (\$15,136,957) may be used to meet the government's ongoing obligations to citizens and creditors.

The following table illustrates the composition of net position:

City of South Haven Net position

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Current and other assets	\$ 7,935,909	\$ 7,705,688	\$ 13,472,781	\$ 13,935,926	\$ 21,408,690	\$ 21,641,614
Capital assets	<u>31,364,138</u>	<u>25,500,469</u>	<u>42,754,065</u>	<u>42,813,107</u>	<u>74,118,203</u>	<u>68,313,576</u>
Total assets	<u>39,300,047</u>	<u>33,206,157</u>	<u>56,226,846</u>	<u>56,749,033</u>	<u>95,526,893</u>	<u>89,955,190</u>
Long-term liabilities						
outstanding	10,871,858	8,915,549	18,351,225	18,620,359	29,223,083	27,535,908
Other liabilities	<u>736,150</u>	<u>1,113,755</u>	<u>2,119,317</u>	<u>3,153,254</u>	<u>2,855,467</u>	<u>4,267,009</u>
Total liabilities	<u>11,608,008</u>	<u>10,029,304</u>	<u>20,470,542</u>	<u>21,773,613</u>	<u>32,078,550</u>	<u>31,802,917</u>
Net position:						
Net investment in capital						
assets	21,224,073	17,412,301	24,620,440	24,354,482	45,844,513	41,766,783
Restricted	2,406,191	2,128,105	60,682	60,662	2,466,873	2,188,767
Unrestricted	<u>4,061,775</u>	<u>3,463,015</u>	<u>11,075,182</u>	<u>10,398,542</u>	<u>15,136,957</u>	<u>13,861,557</u>
Total net position	<u>\$ 27,692,039</u>	<u>\$ 23,003,421</u>	<u>\$ 35,756,304</u>	<u>\$ 34,813,686</u>	<u>\$ 63,448,343</u>	<u>\$ 57,817,107</u>

At the end of the current fiscal year, the City of South Haven is able to report positive balances in all three categories of net position, 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 position increased by \$5,631,236 during the current fiscal year.

Governmental activities increased the City of South Haven's net position by \$4,688,618, accounting for 83.3% of the total growth in the net position of the City of South Haven. Key elements in the change of net position are as follows:

During the year a 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.

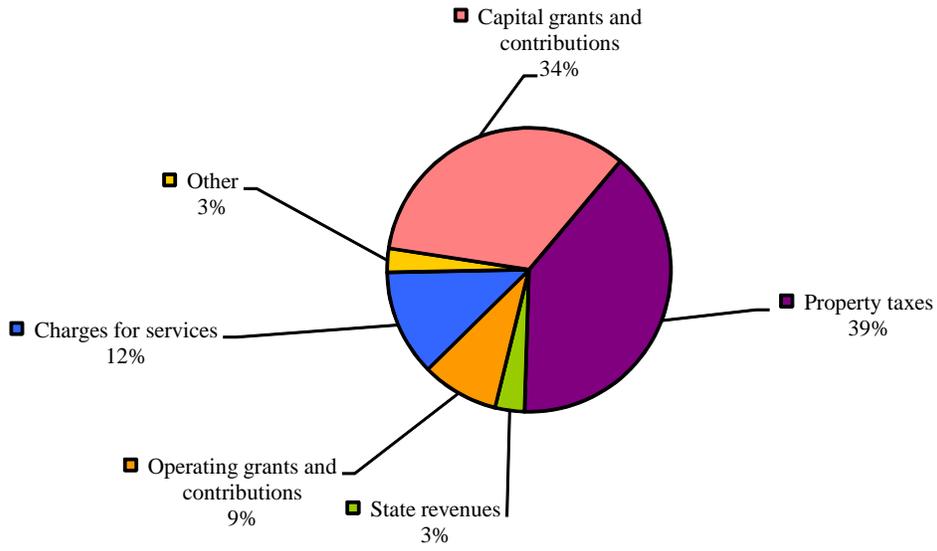
Business-type activities increased the City of South Haven's net position by \$942,618, accounting for 16.7% of the total growth in the net position of the City of South Haven. The key element of this increase is due to the city electric and water utility funds and marina fund having operating surpluses for the year. During the year a portion of proprietary fund revenues were utilized to purchase long-term capital assets.

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

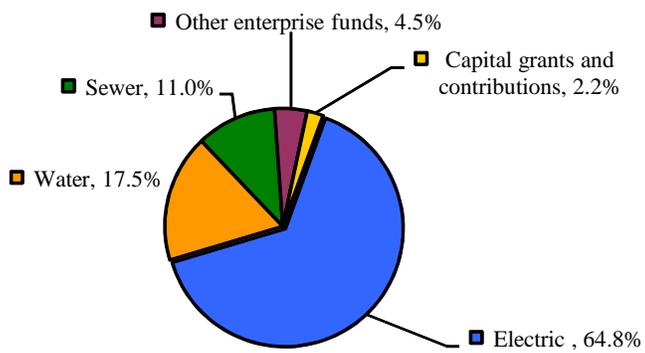
City of South Haven Changes in Net Position

	<u>Governmental</u> <u>Activities</u>		<u>Business-type</u> <u>Activities</u>		<u>Total</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Revenue:						
Program revenue						
Charges for service	\$ 1,442,972	\$ 1,572,743	\$ 20,862,175	\$ 20,671,333	\$ 22,305,147	\$ 22,244,076
Operating grants and contributions	1,049,373	1,053,416	61,325	519,573	1,110,698	1,572,989
Capital grants and contributions	4,027,043	966,538	413,666	1,154,425	4,440,709	2,120,963
General revenue:						
Property taxes	4,710,480	4,568,215	-	-	4,710,480	4,568,215
State	400,065	400,248	-	-	400,065	400,248
Other	<u>326,787</u>	<u>115,426</u>	<u>66,751</u>	<u>(101,304)</u>	<u>393,538</u>	<u>14,122</u>
Total revenue	<u>11,956,720</u>	<u>8,676,586</u>	<u>21,403,917</u>	<u>22,244,027</u>	<u>33,360,637</u>	<u>30,920,613</u>
Expenses:						
General government	1,431,227	1,188,802	-	-	1,431,227	1,188,802
Public safety	3,016,078	3,533,105	-	-	3,016,078	3,533,105
Public works	2,248,269	3,156,639	-	-	2,248,269	3,156,639
Health and welfare	575,670	653,208	-	-	575,670	653,208
Culture and recreation	1,195,228	659,561	-	-	1,195,228	659,561
Interest on long-term debt	281,793	282,455	-	-	281,793	282,455
Electric fund	-	-	12,869,416	12,006,141	12,869,416	12,006,141
Water fund	-	-	3,100,257	3,052,861	3,100,257	3,052,861
Sewer fund	-	-	1,984,473	2,256,227	1,984,473	2,256,227
Other enterprise funds	<u>-</u>	<u>-</u>	<u>1,026,990</u>	<u>1,410,994</u>	<u>1,026,990</u>	<u>1,410,994</u>
Total expenses	<u>8,748,265</u>	<u>9,473,770</u>	<u>18,981,136</u>	<u>18,726,223</u>	<u>27,729,401</u>	<u>28,199,993</u>
Increase (decrease) before transfers	3,208,455	(797,184)	2,422,781	3,517,804	5,631,236	2,720,620
Transfers –						
Internal activities	477,885	357,497	(477,885)	(357,497)	-	-
Property tax equivalents	<u>1,002,278</u>	<u>1,004,193</u>	<u>(1,002,278)</u>	<u>(1,004,193)</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net position	4,688,618	564,506	942,618	2,156,114	5,631,236	2,720,620
Net position – beginning of year, as restated	<u>23,003,421</u>	<u>22,438,915</u>	<u>34,813,686</u>	<u>32,657,572</u>	<u>57,817,107</u>	<u>55,096,487</u>
Net position – end of year	<u>\$ 27,692,039</u>	<u>\$ 23,003,421</u>	<u>\$ 35,756,304</u>	<u>\$ 34,813,686</u>	<u>\$ 63,448,343</u>	<u>\$ 57,817,107</u>

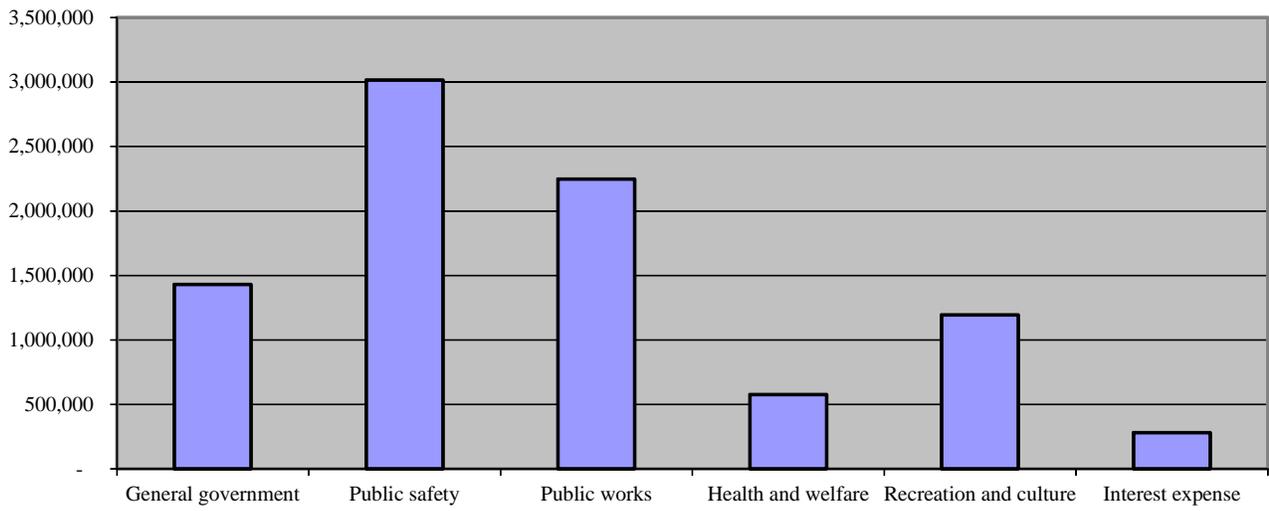
Revenues by Source - Governmental Activities



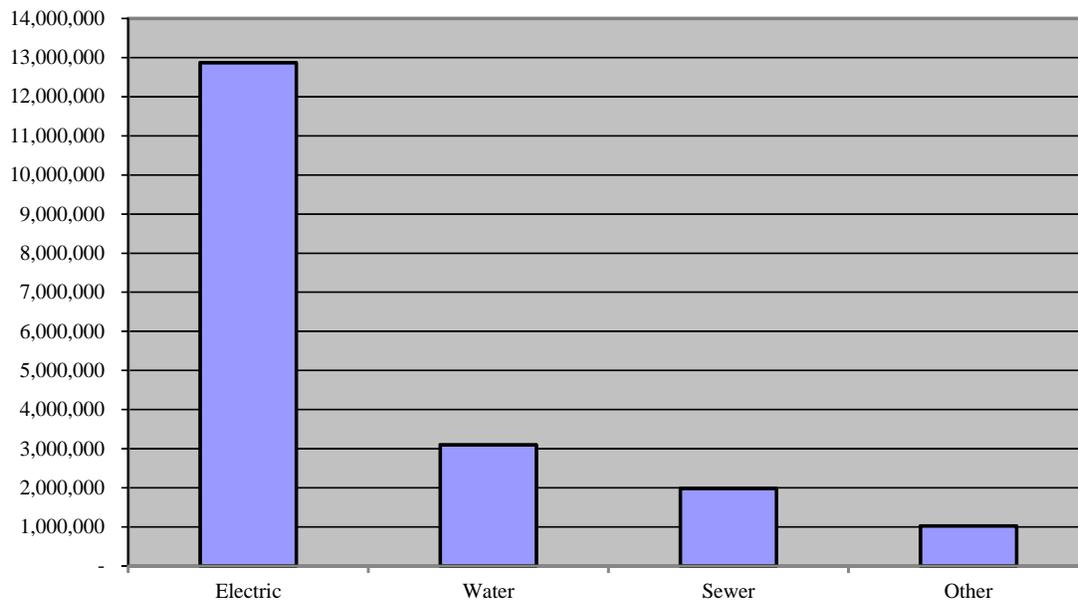
Revenues by Source – Business-type Activities



Expenses - Governmental Activities



Expenses - Business-type Activities



Financial Analysis of the Government's Funds

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

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

Fund balance is displayed in the following classifications depicting the relative strength of the spending constraints placed on the purposes for which resources can be used:

- *Non-spendable fund balance*—amounts that are not in a spendable form (such as inventory) or are required to be maintained intact (such as the corpus of an endowment fund)
- *Restricted fund balance*—amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation
- *Committed fund balance*—amounts constrained to specific purposes by a government itself and cannot be used for any other purpose
- *Assigned fund balance*—amounts a government *intends* to use for a specific purpose
- *Unassigned fund balance*—amounts that are available for any purpose

As of the close of the current fiscal year, the City of South Haven's governmental funds reported combined ending fund balances of \$5,150,933, an increase of \$460,292 in comparison to the prior year. The breakdown of the combined fund balances is as follows:

Non-spendable	\$ 400,473	7.8%	Prepaid expense, Cemetery Trust Corpus, Inventory
Restricted	1,184,617	23.0%	Streets, Public Safety, Cemetery Trust Interest
Committed	161,658	3.1%	Budget Stabilization
Assigned	1,195,374	23.2%	Special Revenue, Debt Service, Capital Projects
Unassigned	<u>2,208,181</u>	<u>42.9%</u>	General Fund undesignated/unassigned
	5,150,933	100.0%	

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 resulted in an increase in net position of \$942,618 to total \$35,756,304 which represents the amount assets exceed liabilities. The breakdown of proprietary fund net position is as follows:

	<u>Net investment in capital assets</u>	<u>Unreserved</u>	<u>Total Net Position</u>
Electric Utility	\$11,195,364	\$ 6,756,378	\$17,951,742
Water Utility	5,114,458	2,510,264	7,685,404
Sewer Utility	5,632,250	1,347,221	6,979,471
Nonmajor Funds	<u>2,768,368</u>	<u>461,319</u>	<u>3,139,687</u>
	<u>\$24,620,440</u>	<u>\$11,075,182</u>	<u>\$35,756,304</u>

General Fund Budgetary Highlights

During the fiscal year, revenue and other financing sources projections were increased from \$6,458,976 to \$6,551,101, or \$92,125, while expenditures and other financing uses were increased from \$6,408,976 to \$6,695,970, or \$286,994. The increases to budgeted expenditures consisted of adjustments to various general fund activities and it was projected that the General Fund would use fund reserves in the amount of \$144,869. Ultimately, there was a General Fund surplus of \$182,206.

Capital Asset and Debt Administration

City of South Haven Capital Assets (net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 643,295	\$ 643,295	\$ 23,062	\$ 23,062	\$ 666,357	\$ 666,357
Land improvements	110,481	120,208	1,068,199	1,194,632	1,178,680	1,314,840
Building, equipment, and infrastructure, net	<u>30,610,362</u>	<u>24,736,966</u>	<u>41,662,804</u>	<u>41,595,413</u>	<u>72,273,166</u>	<u>66,332,379</u>
Total	<u>\$ 31,364,138</u>	<u>\$ 25,500,469</u>	<u>\$ 42,754,065</u>	<u>\$ 42,813,107</u>	<u>\$ 74,118,203</u>	<u>\$ 68,313,576</u>

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

Long-Term Debt

City of South Haven Outstanding Debt General Obligation and Revenue Bonds

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
General obligation bonds	\$ 10,067,651	\$ 8,177,932	\$ 17,913,625	18,375,359	\$ 27,981,276	\$ 26,553,291
Revenue bonds	-	-	220,000	245,000	220,000	245,000
Other debt	<u>804,207</u>	<u>737,617</u>	<u>217,600</u>	<u>-</u>	<u>1,021,807</u>	<u>737,617</u>
Total	<u>\$ 10,871,858</u>	<u>\$ 8,915,549</u>	<u>\$ 18,351,225</u>	<u>\$ 18,620,359</u>	<u>\$ 29,223,083</u>	<u>\$ 27,535,908</u>

As of August 7, 2014 Standard & Poor's rating service upgraded the rating on City of South Haven general obligation debt from A+, Stable Outlook to AA, Stable Outlook. On February 6, 2013 Fitch ratings services affirmed the rating on City of South Haven general obligation debt as AA-, Stable Outlook.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10% of the State Equalized Value. For FY 2013-14 the debt limitation for the City of South Haven was \$47,746,361.

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 2015 budget included the assumption of no change to the taxable value of city property and no change in state funding levels. The 2015 budget identifies street paving and public safety as high priorities. For future budget development, management is actively following the legislative developments regarding the reduction and future elimination of personal property taxes.

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.

BASIC FINANCIAL STATEMENTS

CITY OF SOUTH HAVEN
STATEMENT OF NET POSITION
JUNE 30, 2014

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
Assets				
Cash and pooled investments	\$ 6,867,997	\$ 9,383,197	\$ 16,251,194	\$ 3,294,279
Accounts receivable	579,503	2,197,677	2,777,180	24,515
Prepaid items	216,209	240,279	456,488	1,090
Due from other governments	222,421	62,548	284,969	41,002
Inventory	64,565	952,595	1,017,160	-
Internal balances	(29,000)	29,000	-	-
Special assessments receivable	14,214	546,803	561,017	12,460
Restricted cash and pooled investments	-	60,682	60,682	-
Capital assets				
Land	643,295	23,062	666,357	1,399,910
Construction in progress	7,434,725	664,812	8,099,537	-
Depreciable capital assets, net	<u>23,286,118</u>	<u>42,066,191</u>	<u>65,352,309</u>	<u>-</u>
Total assets	<u>39,300,047</u>	<u>56,226,846</u>	<u>95,526,893</u>	<u>4,773,256</u>
Liabilities				
Accounts payable	614,049	1,311,534	1,925,583	125,503
Accrued liabilities	114,055	139,536	253,591	27,008
Due to other governments	8,046	-	8,046	-
Customer deposits	-	383,868	383,868	-
Unearned revenue	-	284,379	284,379	-
Noncurrent liabilities				
Accrued compensated absences	373,665	217,600	591,265	-
Other post-employment benefits	358,128	-	358,128	-
Bond discount	-	(341,375)	(341,375)	-
Bond premium	68,651	-	68,651	-
Due within one year	959,529	580,000	1,539,529	137,208
Due in more than one year	<u>9,111,885</u>	<u>17,895,000</u>	<u>27,006,885</u>	<u>2,705,409</u>
Total liabilities	<u>11,608,008</u>	<u>20,470,542</u>	<u>32,078,550</u>	<u>2,995,128</u>
Net position				
Net investment in capital assets	21,224,073	24,620,440	45,844,513	1,399,910
Restricted for				
Debt service	64,781	60,682	125,463	-
Streets	974,123	-	974,123	-
Garbage and refuse	18,904	-	18,904	-
Narcotics unit	70,008	-	70,008	-
Other projects	96,214	-	96,214	-
Capital projects	903,674	-	903,674	-
Permanent trust				
Cemetery - nonexpendable portion	132,245	-	132,245	-
Cemetery - expendable	146,242	-	146,242	-
Unrestricted	<u>4,061,775</u>	<u>11,075,182</u>	<u>15,136,957</u>	<u>378,218</u>
Total net position	<u>\$ 27,692,039</u>	<u>\$ 35,756,304</u>	<u>\$ 63,448,343</u>	<u>\$ 1,778,128</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, 2014

<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>
Primary government					
Governmental activities					
General government	\$ 1,431,227	\$ 768,948	\$ 72,937	\$ -	\$ (589,342)
Public safety	3,016,078	161,212	202,855	-	(2,652,011)
Public works	2,248,269	468,782	728,581	3,897,442	2,846,536
Health and welfare	575,670	44,030	-	-	(531,640)
Culture and recreation	1,195,228	-	45,000	129,601	(1,020,627)
Interest on long-term debt	281,793	-	-	-	(281,793)
Total governmental activities	8,748,265	1,442,972	1,049,373	4,027,043	(2,228,877)
Business-type activities					
Electric utility	12,869,416	13,829,447	-	148,372	1,108,403
Water utility	3,100,257	3,735,119	8,406	108,193	751,461
Wastewater utility	1,984,473	2,336,043	-	157,101	508,671
Marina	634,611	550,409	52,919	-	(31,283)
Parks and beach	392,379	411,157	-	-	18,778
Total business-type activities	18,981,136	20,862,175	61,325	413,666	2,356,030
Total primary government	\$ 27,729,401	\$ 22,305,147	\$ 1,110,698	\$ 4,440,709	\$ 127,153
Component units					
Downtown Development Authority	\$ 4,575,781	\$ -	\$ 19,167	\$ 782,641	\$ (3,773,973)
Local Development Finance Authority #1	202,309	-	2,650	-	(199,659)
Local Development Finance Authority #2	28,219	-	-	-	(28,219)
Local Development Finance Authority #3	18,516	-	-	-	(18,516)
Brownfield Redevelopment Authority	102,768	-	-	-	(102,768)
Total component units	\$ 4,927,593	\$ -	\$ 21,817	\$ 782,641	\$ (4,123,135)

(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, 2014

	<u>Primary Government</u>			Component Units
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	
Changes in net assets				
Net (expense) revenue	\$ (2,228,877)	\$ 2,356,030	\$ 127,153	\$ (4,123,135)
General revenues				
Property taxes	4,710,480	-	4,710,480	1,957,016
State shared revenues	400,065	-	400,065	-
Unrestricted investment earnings	112,215	66,751	178,966	34,493
Other general revenues	214,572	-	214,572	-
Property tax equivalent payments	1,002,278	(1,002,278)	-	-
Transfers - internal activities	477,885	(477,885)	-	-
Total general revenues and transfers	<u>6,917,495</u>	<u>(1,413,412)</u>	<u>5,504,083</u>	<u>1,991,509</u>
Change in net position	4,688,618	942,618	5,631,236	(2,131,626)
Net position, beginning of year, as restated	<u>23,003,421</u>	<u>34,813,686</u>	<u>57,817,107</u>	<u>3,909,754</u>
Net position, end of year	<u>\$ 27,692,039</u>	<u>\$ 35,756,304</u>	<u>\$ 63,448,343</u>	<u>\$ 1,778,128</u>

(Concluded)

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

CITY OF SOUTH HAVEN

**GOVERNMENTAL FUNDS
BALANCE SHEET**

JUNE 30, 2014

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Assets				
Cash and pooled investments	\$ 2,475,209	\$ 483,366	\$ 1,820,913	\$ 4,779,488
Accounts receivable	92,936	458,379	11,793	563,108
Accrued interest receivable	8,109	-	1,686	9,795
Special assessment receivable	14,214	-	-	14,214
Prepaid items	196,821	-	7,112	203,933
Due from other governments	150,814	-	71,607	222,421
Inventory	64,565	-	-	64,565
Total assets	<u>\$ 3,002,668</u>	<u>\$ 941,745</u>	<u>\$ 1,913,111</u>	<u>\$ 5,857,524</u>
Liabilities and fund balances				
Liabilities				
Accounts payable	\$ 149,159	\$ 326,721	\$ 95,520	\$ 571,400
Accrued liabilities	59,654	-	7,025	66,679
Due to other governments	120	-	7,926	8,046
Total liabilities	<u>208,933</u>	<u>326,721</u>	<u>110,471</u>	<u>646,125</u>
Deferred inflows of resources				
Unavailable receivables	48,993	-	11,473	60,466
Fund balances				
Non-spendable				
Prepaid items	196,821	-	7,112	203,933
Permanent fund corpus	-	-	132,245	132,245
Inventory	64,565	-	-	64,565
Restricted				
Streets	-	-	969,587	969,587
Public safety	-	-	68,788	68,788
Permanent fund spendable portion	-	-	146,242	146,242
Committed				
Budget stabilization	161,658	-	-	161,658
Assigned				
Special revenue funds	-	-	113,762	113,762
Debt service funds	-	-	64,781	64,781
Capital projects funds	-	615,024	288,650	903,674
Accrued employee benefits	113,517	-	-	113,517
Unassigned	2,208,181	-	-	2,208,181
Total fund balances	<u>2,744,742</u>	<u>615,024</u>	<u>1,791,167</u>	<u>5,150,933</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 3,002,668</u>	<u>\$ 941,745</u>	<u>\$ 1,913,111</u>	<u>\$ 5,857,524</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 POSITION OF GOVERNMENTAL ACTIVITIES ON THE STATEMENT OF NET POSITION

JUNE 30, 2014

Fund balances - total governmental funds	\$ 5,150,933
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Amounts reported for *governmental activities* in the statement of net position 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	7,434,725
Add - capital assets (net of accumulated depreciation)	21,912,006

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	60,466
--------------------------------------	--------

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 position of governmental activities accounted for in the internal service funds	3,391,400
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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	(358,343)
Deduct - other post-employment benefits	(358,128)
Deduct - bonds payable	(10,071,414)
Deduct - bond premium	(68,651)
Deduct - accrued interest on bonds payable	(44,250)

Net position of governmental activities	<u>\$ 27,692,039</u>
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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, 2014

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Revenues				
Taxes	\$ 3,827,452	\$ -	\$ 1,085,736	\$ 4,913,188
Intergovernmental revenues				
State	457,406	191,379	465,057	1,113,842
Local	183,891	290,000	352,417	826,308
Licenses and permits	205,790	-	-	205,790
Charges for services	421,190	-	-	421,190
Fines	9,174	-	-	9,174
Special assessments	2,739	-	-	2,739
Investment earnings	46,764	31,784	17,615	96,163
Miscellaneous	395,324	60,876	817,749	1,273,949
Total revenues	<u>5,549,730</u>	<u>574,039</u>	<u>2,738,574</u>	<u>8,862,343</u>
Expenditures				
Current				
General government	1,371,535	-	510	1,372,045
Public safety	2,855,061	2,764,529	216,665	5,836,255
Public works	774,616	66,129	1,354,879	2,195,624
Health and welfare	188,300	-	384,445	572,745
Culture and recreation	710,748	539,637	40,155	1,290,540
Other	155,446	-	-	155,446
Debt service				
Principal	73,254	-	870,000	943,254
Interest	47,402	-	227,903	275,305
Total expenditures	<u>6,176,362</u>	<u>3,370,295</u>	<u>3,094,557</u>	<u>12,641,214</u>
Revenues over (under) expenditures	<u>(626,632)</u>	<u>(2,796,256)</u>	<u>(355,983)</u>	<u>(3,778,871)</u>
Other financing sources (uses)				
Issuance of debt	-	2,827,000	-	2,827,000
Property tax equivalent payments	1,002,278	-	-	1,002,278
Transfers in	-	10,600	674,741	685,341
Transfers out	(193,440)	-	(82,016)	(275,456)
Total other financing sources (uses)	<u>808,838</u>	<u>2,837,600</u>	<u>592,725</u>	<u>4,239,163</u>
Net changes in fund balances	182,206	41,344	236,742	460,292
Fund balances, beginning of year	<u>2,562,536</u>	<u>573,680</u>	<u>1,554,425</u>	<u>4,690,641</u>
Fund balances, end of year	<u>\$ 2,744,742</u>	<u>\$ 615,024</u>	<u>\$ 1,791,167</u>	<u>\$ 5,150,933</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, 2014

Net changes in fund balances - total governmental funds	\$ 460,292
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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	7,788,008
Deduct - depreciation expense	(1,823,345)

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

Deduct - decrease in unavailable revenues	(1,046)
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Bond or note issues provide current financial resources to governmental funds in the period issued, but issuing debt increases long-term liabilities in the statement of net position. 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 position.

Add - principal payments on debt	943,254
Deduct - bond issue	(2,827,000)

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	(52,410)
Deduct - increase in other post employment benefit liability	(35,296)
Add - amortization of bond premium	5,281
Deduct - increase in accrued interest	(6,488)

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 position from the internal service funds	<u>237,368</u>
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Change in net position of governmental activities	<u>\$ 4,688,618</u>
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The accompanying notes are an integral part of these financial statements.

CITY OF SOUTH HAVEN
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2014

	Enterprise Funds				Enterprise Fund Total	Governmental Activities
	Electric Utility	Water Utility	Sewer Utility	Nonmajor Enterprise Funds		Internal Service Funds
Assets						
Current assets						
Cash and pooled investments	\$ 6,066,291	\$ 1,860,079	\$ 760,235	\$ 696,592	\$ 9,383,197	\$ 2,088,509
Accounts receivable	1,283,569	454,695	438,427	9,335	2,186,026	-
Accrued interest receivable	10,827	127	536	161	11,651	6,600
Prepaid items	102,564	65,417	52,167	20,131	240,279	12,276
Due from other funds	-	640	29,100	6,100	35,840	-
Due from other governments	-	-	-	62,548	62,548	-
Inventory	822,321	121,703	8,571	-	952,595	-
Restricted cash and pooled investments	-	60,682	-	-	60,682	-
Total current assets	8,285,572	2,563,343	1,289,036	794,867	12,932,818	2,107,385
Non-current assets						
Special assessments receivable	42,637	260,786	243,380	-	546,803	-
Capital assets						
Land	1,001	9,394	7,331	5,336	23,062	-
Construction in progress	659,602	-	5,210	-	664,812	-
Buildings and equipment	2,765,295	22,663,762	5,327,334	1,768,564	32,524,955	794,811
Vehicles	-	-	-	-	-	2,779,463
Infrastructure	15,265,535	9,030,834	8,444,186	2,886,270	35,626,825	-
Less accumulated depreciation	(7,496,069)	(8,455,907)	(8,151,811)	(1,981,802)	(26,085,589)	(2,200,162)
Total non-current assets	11,238,001	23,508,869	5,875,630	2,678,368	43,300,868	1,374,112
Total assets	19,523,573	26,072,212	7,164,666	3,473,235	56,233,686	3,481,497
Liabilities						
Current liabilities						
Accounts payable	1,113,463	57,470	103,165	37,436	1,311,534	42,649
Accrued liabilities	27,699	92,683	13,653	5,501	139,536	3,126
Due to other funds	740	-	-	6,100	6,840	29,000
Unearned revenue	-	-	-	284,379	284,379	-
Customer deposits	332,091	51,777	-	-	383,868	-
Current portion of long-term debt	-	580,000	-	-	580,000	-
Total current liabilities	1,473,993	781,930	116,818	333,416	2,706,157	74,775
Long-term liabilities						
Accrued compensated absences	97,838	51,253	68,377	132	217,600	15,322
Discount on bonds	-	(341,375)	-	-	(341,375)	-
Bonds payable, net of current portion	-	17,895,000	-	-	17,895,000	-
Total long-term liabilities	97,838	17,604,878	68,377	132	17,771,225	15,322
Total liabilities	1,571,831	18,386,808	185,195	333,548	20,477,382	90,097
Net position						
Net investment in capital assets	11,195,364	5,114,458	5,632,250	2,678,368	24,620,440	1,374,112
Restricted for:						
Revenue bond retirement	-	60,682	-	-	60,682	-
Unrestricted	6,756,378	2,510,264	1,347,221	461,319	11,075,182	2,017,288
Total net position	\$ 17,951,742	\$ 7,685,404	\$ 6,979,471	\$ 3,139,687	\$ 35,756,304	\$ 3,391,400

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 POSITION
FOR THE YEAR ENDED JUNE 30, 2014

	Enterprise Funds				Enterprise Fund Total	Governmental
	Electric Utility	Water Utility	Sewer Utility	Nonmajor Enterprise Funds		Internal Service Funds
Operating revenue						
Charges for services	\$ 13,676,724	\$ 3,671,738	\$ 2,232,257	\$ 264,054	\$ 19,844,773	\$ 1,008,229
Special assessments	-	50,889	29,228	-	80,117	-
Dock rental	-	-	-	694,780	694,780	-
Other	152,723	71,787	103,786	55,651	383,947	41,191
Total operating revenue	<u>13,829,447</u>	<u>3,794,414</u>	<u>2,365,271</u>	<u>1,014,485</u>	<u>21,003,617</u>	<u>1,049,420</u>
Operating expense						
Operating costs and expenses	12,310,943	1,558,157	1,636,898	851,719	16,357,717	594,941
Depreciation	558,473	605,600	347,575	175,271	1,686,919	345,056
Total operating expense	<u>12,869,416</u>	<u>2,163,757</u>	<u>1,984,473</u>	<u>1,026,990</u>	<u>18,044,636</u>	<u>939,997</u>
Operating income (loss)	<u>960,031</u>	<u>1,630,657</u>	<u>380,798</u>	<u>(12,505)</u>	<u>2,958,981</u>	<u>109,423</u>
Non-operating revenue (expense)						
Gain on sale of capital assets	-	-	-	-	-	25,728
Investment earnings	44,947	13,195	14,278	(5,669)	66,751	34,217
Interest expense	-	(936,500)	-	-	(936,500)	-
Total non-operating revenue (expense)	<u>44,947</u>	<u>(923,305)</u>	<u>14,278</u>	<u>(5,669)</u>	<u>(869,749)</u>	<u>59,945</u>
Income (loss) before other items	<u>1,004,978</u>	<u>707,352</u>	<u>395,076</u>	<u>(18,174)</u>	<u>2,089,232</u>	<u>169,368</u>
Transfers and other items						
Property tax equivalent payments	(713,887)	(154,914)	(95,182)	(38,295)	(1,002,278)	-
Contribution in aid of construction	140,438	65,238	127,873	-	333,549	-
Transfers in	-	-	-	-	-	68,000
Transfers out	(177,049)	(27,104)	(246,852)	(26,880)	(477,885)	-
Total transfers and other items	<u>(750,498)</u>	<u>(116,780)</u>	<u>(214,161)</u>	<u>(65,175)</u>	<u>(1,146,614)</u>	<u>68,000</u>
Changes in net position	254,480	590,572	180,915	(83,349)	942,618	237,368
Net position, beginning of year, as restated	<u>17,697,262</u>	<u>7,094,832</u>	<u>6,798,556</u>	<u>3,223,036</u>	<u>34,813,686</u>	<u>3,154,032</u>
Net position, end of year	<u>\$ 17,951,742</u>	<u>\$ 7,685,404</u>	<u>\$ 6,979,471</u>	<u>\$ 3,139,687</u>	<u>\$ 35,756,304</u>	<u>\$ 3,391,400</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, 2014

	Enterprise Funds				Enterprise Fund Total	Governmental Activities
	Electric Utility	Water Utility	Sewer Utility	Nonmajor Enterprise Funds		Internal Service Funds
Cash flows from operating activities						
Receipts from internal services provided	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,049,420
Receipts from customers and users	14,470,400	3,870,475	2,305,631	1,256,443	21,902,949	-
Payments to employees	(1,398,552)	(755,358)	(618,236)	(221,891)	(2,994,037)	(198,473)
Payments to suppliers	(11,857,912)	(858,970)	(1,012,516)	(928,408)	(14,657,806)	(437,125)
Net cash provided by (used in) operating activities	<u>1,213,936</u>	<u>2,256,147</u>	<u>674,879</u>	<u>106,144</u>	<u>4,251,106</u>	<u>413,822</u>
Cash flows from non-capital financing activities						
Due to other funds	390	-	-	6,100	6,490	29,000
Due from other funds	-	(290)	(29,100)	69,256	39,866	-
Property tax equivalents	(713,887)	(154,914)	(95,182)	(38,295)	(1,002,278)	-
Transfers in	-	-	-	-	-	68,000
Transfers out	(177,049)	(27,104)	(246,852)	(26,880)	(477,885)	-
Net cash provided by (used in) non-capital financing activities	<u>(890,546)</u>	<u>(182,308)</u>	<u>(371,134)</u>	<u>10,181</u>	<u>(1,433,807)</u>	<u>97,000</u>
Cash flows from capital and related financing activities						
Proceeds from sale of capital assets	-	-	-	-	-	25,728
Interest expense	-	(919,820)	-	-	(919,820)	-
Contribution in aid of construction	140,438	65,238	127,873	-	333,549	-
Principal paid on bonds and notes	-	(505,000)	-	-	(505,000)	-
Acquisitions of capital assets	(806,917)	(247,705)	(565,802)	(7,454)	(1,627,878)	(244,061)
Net cash provided by (used in) capital and related financing activities	<u>(666,479)</u>	<u>(1,607,287)</u>	<u>(437,929)</u>	<u>(7,454)</u>	<u>(2,719,149)</u>	<u>(218,333)</u>
Cash flows from investing activities						
Interest income	44,844	13,960	15,209	(5,830)	68,183	34,215
Net increase (decrease) in cash and pooled investments	(298,245)	480,512	(118,975)	103,041	166,333	326,704
Cash and pooled investments, beginning of year	<u>6,364,536</u>	<u>1,440,249</u>	<u>879,210</u>	<u>593,551</u>	<u>9,277,546</u>	<u>1,761,805</u>
Cash and pooled investments, end of year	<u>\$ 6,066,291</u>	<u>\$ 1,920,761</u>	<u>\$ 760,235</u>	<u>\$ 696,592</u>	<u>\$ 9,443,879</u>	<u>\$ 2,088,509</u>
Cash flows from operating activities						
Operating income (loss)	\$ 960,031	\$ 1,630,657	\$ 380,798	\$ (12,505)	\$ 2,958,981	\$ 109,423
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities						
Depreciation	558,473	605,600	347,575	175,271	1,686,919	345,056
Change in operating assets and liabilities which provided (used) cash						
Receivables	533,358	69,951	(59,640)	219,285	762,954	-
Prepaid expenses	(4,718)	(9,081)	(1,761)	(20,131)	(35,691)	(12,276)
Inventory	(311,381)	4,400	(326)	-	(307,307)	-
Accounts payable	(622,520)	(46,284)	(11,843)	(278,873)	(959,520)	(18,933)
Accrued liabilities	7,317	2,881	3,288	292	13,778	414
Customer deposits	107,595	6,110	-	-	113,705	-
Compensated absences	(14,219)	(8,087)	16,788	132	(5,386)	-
Unearned revenue	-	-	-	22,673	22,673	(9,862)
Net cash provided by (used in) operating activities	<u>\$ 1,213,936</u>	<u>\$ 2,256,147</u>	<u>\$ 674,879</u>	<u>\$ 106,144</u>	<u>\$ 4,251,106</u>	<u>\$ 413,822</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, 2014

Assets

Cash and pooled investments	\$ 218,864
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Liabilities

Accounts payable	\$ 57,658
Deposits	80,612
Due to other governmental units	<u>80,594</u>

Total liabilities

	<u>\$ 218,864</u>
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The accompanying notes are an integral part of these financial statements.

CITY OF SOUTH HAVEN

**COMPONENT UNITS
COMBINING STATEMENT OF NET POSITION**

JUNE 30, 2014

	Downtown Development Authority	Local Development Finance Authority #1	Local Development Finance Authority #2	Local Development Finance Authority #3	Brownfield Redevelopment Authority	Total
Assets						
Cash and pooled investments	\$ 624,219	\$ 696,643	\$ 192,790	\$ 553,922	\$ 1,226,705	\$ 3,294,279
Accounts receivable	18,421	1,640	123	1,073	3,258	24,515
Special assessment receivable	12,460	-	-	-	-	12,460
Prepaid items	958	39	43	50	-	1,090
Due from other governments	41,002	-	-	-	-	41,002
Capital assets not being depreciated	-	1,344,537	55,373	-	-	1,399,910
Total assets	<u>697,060</u>	<u>2,042,859</u>	<u>248,329</u>	<u>555,045</u>	<u>1,229,963</u>	<u>4,773,256</u>
Liabilities						
Accounts payable	125,503	-	-	-	-	125,503
Accrued liabilities	25,920	326	359	403	-	27,008
Long-term debt						
Due within one year	110,000	-	-	27,208	-	137,208
Due in more than one year	<u>2,685,000</u>	-	-	<u>20,409</u>	-	<u>2,705,409</u>
Total liabilities	<u>2,946,423</u>	<u>326</u>	<u>359</u>	<u>48,020</u>	<u>-</u>	<u>2,995,128</u>
Net position						
Investment in capital assets	-	1,344,537	55,373	-	-	1,399,910
Unrestricted (deficit)	<u>(2,249,363)</u>	<u>697,996</u>	<u>192,597</u>	<u>507,025</u>	<u>1,229,963</u>	<u>378,218</u>
Total net position	<u>\$ (2,249,363)</u>	<u>\$ 2,042,533</u>	<u>\$ 247,970</u>	<u>\$ 507,025</u>	<u>\$ 1,229,963</u>	<u>\$ 1,778,128</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, 2014

	Downtown Development Authority	Local Development Finance Authority #1	Local Development Finance Authority #2	Local Development Finance Authority #3	Brownfield Redevelopment Authority	Total
Expenses						
Community development	\$ 4,494,595	\$ 202,309	\$ 28,219	\$ 18,516	\$ 102,768	\$ 4,846,407
Interest expense	81,186	-	-	-	-	81,186
Total expenses	<u>4,575,781</u>	<u>202,309</u>	<u>28,219</u>	<u>18,516</u>	<u>102,768</u>	<u>4,927,593</u>
Revenues						
Program revenues						
Operating grants and contributions	19,167	2,650	-	-	-	21,817
Capital grants	782,641	-	-	-	-	782,641
General revenues						
Property taxes	1,510,460	224,180	38,305	52,014	132,057	1,957,016
Unrestricted investment earnings	603	11,634	(1,109)	7,873	15,492	34,493
Total revenues	<u>2,312,871</u>	<u>238,464</u>	<u>37,196</u>	<u>59,887</u>	<u>147,549</u>	<u>2,795,967</u>
Change in net position	(2,262,910)	36,155	8,977	41,371	44,781	(2,131,626)
Net position, beginning of year	<u>13,547</u>	<u>2,006,378</u>	<u>238,993</u>	<u>465,654</u>	<u>1,185,182</u>	<u>3,909,754</u>
Net position (deficit), end of year	<u>\$ (2,249,363)</u>	<u>\$ 2,042,533</u>	<u>\$ 247,970</u>	<u>\$ 507,025</u>	<u>\$ 1,229,963</u>	<u>\$ 1,778,128</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, 2014

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.

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.

CITY OF SOUTH HAVEN

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2014

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position 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 changes 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, 2014

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 specific capital projects of governmental activities.

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, 2014

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.

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.

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.

CITY OF SOUTH HAVEN

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2014

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.

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.

CITY OF SOUTH HAVEN

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2014

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

Unavailable/Unearned Revenue

Funds report unearned revenue in connection with resources that have been received, but not yet earned. Funds report unavailable 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 reported in the funds were as follows:

Unavailable revenue	
Governmental funds	
Delinquent personal property taxes	\$ 46,252
Special assessments	14,214
	<hr/>
Total governmental funds	60,466
Unearned revenue	
Proprietary funds	
Unearned rent	284,379
	<hr/>
	\$344,845
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CITY OF SOUTH HAVEN

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2014

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 position 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 position of the individual enterprise funds. Compensated absences reported for governmental activities are primarily liquidated from general fund resources.

Net Position 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. Non-spendable fund balance would be equal to inventory, prepaid items, non-current financial assets, and the non-spendable 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 resolution 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. The City has not delegated the authority to assign Fund Balance.

Restricted net position represents amounts that are set aside by laws or regulations, constitutional provisions, or enabling legislation.

Net Position and Fund Balance Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position/fund balance and unrestricted – net position/fund balance, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to use restricted resources first, then unrestricted resource as they are needed. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

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 position. Where applicable, bond premiums and discounts 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, 2014

In the fund financial statements, governmental fund types recognize bond premiums, discounts and issuance costs in the year of issuance. The face amount of debt issued and any premiums received are reported as other financing sources. Discounts on debt issuances are reported as an other financing use. Issuance costs are reported as expenditures.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The government has no items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from delinquent personal property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

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. Charges 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.

CITY OF SOUTH HAVEN

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2014

Upcoming Accounting Pronouncement

The Governmental Accounting Standards Board issued GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, which will be effective for the fiscal years beginning after June 15, 2014. This Statement requires governments providing defined benefit pensions to recognize their net pension liability for the first time and to more comprehensively and comparably measure the annual costs of pension benefits. The net pension liability that will be recorded on the government-wide statements will be computed differently than the current unfunded actuarial accrued liability using specific parameters set forth by the GASB. The impact this Statement will have on the financial statements when adopted is currently not determinable.

2. DEFICIT FUND BALANCE/NET POSITION

At June 30, 2014, the financial statements include a deficit net position as follows:

Component Unit:	
Downtown Development Authority	\$2,249,363

3. EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETARY FUNDS

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

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

During the year ended June 30, 2014, the City incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated as follows:

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund			
Legal Counsel	\$163,500	\$163,544	\$ (44)
Fire authority	479,384	488,185	(8,801)
Building inspections	279,806	288,929	(9,123)

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	\$16,251,194	\$3,294,279	\$218,864	\$19,764,337
Restricted cash and pooled investment	60,682	-	-	60,682
	\$16,311,876	\$3,294,279	\$218,864	\$19,825,019

CITY OF SOUTH HAVEN

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2014

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, \$10,796,057 of the City's bank balance of \$12,868,633 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	\$ 432,449	Unrated	
Government Securities				
FFCB Bond 2.5%	6/20/22	245,478	AAA	Moody's
FHLMC Note 2.25%	6/21/22	458,976	AAA	Moody's
FHLB Bond 2.5%	6/27/22	390,064	AAA	Moody's
FNMA Bond 2.15%	9/27/22	466,665	AAA	Moody's
FHLB Bond 2.39%	10/4/22	192,842	AAA	Moody's
FNMA Bond 2.0%	11/14/22	801,635	AAA	Moody's
FFCB Bond 2.1%	12/5/22	143,753	AAA	Moody's
FHLB Bond 2.25%	1/30/24	186,048	AAA	Moody's
FNMA Bond 2.3%	11/27/24	2,566,060	AAA	Moody's
FHLB Bond 2%	10/18/27	1,218,386	AAA	Moody's
FHLB Bond 2.25%	1/28/28	933,760	AAA	Moody's
FHLMC Note 3%	4/15/28	7,146	Not available	
FNMA Note 4.5%	3/15/34	50,289	Not Available	
FHLMC Note 5%	2/15/38	34,396	Not Available	
FHLMC Note 3.5%	11/15/22	857	Not Available	
FHLMC Note 2%	3/15/34	248,288	Not Available	
GNMA Bond 3%	12/20/37	89,694	Not Available	
		<u>\$8,466,786</u>		

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

Investment risk

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

CITY OF SOUTH HAVEN

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2014

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 \$8,466,786 of investments, the City has a custodial credit risk of \$8,034,337 because the related securities are uninsured, unregistered and held by the government's brokerage firm which is also the counterparty for these particular securities. Of the above mutual fund investments the City's custodial credit risk exposure cannot be determined because the mutual funds do not consist of specifically identifiable securities.

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

5. INTERFUND TRANSACTIONS

Interfund receivables and payables of individual funds at year end were as follows:

<u>Receivable fund</u>	<u>Payable fund</u>			<u>Total</u>
	<u>Electric fund</u>	<u>Nonmajor enterprise Fund</u>	<u>Internal service fund</u>	
Sewer fund	\$100	\$ -	\$29,000	\$29,100
Water fund	640	-	-	640
Nonmajor enterprise fund	-	6,100	-	6,100
Total	\$740	\$6,100	\$29,000	35,840

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

CITY OF SOUTH HAVEN

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2014

Transfers in and out for the year ended June 30, 2014, are as follows:

<u>Transfer out</u>	Transfer in			Total
	Capital Projects fund	Nonmajor governmental funds	Internal service funds	
General fund	\$ -	\$143,440	\$50,000	\$193,440
Nonmajor governmental funds	10,600	71,416	-	82,016
Electric utility	-	171,049	6,000	177,049
Water utility	-	25,104	2,000	27,104
Sewer utility	-	236,852	10,000	246,852
Nonmajor enterprise funds	-	26,880	-	26,880
Total	\$10,600	\$674,741	\$68,000	\$753,341

A transfer of \$228,000 was made from the downtown development authority (DDA) general fund to the DDA debt service fund to meet principal and interest payment requirements of long-term debt.

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

6. CAPITAL ASSETS

Capital asset activity for the year was as follows:

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
Governmental Activities				
Capital assets, not being depreciated				
Land	\$ 643,295	\$ -	\$ -	\$ 643,295
Construction in progress	1,147,100	6,287,625	-	7,434,725
Total capital assets, not being depreciated	1,790,395	6,287,625	-	8,078,020
Capital assets, being depreciated				
Land improvements	2,658,973	-	-	2,658,973
Buildings and improvements	6,649,229	-	-	6,649,229
Vehicles	2,580,603	198,860	-	2,779,463
Machinery and equipment	1,765,281	144,565	56,381	1,853,465
Infrastructure	40,329,725	1,401,019	-	41,730,744
Total capital assets, being depreciated	53,983,811	1,744,444	56,381	55,671,874
Less accumulated depreciation for				
Land improvements	2,538,765	9,727	-	2,548,492
Buildings and improvements	3,152,027	190,606	-	3,342,633
Vehicles	1,344,897	238,050	-	1,582,947
Machinery and equipment	1,228,840	196,634	56,381	1,369,093
Infrastructure	22,009,207	1,533,384	-	23,542,591
Total accumulated depreciation	30,273,736	2,168,401	56,381	32,385,756
Net capital assets, being depreciated	23,710,075	(423,957)	-	23,286,118
Governmental Activities capital assets, net	\$25,500,470	\$5,863,668	\$ -	\$31,364,138

CITY OF SOUTH HAVEN

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2014

	<u>Balance July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2014</u>
Business-type Activities				
Capital assets, not being depreciated				
Land	\$ 23,062	\$ -	\$ -	\$ 23,062
Construction in progress	154,292	664,812	154,292	664,812
Total capital assets, not being depreciated	177,354	664,812	154,292	687,874
Capital assets being depreciated				
Land improvements	2,950,836	-	-	2,950,836
Buildings and improvements	31,006,071	7,453	-	31,013,524
Machinery and equipment	1,450,789	60,642	-	1,511,431
Utility system	31,626,727	1,049,262	-	32,675,989
Total capital assets, being depreciated	67,034,423	1,117,357	-	68,151,780
Less accumulated depreciation for				
Land improvements	1,756,195	126,442	-	1,882,637
Buildings and improvements	6,019,645	654,507	-	6,674,152
Machinery and equipment	1,064,746	89,148	-	1,153,894
Utility system	15,558,084	816,822	-	16,374,906
Total accumulated depreciation	24,398,670	1,686,919	-	26,085,589
Net capital assets, being depreciated	42,635,753	(569,562)	-	42,066,191
Business-type Activities capital assets, net	\$42,813,107	\$ 95,250	\$154,292	\$42,754,065
Component units				
Local Development Finance Authority #2				
Capital assets not being depreciated				
Land	\$55,373	\$ -	\$ -	\$ 55,373
Local Development Finance Authority #1				
Capital assets not being depreciated				
Land	\$1,344,537	\$ -	\$ -	\$1,344,537

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

Governmental Activities	
General government	\$ 205,139
Public safety	15,275
Public works	1,581,766
Health and welfare	2,925
Culture and recreation	18,240
Capital assets held by the governments internal service funds are charged to the various functions based on their usage of the assets	345,056
Total depreciation expense - governmental activities	\$2,168,401
Business-type Activities	
Electric	\$ 558,473
Water	605,600
Sewer	347,575
Nonmajor enterprise funds	175,271
Total depreciation expense - business- type activities	\$1,686,919

CITY OF SOUTH HAVEN

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2014

7. PENSION PLAN

Defined Benefit Plan

Plan Description

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

The City is required to contribute at an actuarially determined rate, which for the current year was from 5.9% to 12.83% of annual covered payroll depending on position and classification. Participating employees are required to contribute from 3.5% to 8% 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, 2014, the City's annual pension cost of \$296,052 for MERS was equal to the City's required and actual contributions. The required contribution was determined as part of the December 31, 2012 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 (1% for 2014, 2% for 2015 and 3% for 2016), plus from 0% to 13% 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, 2014, the date of the latest actuarial valuation, was 25 years.

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

Three-Year Trend Information

<u>Fiscal Year</u>	<u>Annual Pension</u>	<u>Percentage of APC</u>	<u>Net Pension</u>
<u>Ending</u>	<u>Cost (APC)</u>	<u>Contributed</u>	<u>Obligation</u>
6/30/12	\$135,745	100%	\$ -
6/30/13	183,951	100%	-
6/30/14	296,052	100%	-

CITY OF SOUTH HAVEN

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2014

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio Total	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
12/31/13	\$22,718,179	\$24,250,478	\$1,532,299	94%	\$4,378,003	35%

8. LONG-TERM DEBT

The following is a summary of the debt transactions of the City for the year ended June 30, 2014:

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014	Due Within One Year
Governmental Activities					
\$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%	\$2,065,000	\$ -	\$ 210,000	\$1,855,000	\$ 210,000
\$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%	1,165,000	-	65,000	1,100,000	65,000
\$4,070,000 2012 General Obligation Limited Tax Refunding Bonds, due in annual installments of \$250,000 to 35,000 through 2027, plus interest at 2.00%-3.00%	4,070,000	-	250,000	3,820,000	250,000
\$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%	705,000	-	345,000	360,000	360,000
\$3,000,000 2013 Building Authority Bonds, due in annual installments of \$62,000 to \$155,000, through 2043; plus interest at 3.375%	99,000	2,827,000	62,000	2,864,000	61,000
\$184,692 DEQ Brownfield loan due in annual installments of \$14,937 beginning in 2012 through April 2019, including interest at 2.0%	83,668	-	11,254	72,414	13,529
	8,187,668	2,827,000	943,254	10,071,414	959,529
Accrued employee benefits	331,117	240,804	198,256	373,665	249,069
Other post-employment benefits	322,832	35,296	-	358,128	-
Total Governmental Activities	\$8,841,617	\$3,103,100	\$1,141,510	\$10,803,207	\$1,208,598

CITY OF SOUTH HAVEN

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2014

	<u>Balance July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2014</u>	<u>Due Within One Year</u>
Business-type Activities					
\$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%	\$ 245,000	\$ -	\$ 25,000	\$ 220,000	\$ 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%	9,485,000	-	225,000	9,260,000	275,000
\$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%	9,250,000	-	255,000	8,995,000	280,000
	18,980,000	-	505,000	18,475,000	580,000
Bond discount	(359,641)	-	(18,266)	(341,375)	-
Total Business-type Activities	\$18,620,359	\$ -	\$486,734	\$18,133,625	\$580,000
Component Unit – Downtown Development Authority					
\$2,950,000 2013 Downtown development bonds, payable in annual installments of \$110,000 to \$215,000, plus interest at 1.8% to 4.8% through April 2032	\$ -	\$2,950,000	\$155,000	\$2,795,000	\$110,000
Component Unit - Local Development Finance Authority #3					
\$350,000 2004 MEDC/CDBG Loan Repayment, payable in quarterly installments of \$6,802, through April 2016, non-interest bearing	\$74,825	\$ -	\$27,208	\$47,617	\$27,208

The 2013 Building authority bonds provide for bond proceeds to be received as the related construction project progresses to a maximum amount of approximately \$3,000,000. The future minimum payment schedules include only debt outstanding at June 30, 2014.

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, 2014 remaining principal and interest on the bonds was \$376,560 payable through 2015. During the current year, \$377,085 of the tax increment revenue available was captured to make payment of principal and interest payments.

CITY OF SOUTH HAVEN

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2014

The annual requirements to amortize all debt outstanding (excluding accrued employee benefits and bond discounts) as of June 30, 2014 are as follows:

Year Ending <u>June 30</u>	Governmental Activities		Business-type Activities		Component Unit	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 959,529	\$ 299,925	\$ 580,000	\$ 898,395	\$137,208	\$97,135
2016	616,799	269,169	625,000	874,733	130,409	95,100
2017	630,075	254,020	670,000	848,035	115,000	93,010
2018	647,357	237,866	700,000	818,122	120,000	90,768
2019	676,654	220,627	760,000	785,715	125,000	88,368
2020-2024	3,072,000	821,065	4,260,000	3,352,114	715,000	392,460
2025-2029	1,776,000	421,924	5,280,000	2,199,153	880,000	261,151
2030-2034	539,000	262,980	5,600,000	742,266	620,000	59,430
2035-2039	637,000	165,679	-	-	-	-
2040-2044	517,000	50,658	-	-	-	-
Total	\$10,071,414	\$3,003,913	\$18,475,000	\$10,518,533	\$2,842,617	\$1,177,422

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

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 \$59,161 while the City contributed \$22,411 to provide insurance coverage for 5 retired employees during 2014.

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).

CITY OF SOUTH HAVEN

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2014

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	\$ 59,161
Interest on Net OPEB obligation	12,913
Adjustment to annual required contribution	(14,367)
Annual OPEB cost (expense)	57,707
Contribution made	22,411
Increase in net OPEB obligation	35,296
Net OPEB obligation, beginning of year	322,832
Net OPEB obligation, end of year	\$358,128

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

Three-Year Trend Information

Fiscal Year	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation
<u>Ending</u>	<u>Annual OPEB Cost</u>	<u>Percentage of OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/12	\$77,794	32.7%	\$276,841
6/30/13	80,771	43.1%	322,832
6/30/14	57,707	38.8%	358,128

Schedule of Funding Progress

Valuation Date	Market Value of Assets (a)	Accrued Liability (AL) (b)	Unfunded AL (UAL) (b-a)	Funded Ratio Total	Covered Payroll (c)	UAL as a Percentage of Covered Payroll ((b-a)/c)
6/30/14	\$ -	\$827,015	\$827,015	0%	\$4,229,077	19.6%

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, 2014 valuation, the Plan utilized the entry age actuarial cost method; open 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 4%, 3% inflation and a 5% medical inflation rate.

CITY OF SOUTH HAVEN

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2014

10. RISK MANAGEMENT

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

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

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

Settled claims have not exceeded commercial insurance coverage in any of the past three fiscal years. There were no changes in insurance coverage from the prior year. The changes in the claims liability for the years ended June 30, 2014 and 2013 are as follows:

	<u>Beginning of Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>End of Year Liability</u>
2013	\$ -	\$(13,000)	\$13,000	\$ -
2014	-	(49,452)	49,452	-

The activity of the self-funded health insurance is accounted for in the self-insurance internal service fund. Beginning September 1, 2013 the City no longer self-insures. Prior to September 1, 2013 The City self-funded 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 was 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.

CITY OF SOUTH HAVEN

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2014

The changes in the claims liability for the years ended June 30, 2014 and 2013 were as follows:

<u>Year</u>	<u>Beginning of Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>End of Year Liability</u>
2013	\$33,434	\$325,323	\$325,407	\$33,350
2014	33,350	20,510	53,860	-

11. JOINT VENTURE

The City participates in the South Haven Area Emergency Services Authority (SHAES) a joint venture of the City and surrounding townships which provides fire and emergency medical services to participating municipalities. Contribution requirements for participating municipalities are based on budgeted costs and the value of property located within each municipality. For the current year the City provided \$488,185 for the aforementioned services. During the most recent fiscal year SHAES reported an increase in net position of \$170,829.

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, 2014, the City awarded construction contracts of approximately \$1,800,000 for Dyckman Ave Street reconstruction, Phoenix street substation, and land purchase.

13. CONTINGENCY

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

14. PRIOR PERIOD ADJUSTMENT

Beginning net position of governmental activities was decreased by \$173,432 to write off bond issuance costs in accordance with the implementation of Governmental Accounting Standards Board Statement No. 65.

Beginning net position of business type activities and water utility fund was decreased by \$161,734 to write off bond issuance costs in accordance with the implementation of Governmental Accounting Standards Board Statement No. 65.

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, 2014

	Budget Amounts		Actual Amount	Variance Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes				
Property taxes	\$ 3,884,493	\$ 3,884,493	\$ 3,827,452	\$ (57,041)
Intergovernmental revenues				
State	323,996	405,284	457,406	52,122
Local	182,000	182,000	183,891	1,891
Licenses and permits	179,500	189,500	205,790	16,290
Charges for services	428,875	444,575	421,190	(23,385)
Fines	32,500	32,500	9,174	(23,326)
Special assessments	3,756	3,756	2,739	(1,017)
Investment earnings	51,700	51,700	46,764	(4,936)
Miscellaneous	457,397	442,534	395,324	(47,210)
Total revenues	<u>5,544,217</u>	<u>5,636,342</u>	<u>5,549,730</u>	<u>(86,612)</u>
Expenditures				
Current				
General government	1,394,269	1,481,614	1,371,535	110,079
Public safety	2,761,778	2,887,595	2,855,061	32,534
Public works	815,015	800,015	774,616	25,399
Health and welfare	188,434	188,434	188,300	134
Culture and recreation	704,460	842,131	710,748	131,383
Other	187,324	177,324	155,446	21,878
Debt service				
Principal	74,003	73,254	73,254	-
Interest and fiscal charges	101,193	47,403	47,402	1
Total expenditures	<u>6,226,476</u>	<u>6,497,770</u>	<u>6,176,362</u>	<u>321,408</u>
Revenues over (under) expenditures	<u>(682,259)</u>	<u>(861,428)</u>	<u>(626,632)</u>	<u>234,796</u>
Other financing sources (uses)				
Property tax equivalent payments	914,759	914,759	1,002,278	87,519
Transfers out	(182,500)	(198,200)	(193,440)	4,760
Total other financing sources (uses)	<u>732,259</u>	<u>716,559</u>	<u>808,838</u>	<u>92,279</u>
Net changes in fund balance	50,000	(144,869)	182,206	327,075
Fund balance, beginning of year	<u>2,562,536</u>	<u>2,562,536</u>	<u>2,562,536</u>	<u>-</u>
Fund balance, end of year	<u>\$ 2,612,536</u>	<u>\$ 2,417,667</u>	<u>\$ 2,744,742</u>	<u>\$ 327,075</u>

CITY OF SOUTH HAVEN

MERS DEFINED BENEFIT PLAN SCHEDULE OF FUNDING PROGRESS

JUNE 30, 2014

<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>
12/31/2011	\$ 21,870,512	\$ 21,810,483	\$ (60,029)	100.3%	\$ 4,352,847	-1.4%
12/31/2012	22,235,421	22,722,544	487,123	97.9%	4,324,103	11.3%
12/31/2013	22,718,179	24,250,478	1,532,299	93.7%	4,378,003	35.0%

CITY OF SOUTH HAVEN

RETIREE HEALTH OTHER POST EMPLOYMENT BENEFIT PLAN

JUNE 30, 2014

SCHEDULE OF FUNDING PROGRESS

<u>Actuarial Valuation Date</u>	<u>Value of Assets</u>	<u>Accrued Liability (AL)</u>	<u>Unfunded AL (UAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAL as a Percentage of Covered Payroll</u>
6/30/2012	\$ -	\$ 1,087,354	\$ 1,087,354	0.00%	\$ 4,517,179	24.1%
6/30/2013	-	1,087,967	1,087,967	0.00%	4,272,010	25.5%
6/30/2014	-	827,015	827,015	0.00%	4,229,077	19.6%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

<u>Year Ended June 30</u>	<u>Annual required Contribution</u>	<u>Actual Contribution</u>	<u>Percent Contributed</u>
2012	\$ 78,805	\$ 25,412	32.2%
2013	82,018	34,780	42.4%
2014	59,161	22,411	37.9%

Note to required supplementary information

Budgets and Budgetary Accounting

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

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**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

GENERAL FUND

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

CITY OF SOUTH HAVEN

GENERAL FUND SCHEDULE OF REVENUES BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2014

	Budget Amounts		Actual Amount	Variance Positive (Negative)
	Original	Final		
Revenues				
Taxes				
Real and personal property tax	\$ 3,678,793	\$ 3,678,793	\$ 3,619,965	\$ (58,828)
Payments in lieu of tax	5,700	5,700	5,526	(174)
Collection fees	200,000	200,000	201,961	1,961
Total taxes	<u>3,884,493</u>	<u>3,884,493</u>	<u>3,827,452</u>	<u>(57,041)</u>
Licenses and permits				
Business	82,000	92,000	94,221	2,221
Nonbusiness	87,000	87,000	100,185	13,185
Liquor license fees	10,500	10,500	11,384	884
Total licenses and permits	<u>179,500</u>	<u>189,500</u>	<u>205,790</u>	<u>16,290</u>
Intergovernmental - state				
State-shared revenue	323,996	323,996	388,681	64,685
State grants	-	81,288	68,725	(12,563)
Total state sources	<u>323,996</u>	<u>405,284</u>	<u>457,406</u>	<u>52,122</u>
Intergovernmental - local	<u>182,000</u>	<u>182,000</u>	<u>183,891</u>	<u>1,891</u>
Charges for services				
Planning and zoning fees	43,500	43,500	11,463	(32,037)
Foundations - cemetery	7,500	7,500	10,902	3,402
Grave openings	17,000	17,000	20,541	3,541
Cemetery lot use	16,500	32,200	33,909	1,709
Other charges for services	344,375	344,375	344,375	-
Total charges for services	<u>428,875</u>	<u>444,575</u>	<u>421,190</u>	<u>(23,385)</u>
Fines				
Ordinance fines	20,000	20,000	4,190	(15,810)
Other fines	12,500	12,500	4,984	(7,516)
Total fines	<u>32,500</u>	<u>32,500</u>	<u>9,174</u>	<u>(23,326)</u>
Assessments	<u>3,756</u>	<u>3,756</u>	<u>2,739</u>	<u>(1,017)</u>
Investment earnings	<u>51,700</u>	<u>51,700</u>	<u>46,764</u>	<u>(4,936)</u>
Other revenue	<u>457,397</u>	<u>442,534</u>	<u>395,324</u>	<u>(47,210)</u>
Total revenues	<u>\$ 5,544,217</u>	<u>\$ 5,636,342</u>	<u>\$ 5,549,730</u>	<u>\$ (86,612)</u>

CITY OF SOUTH HAVEN
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

Expenditures	Budget Amounts		Actual Amount	Variance Positive (Negative)
	Original	Final		
Current				
General government				
City Council	\$ 36,196	\$ 36,196	\$ 30,190	\$ 6,006
City Managers Office	186,348	187,848	187,082	766
Elections	23,238	23,238	19,675	3,563
Finance Department	132,187	132,187	117,647	14,540
City Assessor	161,568	161,568	159,340	2,228
Legal Counsel	150,000	163,500	163,544	(44)
City Clerk	29,855	55,096	41,429	13,667
Treasurer	64,730	68,885	57,975	10,910
City hall and grounds	223,687	235,687	228,944	6,743
Cemetery	136,918	145,918	126,528	19,390
Cable TV broadcasting	66,127	68,127	66,227	1,900
Other personnel activities	118,415	128,364	110,833	17,531
Insurance and bonds	65,000	75,000	62,121	12,879
	<u>1,394,269</u>	<u>1,481,614</u>	<u>1,371,535</u>	<u>110,079</u>
Public safety				
Police Department	1,900,475	2,016,292	1,998,665	17,627
Information Services	112,113	112,113	79,282	32,831
Fire Authority	479,384	479,384	488,185	(8,801)
Building Inspections	269,806	279,806	288,929	(9,123)
	<u>2,761,778</u>	<u>2,887,595</u>	<u>2,855,061</u>	<u>32,534</u>
Public works				
City Engineer	86,892	86,892	79,584	7,308
Highways and streets	529,925	579,925	573,792	6,133
Drains	113,198	48,198	36,240	11,958
Street lighting	85,000	85,000	85,000	-
	<u>815,015</u>	<u>800,015</u>	<u>774,616</u>	<u>25,399</u>
Health and welfare				
Animal Control	7,000	7,000	7,000	-
Hospital	103,297	103,297	103,212	85
Senior Services	78,137	78,137	78,088	49
	<u>188,434</u>	<u>188,434</u>	<u>188,300</u>	<u>134</u>
Culture and recreation				
Parks	442,642	544,061	446,654	97,407
Library	185,257	185,257	184,726	531
Youth recreation	15,000	15,000	15,000	-
Museums	61,561	97,813	64,368	33,445
	<u>704,460</u>	<u>842,131</u>	<u>710,748</u>	<u>131,383</u>
Other				
Airport	44,000	34,000	31,420	2,580
Economic development	106,018	106,018	87,400	18,618
Miscellaneous	37,306	37,306	36,626	680
	<u>187,324</u>	<u>177,324</u>	<u>155,446</u>	<u>21,878</u>
Debt service				
Principal	74,003	73,254	73,254	-
Interest	101,193	47,403	47,402	1
Total	<u>175,196</u>	<u>120,657</u>	<u>120,656</u>	<u>1</u>
Total expenditures	<u>\$ 6,226,476</u>	<u>\$ 6,497,770</u>	<u>\$ 6,176,362</u>	<u>\$ 321,408</u>

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SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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DEBT SERVICE FUNDS

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

The *Capital Improvement 2012 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.

CITY OF SOUTH HAVEN

**NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET**

JUNE 30, 2014

	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>
Assets							
Cash and pooled investments	\$ 121,479	\$ 53,405	\$ 760,911	\$ 80,397	\$ 70,349	\$ 9,282	\$ 37,752
Accounts receivable	-	-	5,669	3,828	2,296	-	-
Accrued interest	-	-	-	-	-	-	-
Prepaid items	2,332	1,968	236	-	2,576	-	-
Due from other governments	55,502	16,105	-	-	-	-	-
Total assets	<u>\$ 179,313</u>	<u>\$ 71,478</u>	<u>\$ 766,816</u>	<u>\$ 84,225</u>	<u>\$ 75,221</u>	<u>\$ 9,282</u>	<u>\$ 37,752</u>
Liabilities and fund balances							
Liabilities							
Accounts payable	\$ 1,610	\$ -	\$ 32,402	\$ 61,492	\$ 16	\$ -	\$ -
Accrued liabilities	1,496	909	1,721	-	2,899	-	-
Due to other governments	-	-	-	-	-	7,926	-
Total liabilities	<u>3,106</u>	<u>909</u>	<u>34,123</u>	<u>61,492</u>	<u>2,915</u>	<u>7,926</u>	<u>-</u>
Deferred inflows of resources							
Unavailable receivables	-	-	5,346	3,829	2,298	-	-
Fund balances (deficit)							
Non-spendable							
Prepaid items	2,332	1,968	236	-	2,576	-	-
Permanent fund corpus	-	-	-	-	-	-	-
Restricted							
Streets	173,875	68,601	727,111	-	-	-	-
Public Safety	-	-	-	-	67,432	1,356	-
Permanent fund spendable portion	-	-	-	-	-	-	-
Committed							
Assigned	-	-	-	18,904	-	-	37,752
Total fund balances	<u>176,207</u>	<u>70,569</u>	<u>727,347</u>	<u>18,904</u>	<u>70,008</u>	<u>1,356</u>	<u>37,752</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 179,313</u>	<u>\$ 71,478</u>	<u>\$ 766,816</u>	<u>\$ 84,225</u>	<u>\$ 75,221</u>	<u>\$ 9,282</u>	<u>\$ 37,752</u>

	Debt Service				Capital Projects			Permanent		Total
	River Maintenance	Building Authority #2	Capital Improvement Bonds 2012	Downtown Development Bonds	Capital Improvement Bonds 2007	Cemetery Improvement	Ice Rink and Pavilion	Sewer Rehabilitation	Cemetery Trust	
\$ 57,106	\$ 30,801	\$ 32,295	\$ 376	\$ 1,309	\$ 279,842	\$ 7,501	\$ -	\$ 278,108	\$ 1,820,913	
-	-	-	-	-	-	-	-	-	11,793	
-	-	-	-	-	1,307	-	-	379	1,686	
-	-	-	-	-	-	-	-	-	7,112	
-	-	-	-	-	-	-	-	-	71,607	
<u>\$ 57,106</u>	<u>\$ 30,801</u>	<u>\$ 32,295</u>	<u>\$ 376</u>	<u>\$ 1,309</u>	<u>\$ 281,149</u>	<u>\$ 7,501</u>	<u>\$ -</u>	<u>\$ 278,487</u>	<u>\$ 1,913,111</u>	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 95,520	
-	-	-	-	-	-	-	-	-	7,025	
-	-	-	-	-	-	-	-	-	7,926	
-	-	-	-	-	-	-	-	-	110,471	
-	-	-	-	-	-	-	-	-	11,473	
-	-	-	-	-	-	-	-	-	7,112	
-	-	-	-	-	-	-	-	132,245	132,245	
-	-	-	-	-	-	-	-	-	969,587	
-	-	-	-	-	-	-	-	-	68,788	
-	-	-	-	-	-	-	-	146,242	146,242	
<u>57,106</u>	<u>30,801</u>	<u>32,295</u>	<u>376</u>	<u>1,309</u>	<u>281,149</u>	<u>7,501</u>	<u>-</u>	<u>-</u>	<u>467,193</u>	
<u>57,106</u>	<u>30,801</u>	<u>32,295</u>	<u>376</u>	<u>1,309</u>	<u>281,149</u>	<u>7,501</u>	<u>-</u>	<u>278,487</u>	<u>1,791,167</u>	
<u>\$ 57,106</u>	<u>\$ 30,801</u>	<u>\$ 32,295</u>	<u>\$ 376</u>	<u>\$ 1,309</u>	<u>\$ 281,149</u>	<u>\$ 7,501</u>	<u>\$ -</u>	<u>\$ 278,487</u>	<u>\$ 1,913,111</u>	

CITY OF SOUTH HAVEN
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2014

	Special Revenue						
	Major Streets	Local Streets	Streets Improvement	Garbage and Refuse	Narcotics Unit	Police Training	Community Development Block Grant
Revenues							
Taxes	\$ -	\$ -	\$ 495,837	\$ 376,690	\$ 213,209	\$ -	\$ -
Intergovernmental revenues							
State	349,847	111,479	-	-	-	3,731	-
Local	-	-	352,417	-	-	-	-
Investment earnings	-	160	6,793	-	-	-	-
Miscellaneous	503	-	697	486	297	-	24,999
Total revenues	<u>350,350</u>	<u>111,639</u>	<u>855,744</u>	<u>377,176</u>	<u>213,506</u>	<u>3,731</u>	<u>24,999</u>
Expenditures							
Current							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	213,184	3,481	-
Public works	216,916	178,904	959,059	-	-	-	-
Health and welfare	-	-	-	377,439	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Debt service							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Total expenditures	<u>216,916</u>	<u>178,904</u>	<u>959,059</u>	<u>377,439</u>	<u>213,184</u>	<u>3,481</u>	<u>-</u>
Revenues over (under) expenditures	<u>133,434</u>	<u>(67,265)</u>	<u>(103,315)</u>	<u>(263)</u>	<u>322</u>	<u>250</u>	<u>24,999</u>
Other financing sources (uses)							
Transfers in	-	71,416	125,000	-	-	-	-
Transfers out	(71,416)	-	(10,600)	-	-	-	-
Total other financing sources (uses)	<u>(71,416)</u>	<u>71,416</u>	<u>114,400</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	62,018	4,151	11,085	(263)	322	250	24,999
Fund balances (deficit), beginning of year	<u>114,189</u>	<u>66,418</u>	<u>716,262</u>	<u>19,167</u>	<u>69,686</u>	<u>1,106</u>	<u>12,753</u>
Fund balances, end of year	<u>\$ 176,207</u>	<u>\$ 70,569</u>	<u>\$ 727,347</u>	<u>\$ 18,904</u>	<u>\$ 70,008</u>	<u>\$ 1,356</u>	<u>\$ 37,752</u>

	Debt Service				Capital Projects			Permanent	Total	
	River Maintenance	Building Authority #2	Capital Improvement Bonds 2012	Downtown Development Bonds	Capital Improvement Bonds 2007	Cemetery Improvement	Ice Rink and Pavilion	Sewer Rehabilitation		Cemetery Trust
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,085,736
	-	-	-	-	-	-	-	-	-	465,057
	-	-	-	-	-	-	-	-	-	352,417
	1,726	-	-	-	-	7,446	-	-	1,490	17,615
	10,000	92,076	146,438	377,360	111,524	8,369	45,000	-	-	817,749
	11,726	92,076	146,438	377,360	111,524	15,815	45,000	-	1,490	2,738,574
	-	510	-	-	-	-	-	-	-	510
	-	-	-	-	-	-	-	-	-	216,665
	-	-	-	-	-	-	-	-	-	1,354,879
	7,006	-	-	-	-	-	-	-	-	384,445
	-	-	-	-	-	-	40,155	-	-	40,155
	-	210,000	250,000	345,000	65,000	-	-	-	-	870,000
	-	52,575	96,399	32,398	46,531	-	-	-	-	227,903
	7,006	263,085	346,399	377,398	111,531	-	40,155	-	-	3,094,557
	4,720	(171,009)	(199,961)	(38)	(7)	15,815	4,845	-	1,490	(355,983)
	26,880	171,049	200,000	-	-	-	-	61,956	18,440	674,741
	-	-	-	-	-	-	-	-	-	(82,016)
	26,880	171,049	200,000	-	-	-	-	61,956	18,440	592,725
	31,600	40	39	(38)	(7)	15,815	4,845	61,956	19,930	236,742
	25,506	30,761	32,256	414	1,316	265,334	2,656	(61,956)	258,557	1,554,425
\$	57,106	\$ 30,801	\$ 32,295	\$ 376	\$ 1,309	\$ 281,149	\$ 7,501	\$ -	\$ 278,487	\$ 1,791,167

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, 2014

	Budget Amounts		Actual Amount	Variance Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental revenues				
State	\$ 315,666	\$ 315,666	\$ 349,847	\$ 34,181
Investment earnings	500	500	-	(500)
Miscellaneous	<u>300</u>	<u>300</u>	<u>503</u>	<u>203</u>
Total revenues	316,466	316,466	350,350	33,884
Expenditures				
Current				
Public works	<u>265,991</u>	<u>306,310</u>	<u>216,916</u>	<u>89,394</u>
Revenues over (under) expenditures	50,475	10,156	133,434	123,278
Other financing sources				
Transfers out	<u>(68,416)</u>	<u>(71,416)</u>	<u>(71,416)</u>	<u>-</u>
Net changes in fund balance	(17,941)	(61,260)	62,018	123,278
Fund balance, beginning of year	<u>114,189</u>	<u>114,189</u>	<u>114,189</u>	<u>-</u>
Fund balance, end of year	<u>\$ 96,248</u>	<u>\$ 52,929</u>	<u>\$ 176,207</u>	<u>\$ 123,278</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, 2014

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental revenues				
State	\$ 104,650	\$ 104,650	\$ 111,479	\$ 6,829
Investment earnings	200	200	160	(40)
Miscellaneous	300	300	-	(300)
Total revenues	105,150	105,150	111,639	6,489
Expenditures				
Current				
Public works	200,548	223,196	178,904	44,292
Revenues over (under) expenditures	(95,398)	(118,046)	(67,265)	50,781
Other financing source (uses)				
Transfers in	68,416	71,416	71,416	-
Net changes in fund balance	(26,982)	(46,630)	4,151	50,781
Fund balance, beginning of year	66,418	66,418	66,418	-
Fund balance, end of year	<u>\$ 39,436</u>	<u>\$ 19,788</u>	<u>\$ 70,569</u>	<u>\$ 50,781</u>

CITY OF SOUTH HAVEN

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

FOR THE YEAR ENDED JUNE 30, 2014

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 497,273	\$ 497,273	\$ 495,837	\$ (1,436)
Intergovernmental revenues				
Local	363,200	363,200	352,417	(10,783)
Investment earnings	5,000	5,000	6,793	1,793
Miscellaneous	-	-	697	697
Total revenues	<u>865,473</u>	<u>865,473</u>	<u>855,744</u>	<u>(9,729)</u>
Expenditures				
Current				
Public works	<u>1,020,391</u>	<u>1,026,391</u>	<u>959,059</u>	<u>67,332</u>
Revenues over (under) expenditures	<u>(154,918)</u>	<u>(160,918)</u>	<u>(103,315)</u>	<u>57,603</u>
Other financing source (uses)				
Transfers in	125,000	125,000	125,000	-
Transfers out	<u>(10,600)</u>	<u>(10,600)</u>	<u>(10,600)</u>	<u>-</u>
Total other financing sources (uses)	<u>114,400</u>	<u>114,400</u>	<u>114,400</u>	<u>-</u>
Net changes in fund balance	(40,518)	(46,518)	11,085	57,603
Fund balance, beginning of year	<u>716,262</u>	<u>716,262</u>	<u>716,262</u>	<u>-</u>
Fund balance, end of year	<u>\$ 675,744</u>	<u>\$ 669,744</u>	<u>\$ 727,347</u>	<u>\$ 57,603</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, 2014

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 383,659	\$ 383,659	\$ 376,690	\$ (6,969)
Miscellaneous	-	-	486	486
Total Revenues	383,659	383,659	377,176	(6,483)
Expenditures				
Current				
Health and welfare	380,000	380,000	377,439	2,561
Net changes in fund balance	3,659	3,659	(263)	(3,922)
Fund balance, beginning of year	19,167	19,167	19,167	-
Fund balance, end of year	<u>\$ 22,826</u>	<u>\$ 22,826</u>	<u>\$ 18,904</u>	<u>\$ (3,922)</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, 2014

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 213,824	\$ 213,824	\$ 213,209	\$ (615)
Miscellaneous	-	-	297	297
Total revenues	213,824	213,824	213,506	(318)
Expenditures				
Current				
Public safety	217,103	217,103	213,184	3,919
Net changes in fund balance	(3,279)	(3,279)	322	3,601
Fund balance, beginning of year	69,686	69,686	69,686	-
Fund balance, end of year	\$ 66,407	\$ 66,407	\$ 70,008	\$ 3,601

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, 2014

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental revenues				
State	\$ 4,500	\$ 3,500	\$ 3,731	\$ 231
Total Revenues	4,500	3,500	3,731	231
Expenditures				
Current				
Public safety	4,500	3,500	3,481	19
Net changes in fund balance	-	-	250	250
Fund balance, beginning of year	1,106	1,106	1,106	-
Fund balance, end of year	\$ 1,106	\$ 1,106	\$ 1,356	\$ 250

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, 2014

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Miscellaneous	\$ -	\$ -	\$ 24,999	\$ 24,999
Expenditures				
Current				
General government	-	-	-	-
Net changes in fund balance	-	-	24,999	24,999
Fund balance, beginning of year	<u>12,753</u>	<u>12,753</u>	<u>12,753</u>	<u>-</u>
Fund balance, end of year	<u>\$ 12,753</u>	<u>\$ 12,753</u>	<u>\$ 37,752</u>	<u>\$ 24,999</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, 2014

	Budget Amounts		Actual Amount	Variance Positive (Negative)
	Original	Final		
Revenues				
Investment earnings	\$ -	\$ -	\$ 1,726	\$ 1,726
Miscellaneous	10,000	10,000	10,000	-
Total Revenues	10,000	10,000	11,726	1,726
Expenditures				
Current				
Health and welfare	10,500	55,500	7,006	48,494
Revenues over (under) expenditures	(500)	(45,500)	4,720	50,220
Other financing source (uses)				
Transfers in	26,880	26,880	26,880	-
Net changes in fund balance	26,380	(18,620)	31,600	50,220
Fund balance, beginning of year	25,506	25,506	25,506	-
Fund balance, end of year	<u>\$ 51,886</u>	<u>\$ 6,886</u>	<u>\$ 57,106</u>	<u>\$ 50,220</u>

CITY OF SOUTH HAVEN

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

FOR THE YEAR ENDED JUNE 30, 2014

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Miscellaneous	\$ 92,076	\$ 92,076	\$ 92,076	\$ -
Expenditures				
Current				
General government	550	550	510	40
Debt service				
Principal	210,000	210,000	210,000	-
Interest	52,575	52,575	52,575	-
Total expenditures	<u>263,125</u>	<u>263,125</u>	<u>263,085</u>	<u>40</u>
Revenues over (under) expenditures	(171,049)	(171,049)	(171,009)	40
Other financing source (uses)				
Transfers in	<u>171,049</u>	<u>171,049</u>	<u>171,049</u>	<u>-</u>
Net changes in fund balance	-	-	40	40
Fund balance, beginning of year	<u>30,761</u>	<u>30,761</u>	<u>30,761</u>	<u>-</u>
Fund balance, end of year	<u>\$ 30,761</u>	<u>\$ 30,761</u>	<u>\$ 30,801</u>	<u>\$ 40</u>

CITY OF SOUTH HAVEN

**CAPITAL IMPROVEMENT BONDS 2012 DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL**

FOR THE YEAR ENDED JUNE 30, 2014

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Miscellaneous	\$ 146,438	\$ 146,438	\$ 146,438	\$ -
Expenditures				
Debt service				
Principal	250,000	250,000	250,000	-
Interest	96,438	96,438	96,399	39
Total expenditures	<u>346,438</u>	<u>346,438</u>	<u>346,399</u>	<u>39</u>
Revenues over (under) expenditures	<u>(200,000)</u>	<u>(200,000)</u>	<u>(199,961)</u>	<u>39</u>
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	-	-	39	39
Fund balance, beginning of year	<u>32,256</u>	<u>32,256</u>	<u>32,256</u>	<u>-</u>
Fund balance, end of year	<u>\$ 32,256</u>	<u>\$ 32,256</u>	<u>\$ 32,295</u>	<u>\$ 39</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, 2014

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Miscellaneous	\$ 377,635	\$ 377,635	\$ 377,360	\$ (275)
Expenditures				
Debt service				
Principal	345,000	345,000	345,000	-
Interest	<u>32,635</u>	<u>32,635</u>	<u>32,398</u>	<u>237</u>
Total expenditures	<u>377,635</u>	<u>377,635</u>	<u>377,398</u>	<u>237</u>
Net changes in fund balance	-	-	(38)	(38)
Fund balance, beginning of year	<u>414</u>	<u>414</u>	<u>414</u>	<u>-</u>
Fund balance, end of year	<u>\$ 414</u>	<u>\$ 414</u>	<u>\$ 376</u>	<u>\$ (38)</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, 2014

	Budget Amounts		Actual Amount	Variance Positive (Negative)
	Original	Final		
Revenues				
Miscellaneous	\$ 111,573	\$ 111,573	\$ 111,524	\$ (49)
Expenditures				
Debt service				
Principal	65,000	65,000	65,000	-
Interest	46,573	46,573	46,531	42
Total expenditures	<u>111,573</u>	<u>111,573</u>	<u>111,531</u>	<u>42</u>
Net changes in fund balance	-	-	(7)	(7)
Fund balance, beginning of year	<u>1,316</u>	<u>1,316</u>	<u>1,316</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,316</u>	<u>\$ 1,316</u>	<u>\$ 1,309</u>	<u>\$ (7)</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 POSITION

JUNE 30, 2014

Assets	Beach Fund	Black River Park	Marina Fund	Total
Current assets				
Cash and pooled investments	\$ 174,055	\$ 196,881	\$ 325,656	\$ 696,592
Accounts receivable	-	45	9,290	9,335
Accrued interest receivable	-	-	161	161
Due from other funds	-	6,100	-	6,100
Due from other governments	-	-	62,548	62,548
Prepaid items	15,511	2,695	1,925	20,131
Total current assets	<u>189,566</u>	<u>205,721</u>	<u>399,580</u>	<u>794,867</u>
Non-current assets				
Capital assets				
Land	-	2,333	3,003	5,336
Buildings and equipment	-	85,258	1,683,306	1,768,564
Infrastructure	-	935,467	1,950,803	2,886,270
Less accumulated depreciator	-	(606,205)	(1,375,597)	(1,981,802)
Total non-current assets	<u>-</u>	<u>416,853</u>	<u>2,261,515</u>	<u>2,678,368</u>
Total assets	<u>189,566</u>	<u>622,574</u>	<u>2,661,095</u>	<u>3,473,235</u>
Liabilities				
Current liabilities				
Accounts payable	1,033	854	35,549	37,436
Accrued liabilities	4,060	1,423	18	5,501
Due to other funds	6,100	-	-	6,100
Unearned revenue	-	49,881	234,498	284,379
Total current liabilities	<u>11,193</u>	<u>52,158</u>	<u>270,065</u>	<u>333,416</u>
Long-term liabilities				
Accrued compensated absences	132	-	-	132
Total liabilities	<u>11,325</u>	<u>52,158</u>	<u>270,065</u>	<u>333,548</u>
Net position				
Net investment in capital assets	-	416,853	2,261,515	2,678,368
Unrestricted	178,241	153,563	129,515	461,319
Total net position	<u>\$ 178,241</u>	<u>\$ 570,416</u>	<u>\$ 2,391,030</u>	<u>\$ 3,139,687</u>

CITY OF SOUTH HAVEN

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

FOR THE YEAR ENDED JUNE 30, 2014

	Beach Fund	Black River Park	Marina Fund	Total
Operating revenue				
Charges for services	\$ 262,660	\$ -	\$ 1,394	\$ 264,054
Dock rental	-	148,057	546,723	694,780
Other	-	440	55,211	55,651
	<u>262,660</u>	<u>148,497</u>	<u>603,328</u>	<u>1,014,485</u>
Total operating revenue				
Operating expense				
Operating costs and expenses	199,219	143,440	509,060	851,719
Depreciation	-	49,720	125,551	175,271
	<u>199,219</u>	<u>193,160</u>	<u>634,611</u>	<u>1,026,990</u>
Total operating expense				
Operating income (loss)	63,441	(44,663)	(31,283)	(12,505)
Non-operating revenue (expense)				
Investment earnings	179	148	(5,996)	(5,669)
	<u>63,620</u>	<u>(44,515)</u>	<u>(37,279)</u>	<u>(18,174)</u>
Income (loss) before transfers				
Transfers				
Property tax equivalent payments	(4,695)	(7,250)	(26,350)	(38,295)
Transfers out	-	(5,800)	(21,080)	(26,880)
	<u>(4,695)</u>	<u>(13,050)</u>	<u>(47,430)</u>	<u>(65,175)</u>
Total transfers				
Changes in net position	58,925	(57,565)	(84,709)	(83,349)
Net position, beginning of year	<u>119,316</u>	<u>627,981</u>	<u>2,475,739</u>	<u>3,223,036</u>
Net position, end of year	<u>\$ 178,241</u>	<u>\$ 570,416</u>	<u>\$ 2,391,030</u>	<u>\$ 3,139,687</u>

CITY OF SOUTH HAVEN
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Beach Fund</u>	<u>Black River Park</u>	<u>Marina Fund</u>	<u>Total</u>
Cash flows from operating activities				
Receipts from customers and users	\$ 262,660	\$ 156,660	\$ 837,123	\$ 1,256,443
Payments to employees	(85,662)	(38,895)	(97,334)	(221,891)
Payments to suppliers	(132,948)	(114,841)	(680,619)	(928,408)
Net cash provided by (used in) operating activities	<u>44,050</u>	<u>2,924</u>	<u>59,170</u>	<u>106,144</u>
Cash flows from non-capital financing activities				
Due to other funds	6,100	-	-	6,100
Due from other funds	-	(6,100)	75,356	69,256
Property tax equivalents	(4,695)	(7,250)	(26,350)	(38,295)
Transfers out	-	(5,800)	(21,080)	(26,880)
Net cash provided by (used in) non-capital financing activities	<u>1,405</u>	<u>(19,150)</u>	<u>27,926</u>	<u>10,181</u>
Cash flows from capital and related financing activities				
Acquisitions of capital assets	-	-	(7,454)	(7,454)
Cash flows from investing activities				
Interest income	179	148	(6,157)	(5,830)
Net increase (decrease) in cash and pooled investments	45,634	(16,078)	73,485	103,041
Cash and pooled investments, beginning of year	<u>128,421</u>	<u>212,959</u>	<u>252,171</u>	<u>593,551</u>
Cash and pooled investments, end of year	<u>\$ 174,055</u>	<u>\$ 196,881</u>	<u>\$ 325,656</u>	<u>\$ 696,592</u>
Cash flows from operating activities				
Operating income (loss)	\$ 63,441	\$ (44,663)	\$ (31,283)	\$ (12,505)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation	-	49,720	125,551	175,271
Change in operating assets and liabilities which provided (used) cash				
Accounts receivable	-	(45)	219,330	219,285
Prepaid expenses	(15,511)	(2,695)	(1,925)	(20,131)
Accounts payable	(4,619)	(7,336)	(266,918)	(278,873)
Accrued liabilities	607	(265)	(50)	292
Compensated absences	132	-	-	132
Unearned revenue	-	8,208	14,465	22,673
Net cash provided by (used in) operating activities	<u>\$ 44,050</u>	<u>\$ 2,924</u>	<u>\$ 59,170</u>	<u>\$ 106,144</u>

CITY OF SOUTH HAVEN

INTERNAL SERVICE FUNDS COMBINING STATEMENT OF NET POSITION

JUNE 30, 2014

Assets	Motor Pool	Information Services	Self Insurance	Total
Current assets				
Cash and pooled investments	\$ 1,253,018	\$ 76,908	\$ 758,583	\$ 2,088,509
Accrued interest receivable	2,707	-	3,893	6,600
Prepaid items	<u>2,133</u>	<u>10,143</u>	<u>-</u>	<u>12,276</u>
Total current assets	<u>1,257,858</u>	<u>87,051</u>	<u>762,476</u>	<u>2,107,385</u>
Non-current assets				
Capital assets				
Buildings and equipment	547,588	247,223	-	794,811
Vehicles	2,779,463	-	-	2,779,463
Less accumulated depreciation	<u>(2,033,059)</u>	<u>(167,103)</u>	<u>-</u>	<u>(2,200,162)</u>
Total non-current assets	<u>1,293,992</u>	<u>80,120</u>	<u>-</u>	<u>1,374,112</u>
Total assets	<u>2,551,850</u>	<u>167,171</u>	<u>762,476</u>	<u>3,481,497</u>
Liabilities				
Current liabilities				
Accounts payable	25,802	16,847	-	42,649
Accrued liabilities	1,923	1,203	-	3,126
Due to other funds	<u>29,000</u>	<u>-</u>	<u>-</u>	<u>29,000</u>
Total current liabilities	56,725	18,050	-	74,775
Long-term liabilities				
Compensated absences	<u>5,658</u>	<u>9,664</u>	<u>-</u>	<u>15,322</u>
Total liabilities	<u>62,383</u>	<u>27,714</u>	<u>-</u>	<u>90,097</u>
Net position				
Net investment in capital assets	1,293,992	80,120	-	1,374,112
Unrestricted	<u>1,195,475</u>	<u>59,337</u>	<u>762,476</u>	<u>2,017,288</u>
Total net position	<u>\$ 2,489,467</u>	<u>\$ 139,457</u>	<u>\$ 762,476</u>	<u>\$ 3,391,400</u>

CITY OF SOUTH HAVEN

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

FOR THE YEAR ENDED JUNE 30, 2014

	<u>Motor Pool</u>	<u>Information Services</u>	<u>Self Insurance</u>	<u>Total</u>
Operating revenue				
Charges for services	\$ 705,943	\$ 231,050	\$ 71,236	\$ 1,008,229
Other	<u>41,126</u>	<u>65</u>	<u>-</u>	<u>41,191</u>
Total operating revenue	<u>747,069</u>	<u>231,115</u>	<u>71,236</u>	<u>1,049,420</u>
Operating expense				
Operating costs and expenses	330,875	210,206	53,860	594,941
Depreciation	<u>304,499</u>	<u>40,557</u>	<u>-</u>	<u>345,056</u>
Total operating expense	<u>635,374</u>	<u>250,763</u>	<u>53,860</u>	<u>939,997</u>
Operating income (loss)	<u>111,695</u>	<u>(19,648)</u>	<u>17,376</u>	<u>109,423</u>
Non-operating revenue (expense)				
Gain on sale of capital assets	25,728	-	-	25,728
Interest income	<u>19,619</u>	<u>1</u>	<u>14,597</u>	<u>34,217</u>
Total non-operating revenue (expense)	<u>45,347</u>	<u>1</u>	<u>14,597</u>	<u>59,945</u>
Income (loss) before transfers	157,042	(19,647)	31,973	169,368
Transfers				
Transfers in	<u>18,000</u>	<u>50,000</u>	<u>-</u>	<u>68,000</u>
Changes in net position	175,042	30,353	31,973	237,368
Net position, beginning of year	<u>2,314,425</u>	<u>109,104</u>	<u>730,503</u>	<u>3,154,032</u>
Net position, end of year	<u>\$ 2,489,467</u>	<u>\$ 139,457</u>	<u>\$ 762,476</u>	<u>\$ 3,391,400</u>

CITY OF SOUTH HAVEN
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Motor Pool</u>	<u>Information Services</u>	<u>Self Insurance</u>	<u>Total</u>
Cash flows from operating activities				
Receipts from internal services provided	\$ 747,069	\$ 231,115	\$ 71,236	\$ 1,049,420
Payments to employees	(126,647)	(71,826)	-	(198,473)
Payments to suppliers	(211,752)	(138,163)	(87,210)	(437,125)
Net cash provided by (used in) operating activities	<u>408,670</u>	<u>21,126</u>	<u>(15,974)</u>	<u>413,822</u>
Cash flows from non-capital financing activities				
Due to and due from other funds	29,000	-	-	29,000
Transfers in	18,000	50,000	-	68,000
Net cash provided by (used in) non-capital financing activities	<u>47,000</u>	<u>50,000</u>	<u>-</u>	<u>97,000</u>
Cash flows from capital and related financing activities				
Proceeds from sale of capital assets	25,728	-	-	25,728
Acquisitions of capital assets	(198,860)	(45,201)	-	(244,061)
Net cash provided by (used in) capital and related financing activities	<u>(173,132)</u>	<u>(45,201)</u>	<u>-</u>	<u>(218,333)</u>
Cash flows from investing activities				
Interest income	19,619	1	14,595	34,215
Net increase (decrease) in cash and pooled investments	302,157	25,926	(1,379)	326,704
Cash and pooled investments, beginning of year	<u>950,861</u>	<u>50,982</u>	<u>759,962</u>	<u>1,761,805</u>
Cash and pooled investments, end of year	<u>\$ 1,253,018</u>	<u>\$ 76,908</u>	<u>\$ 758,583</u>	<u>\$ 2,088,509</u>
Cash flows from operating activities				
Operating income (loss)	\$ 111,695	\$ (19,648)	\$ 17,376	\$ 109,423
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation	304,499	40,557	-	345,056
Change in operating assets and liabilities which provided (used) cash				
Prepaid expenses	(2,133)	(10,143)	-	(12,276)
Accounts payable	4,970	9,447	(33,350)	(18,933)
Accrued liabilities	193	221	-	414
Compensated absences	(10,554)	692	-	(9,862)
Net cash provided by (used in) operating activities	<u>\$ 408,670</u>	<u>\$ 21,126</u>	<u>\$ (15,974)</u>	<u>\$ 413,822</u>

CITY OF SOUTH HAVEN

AGENCY FUNDS COMBINING STATEMENT OF ASSETS AND LIABILITIES

JUNE 30, 2014

	<u>Payroll tax Collection</u>	<u>Current tax Fund</u>	<u>Trust and Agency</u>	<u>Total</u>
Assets				
Cash and pooled investments	\$ <u>117,106</u>	\$ <u>20,697</u>	\$ <u>81,061</u>	\$ <u>218,864</u>
Liabilities				
Accounts payable	\$ 57,209	\$ -	\$ 449	\$ 57,658
Deposits	-	-	80,612	80,612
Due to other governmental units	<u>59,897</u>	<u>20,697</u>	<u>-</u>	<u>80,594</u>
Total liabilities	<u>\$ 117,106</u>	<u>\$ 20,697</u>	<u>\$ 81,061</u>	<u>\$ 218,864</u>

CITY OF SOUTH HAVEN
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2014</u>
<u>Payroll Tax Collection Fund</u>				
Assets				
Cash and pooled investments	\$ 78,329	\$ 11,551,281	\$ 11,512,504	\$ 117,106
Prepaid items	-	74,433	74,433	-
Total assets	\$ 78,329	\$ 11,625,714	\$ 11,586,937	\$ 117,106
Liabilities				
Accounts payable	\$ 63,254	\$ 1,902,396	\$ 1,908,441	\$ 57,209
Due to other governmental units	15,075	1,312,077	1,267,255	59,897
Total liabilities	\$ 78,329	\$ 3,214,473	\$ 3,175,696	\$ 117,106
<u>Current Tax Collection Fund</u>				
Assets				
Cash and pooled investments	\$ 6,865	\$ 27,080,547	\$ 27,066,715	\$ 20,697
Taxes receivable	-	89,792	89,792	-
Total assets	\$ 6,865	\$ 27,170,339	\$ 27,156,507	\$ 20,697
Liabilities				
Accounts payable	\$ -	\$ 24,264,944	\$ 24,264,944	\$ -
Due to other governmental units	-	27,036,408	27,015,711	20,697
Total liabilities	\$ -	\$ 51,301,352	\$ 51,280,655	\$ 20,697
<u>Trust and Agency Fund</u>				
Assets				
Cash and pooled investments	\$ 102,138	\$ 70,912	\$ 91,989	\$ 81,061
Liabilities				
Accounts payable	\$ 739	\$ 78,274	\$ 78,564	\$ 449
Deposits	101,399	61,202	81,989	80,612
Total liabilities	\$ 102,138	\$ 139,476	\$ 160,553	\$ 81,061
<u>Total - All Agency Funds</u>				
Assets				
Cash and pooled investments	\$ 187,332	\$ 38,702,740	\$ 38,671,208	\$ 218,864
Taxes receivable	-	89,792	89,792	-
Prepaid items	-	74,433	74,433	-
Total assets	\$ 187,332	\$ 38,866,965	\$ 38,835,433	\$ 218,864
Liabilities				
Accounts payable	\$ 63,993	\$ 26,245,614	\$ 26,251,949	\$ 57,658
Deposits	101,399	61,202	81,989	80,612
Due to other governmental units	15,075	28,348,485	28,282,966	80,594
Total liabilities	\$ 180,467	\$ 54,655,301	\$ 54,616,904	\$ 218,864

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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 POSITION**

JUNE 30, 2014

	Governmental Fund Type		<u>Totals</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
	<u>General Fund</u>	<u>Debt Service Fund</u>			
Assets					
Cash and pooled investments	\$ 608,621	\$ 15,598	\$ 624,219	\$ -	\$ 624,219
Accounts receivable	18,421	-	18,421	-	18,421
Special assessment receivable	12,460	-	12,460	-	12,460
Prepaid items	958	-	958	-	958
Due from other governments	41,002	-	41,002	-	41,002
Total assets	<u>\$ 681,462</u>	<u>\$ 15,598</u>	<u>\$ 697,060</u>	<u>\$ -</u>	<u>697,060</u>
Liabilities and fund balances					
Liabilities					
Accounts payable	\$ 125,503	\$ -	\$ 125,503	\$ -	125,503
Accrued liabilities	1,636	-	1,636	24,284	25,920
Noncurrent liabilities					
Due within one year	-	-	-	110,000	110,000
Due in more than one year	-	-	-	2,685,000	2,685,000
Total liabilities	127,139	-	127,139	2,819,284	2,946,423
Deferred inflows of resources					
Unavailable receivables	12,460	-	12,460	(12,460)	-
Fund balances					
Unassigned	541,863	15,598	557,461	(557,461)	
Total liabilities and fund balances	<u>\$ 681,462</u>	<u>\$ 15,598</u>	<u>\$ 697,060</u>		
Net position					
Unrestricted (deficit)				<u>\$ (2,261,823)</u>	<u>\$ (2,249,363)</u>

CITY OF SOUTH HAVEN

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

FOR THE YEAR ENDED JUNE 30, 2014

	General Fund	Debt Service Fund	Totals	Adjustments	Statement of Activities
Revenues					
Taxes	\$ 1,510,460	\$ -	\$ 1,510,460	\$ -	\$ 1,510,460
Intergovernmental revenues					
Federal	778,126	-	778,126	-	778,126
Local	4,515	-	4,515	-	4,515
Investment earnings	603	-	603	-	603
Miscellaneous	<u>20,126</u>	<u>-</u>	<u>20,126</u>	<u>(959)</u>	<u>19,167</u>
Total revenues	2,313,830	-	2,313,830	(959)	2,312,871
Expenditures/expenses					
Current					
Community development	4,494,095	500	4,494,595	-	4,494,595
Debt Service					
Principal	-	155,000	155,000	(155,000)	-
Interest	<u>-</u>	<u>56,902</u>	<u>56,902</u>	<u>24,284</u>	<u>81,186</u>
Total expenditures/expenses	4,494,095	212,402	4,706,497	(130,716)	4,575,781
Revenues over (under) expenditures/expenses	<u>(2,180,265)</u>	<u>(212,402)</u>	<u>(2,392,667)</u>	<u>131,675</u>	<u>(2,262,910)</u>
Other financing sources (uses)					
Bond issue	2,950,000	-	2,950,000	(2,950,000)	-
Transfers in	-	228,000	228,000	-	228,000
Transfers out	<u>(228,000)</u>	<u>-</u>	<u>(228,000)</u>	<u>-</u>	<u>(228,000)</u>
Total other financing sources (uses)	<u>2,722,000</u>	<u>228,000</u>	<u>2,950,000</u>	<u>(2,950,000)</u>	<u>-</u>
Net changes in fund balances	541,735	15,598	557,333	(557,333)	
Change in net position					(2,262,910)
Fund balances/net position, beginning of year	<u>128</u>	<u>-</u>	<u>128</u>		<u>13,547</u>
Fund balances/net position, end of year	\$ 541,863	\$ 15,598	\$ 557,461		\$ (2,249,363)

CITY OF SOUTH HAVEN

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

JUNE 30, 2014

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
Assets			
Cash and pooled investments	\$ 696,643	\$ -	\$ 696,643
Accounts receivable	1,640	-	1,640
Prepaid items	39	-	39
Capital assets not being depreciated	-	1,344,537	1,344,537
Total assets	\$ 698,322	1,344,537	2,042,859
Liabilities and fund balances			
Liabilities			
Accrued liabilities	\$ 326	-	326
Fund balances			
Unassigned	697,996	(697,996)	
Total liabilities and fund balances	\$ 698,322		
Net position			
Investment in capital assets		1,344,537	1,344,537
Unrestricted		697,996	697,996
Total net position		\$ 2,042,533	\$ 2,042,533

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, 2014

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Revenues			
Taxes	\$ 224,180	\$ -	\$ 224,180
Investment earnings	11,634	-	11,634
Miscellaneous	<u>2,650</u>	<u>-</u>	<u>2,650</u>
Total revenues	238,464	-	238,464
Expenditures/expenses			
Current			
Community development	<u>202,309</u>	<u>-</u>	<u>202,309</u>
Net changes in fund balances	36,155	(36,155)	
Change in net position			36,155
Fund balances/net position, beginning of year	<u>661,841</u>		<u>2,006,378</u>
Fund balances/net position, end of year	<u>\$ 697,996</u>		<u>\$ 2,042,533</u>

CITY OF SOUTH HAVEN

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

JUNE 30, 2014

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
Assets			
Cash and pooled investments	\$ 192,790	\$ -	\$ 192,790
Accounts receivable	123	-	123
Prepaid items	43	-	43
Capital assets not being depreciated	-	55,373	55,373
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 192,956</u>	<u>55,373</u>	<u>248,329</u>
Liabilities and fund balances			
Liabilities			
Accrued liabilities	359	-	359
Fund balances			
Unassigned	<u>192,597</u>	<u>(192,597)</u>	
Total liabilities and fund balances	<u>\$ 192,956</u>		
Net position			
Investment in capital assets		55,373	55,373
Unrestricted		<u>192,597</u>	<u>192,597</u>
Total net position		<u>\$ 247,970</u>	<u>\$ 247,970</u>

CITY OF SOUTH HAVEN

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

FOR THE YEAR ENDED JUNE 30, 2014

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Revenues			
Taxes	\$ 38,305	\$ -	\$ 38,305
Investment earnings	<u>(1,109)</u>	<u>-</u>	<u>(1,109)</u>
Total revenues	37,196	-	37,196
Expenditures/expenses			
Current			
Community development	<u>28,219</u>	<u>-</u>	<u>28,219</u>
Net changes in fund balances	8,977	(8,977)	
Change in net position		8,977	8,977
Fund balances/net position, beginning of year	<u>183,620</u>		<u>238,993</u>
Fund balances/net position, end of year	<u>\$ 192,597</u>		<u>\$ 247,970</u>

CITY OF SOUTH HAVEN

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

JUNE 30, 2014

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
Assets			
Cash and pooled investments	\$ 553,922	\$ -	\$ 553,922
Accounts receivable	1,073	-	1,073
Prepaid items	50	-	50
Total assets	\$ 555,045	-	555,045
 Liabilities and fund balances			
Liabilities			
Accrued liabilities	403	-	403
Noncurrent liabilities			
Due within one year	-	27,208	27,208
Due in more than one year	-	20,409	20,409
Total liabilities	403	47,617	48,020
 Fund balances			
Unassigned	554,642	(554,642)	
Total liabilities and fund balances	\$ 555,045		
 Net position			
Unrestricted		\$ 507,025	\$ 507,025

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, 2014

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Revenues			
Taxes	\$ 52,014	\$ -	\$ 52,014
Investment earnings	<u>7,873</u>	<u>-</u>	<u>7,873</u>
Total revenues	<u>59,887</u>	<u>-</u>	<u>59,887</u>
Expenditures/expenses			
Current			
Community development	18,516	-	18,516
Debt Service			
Principal	<u>27,208</u>	<u>(27,208)</u>	<u>-</u>
Total expenditures/expenses	<u>45,724</u>	<u>(27,208)</u>	<u>18,516</u>
Net changes in fund balances	14,163	(14,163)	
Change in net position		41,371	41,371
Fund balances/net position, beginning of year	<u>540,479</u>		<u>465,654</u>
Fund balances/net position, end of year	<u>\$ 554,642</u>		<u>\$ 507,025</u>

CITY OF SOUTH HAVEN

BROWNFIELD REDEVELOPMENT AUTHORITY BALANCE SHEET/STATEMENT OF NET POSITION

JUNE 30, 2014

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
Assets			
Cash and pooled investments	\$ 1,226,705	\$ -	\$ 1,226,705
Accounts receivable	<u>3,258</u>	<u>-</u>	<u>3,258</u>
Total assets	<u>\$ 1,229,963</u>	<u>-</u>	<u>1,229,963</u>
Liabilities and fund balances			
Liabilities			
Accounts payable	\$ -	-	-
Fund balances			
Unassigned	<u>1,229,963</u>	<u>(1,229,963)</u>	
Total liabilities and fund balances	<u>\$ 1,229,963</u>		
Net position			
Unrestricted		<u>\$ 1,229,963</u>	<u>\$ 1,229,963</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, 2014

	General Fund	Adjustments	Statement of Activities
Revenues			
Taxes	\$ 132,057	\$ -	\$ 132,057
Investment earnings	<u>15,492</u>	<u>-</u>	<u>15,492</u>
Total revenues	147,549	-	147,549
Expenditures/expenses			
Current			
Community development	<u>102,768</u>	<u>-</u>	<u>102,768</u>
Net changes in fund balances	44,781	(44,781)	
Change in net position		44,781	44,781
Fund balances/net position, beginning of year	<u>1,185,182</u>		<u>1,185,182</u>
Fund balances/net position, end of year	<u>\$ 1,229,963</u>		<u>\$ 1,229,963</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/position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	FISCAL YEAR									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities										
Invested in capital assets, net of related debt	\$ 2,225,731	\$ 3,061,058	\$ 5,557,726	\$ 7,554,458	\$ 9,135,065	\$ 9,703,248	\$ 10,611,224	\$ 15,647,774	\$ 17,412,301	\$ 21,224,073
Restricted	849,964	1,826,780	1,733,705	1,160,293	2,290,539	2,778,475	3,262,642	2,283,023	2,128,105	2,406,191
Unrestricted	2,406,064	2,550,877	2,420,909	2,653,944	2,176,541	3,180,915	4,526,595	4,681,550	3,636,447	4,061,775
Total governmental activities net assets/position	\$ 5,481,759	\$ 7,438,715	\$ 9,712,340	\$ 11,368,695	\$ 13,602,145	\$ 15,662,638	\$ 18,400,461	\$ 22,612,347	\$ 23,176,853	\$ 27,692,039
Business-type activities										
Invested in capital assets, net of related debt	\$ 17,402,624	\$ 17,899,141	\$ 20,870,409	\$ 19,580,754	\$ 21,345,979	\$ 22,521,811	\$ 22,316,600	\$ 23,319,324	\$ 24,354,482	\$ 24,620,440
Restricted	294,997	770,311	231,900	265,024	257,475	180,006	60,420	60,581	60,662	60,682
Unrestricted	10,244,115	9,537,704	7,998,419	9,585,949	8,671,544	8,380,310	9,156,523	9,439,401	10,560,276	11,075,182
Total business-type activities net assets/position	\$ 27,941,736	\$ 28,207,156	\$ 29,100,728	\$ 29,431,727	\$ 30,274,998	\$ 31,082,127	\$ 31,533,543	\$ 32,819,306	\$ 34,975,420	\$ 35,756,304
Primary government										
Invested in capital assets, net of related debt	\$ 19,628,355	\$ 20,960,199	\$ 26,428,135	\$ 27,135,212	\$ 30,481,044	\$ 32,225,059	\$ 32,927,824	\$ 38,967,098	\$ 41,766,783	\$ 45,844,513
Restricted	1,144,961	2,597,091	1,965,605	1,425,317	2,548,014	2,958,481	3,323,062	2,343,604	2,188,767	2,466,873
Unrestricted	12,650,179	12,088,581	10,419,328	12,239,893	10,848,085	11,561,225	13,683,118	14,120,951	14,196,723	15,136,957
Total primary government net assets/position	\$ 33,423,495	\$ 35,645,871	\$ 38,813,068	\$ 40,800,422	\$ 43,877,143	\$ 46,744,765	\$ 49,934,004	\$ 55,431,653	\$ 58,152,273	\$ 63,448,343

Note: No discretely presented component units shown

Source: City of South Haven

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

	FISCAL YEAR									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses										
Governmental activities:										
General government	\$ 1,228,829	\$ 1,239,832	\$ 1,379,519	\$ 954,567	\$ 1,277,691	\$ 1,334,355	\$ 1,396,786	\$ 1,502,856	\$ 1,188,802	\$ 1,431,227
Public safety	2,953,261	2,689,126	2,844,831	2,894,663	2,948,164	3,046,626	2,888,621	3,080,980	3,533,105	3,016,078
Public works	1,318,248	1,247,813	1,903,245	2,035,880	1,896,910	1,668,514	1,163,015	1,892,189	3,156,639	2,248,269
Health and welfare	581,107	578,735	572,440	727,626	536,700	516,136	540,524	548,765	653,208	575,670
Culture and recreation	573,844	550,392	530,509	577,925	511,308	585,626	532,774	1,836,804	659,561	1,195,228
Interest on long-term debt	478,856	541,799	537,006	538,351	481,688	457,497	435,801	381,319	282,455	281,793
Total governmental activities expenses	7,134,145	6,847,697	7,767,550	7,729,012	7,652,461	7,608,754	6,957,521	9,242,913	9,473,770	8,748,265
Business-type activities:										
Electric utility	8,856,995	9,608,078	10,217,612	12,020,477	11,412,606	11,102,046	11,843,458	12,203,391	12,006,141	12,869,416
Water utility	1,482,354	1,653,571	1,467,184	1,635,390	2,151,847	2,694,258	3,594,655	2,799,935	3,052,861	3,100,257
Sewer utility	1,390,204	1,571,794	1,458,392	1,614,760	1,720,004	1,643,790	1,556,146	1,841,287	2,256,227	1,984,473
Other enterprise funds	783,930	851,490	747,573	823,411	806,259	802,951	875,450	809,407	1,410,994	1,026,990
Total business-type activities expenses	12,513,483	13,684,933	13,890,761	16,094,038	16,090,716	16,243,045	17,869,709	17,654,020	18,726,223	18,981,136
Total primary government expenses	\$ 19,647,628	\$ 20,532,630	\$ 21,658,311	\$ 23,823,050	\$ 23,743,177	\$ 23,851,799	\$ 24,827,230	\$ 26,896,933	\$ 28,199,993	\$ 27,729,401
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 980,656	\$ 760,207	\$ 1,097,733	\$ 1,016,589	\$ 1,049,352	\$ 1,031,187	\$ 795,917	\$ 784,511	\$ 920,587	\$ 768,948
Public safety	9,456	77,525	428,623	314,410	268,802	234,066	247,118	193,080	220,545	161,212
Public works	675,411	713,064	477,805	449,264	437,097	416,206	495,520	412,452	444,257	468,782
Health and welfare			51,612	37,409	65,580	46,367	15,940	11,185	(12,646)	44,030
Culture and recreation	289,263	257,021								
Operating grants and contributions	220,636	668,310	1,359,329	914,256	894,614	943,745	1,232,842	1,106,004	1,053,416	1,049,373
Capital grants and contributions	11,743	8,095	580,822	318,022	591,426	472,044	347,925	4,239,328	966,538	4,027,043
Total governmental activities program revenues	2,187,165	2,484,222	3,995,924	3,049,950	3,306,871	3,143,615	3,135,262	6,746,560	3,592,697	6,519,388
Business-type activities:										
Charges for services:										
Electric utility	9,204,854	9,541,512	11,079,025	12,052,914	12,645,848	12,377,286	13,440,017	13,669,768	14,220,815	13,829,447
Water utility	1,059,948	1,186,093	1,465,982	1,554,130	2,122,777	2,767,339	2,791,085	3,028,651	3,513,421	3,735,119
Sewer utility	1,524,636	1,587,779	1,822,157	1,960,927	2,013,399	2,039,436	2,059,100	2,178,371	2,110,085	2,336,043
Other	779,277	814,882	831,220	873,433	895,859	838,664	788,308	874,781	827,012	961,566
Operating grants and contributions	7,500	22,500	9,495				7,440	7,541	519,573	61,325
Capital grants and contributions	15,190	292,334	580,961			120,318	318,226	418,741	1,154,425	413,666
Total business-type activities program revenues	12,591,405	13,445,100	15,788,840	16,441,404	17,677,883	18,143,043	19,404,176	20,177,853	22,345,331	21,337,166
Total primary government program revenues	\$ 14,778,570	\$ 15,929,322	\$ 19,784,764	\$ 19,491,354	\$ 20,984,754	\$ 21,286,658	\$ 22,539,438	\$ 26,924,413	\$ 25,938,028	\$ 27,856,554
Net(Expenses)/Revenues										
Governmental activities	\$ (4,946,980)	\$ (4,363,475)	\$ (3,771,626)	\$ (4,679,062)	\$ (4,345,590)	\$ (4,465,139)	\$ (3,822,259)	\$ (2,496,353)	\$ (5,881,073)	\$ (2,228,877)
Business-type activities	77,922	(239,833)	1,898,079	347,366	1,587,167	1,899,998	1,534,467	2,523,833	3,619,108	2,356,030
Total primary government net expense	\$ (4,869,058)	\$ (4,603,308)	\$ (1,873,547)	\$ (4,331,696)	\$ (2,758,423)	\$ (2,565,141)	\$ (2,287,792)	\$ 27,480	\$ (2,261,965)	\$ 127,153
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Property taxes	\$ 4,446,071	\$ 4,417,615	\$ 3,942,969	\$ 4,266,604	\$ 4,581,654	\$ 4,599,158	\$ 4,472,704	\$ 4,685,488	\$ 4,568,215	\$ 4,710,480
State revenues - unrestricted	500,862	497,039	492,291	490,871	470,121	419,990	421,319	388,161	400,248	400,065
Interest earnings	128,300	180,013	180,814	175,827	113,406	93,929	115,210	80,308	(124,924)	112,215
Other grants and contributions not restricted to specific programs		30,153	24,757	41,020	59,229	67,173	207,126	207,699	240,350	214,572
Transfers - internal activities	503,775	659,850	1,404,420	1,361,095	1,354,636	1,345,382	517,424	1,346,582	1,361,690	1,480,163
Total governmental activities	\$ 5,579,008	\$ 5,784,670	\$ 6,045,251	\$ 6,335,417	\$ 6,579,046	\$ 6,525,632	\$ 5,733,783	\$ 6,708,238	\$ 6,445,579	\$ 6,917,495
Business-type activities:										
Interest earnings	255,407	375,020	399,913	376,651	221,209	252,513	260,672	108,512	(101,304)	66,751
Other grants and contributions not restricted to specific programs	1,059,610	790,083	-	968,077	389,531	-	-	-	-	-
Transfers - internal activities	(503,775)	(659,850)	(1,404,420)	(1,361,095)	(1,354,636)	(1,345,382)	(517,424)	(1,346,582)	(1,361,690)	(1,480,163)
Total business-type activities	811,242	505,253	(1,004,507)	(16,367)	(743,896)	(1,092,869)	(256,752)	(1,238,070)	(1,462,994)	(1,413,412)
Total primary government	\$ 6,390,250	\$ 6,289,923	\$ 5,040,744	\$ 6,319,050	\$ 5,835,150	\$ 5,432,763	\$ 5,477,031	\$ 5,470,168	\$ 4,982,585	\$ 5,504,083
Changes in Net Assets/Position										
Governmental activities	\$ 632,028	\$ 1,421,195	\$ 2,273,625	\$ 1,656,355	\$ 2,233,456	\$ 2,060,493	\$ 1,911,524	\$ 4,211,885	\$ 564,506	\$ 4,688,618
Business-type activities	889,164	265,420	893,572	330,999	843,271	807,129	1,277,715	1,285,763	2,156,114	942,618
Total primary government	\$ 1,521,192	\$ 1,686,615	\$ 3,167,197	\$ 1,987,354	\$ 3,076,727	\$ 2,867,622	\$ 3,189,239	\$ 5,497,648	\$ 2,720,620	\$ 5,631,236

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									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund										
Non-spendable										
Prepaid items	\$ 106,267	\$ 101,847	\$ 62,136	\$ 78,896	\$ 130,952	\$ 72,626	\$ 135,981	\$ 118,115	\$ 153,730	\$ 196,821
Inventory	-	-	-	-	-	-	46,994	72,183	71,602	64,565
Committed										
Capital Projects	-	-	-	-	-	-	250,000	-	-	-
Budget Stabilization	-	-	-	-	-	80,829	161,658	211,658	211,658	161,658
Assigned										
Accrued employee benefits	91,110	95,224	100,313	103,749	107,368	109,457	111,335	112,460	113,008	113,517
Unassigned	1,111,426	1,251,217	1,595,188	1,788,573	1,901,594	2,077,179	2,546,932	2,506,783	2,012,538	2,208,181
Total General Fund	1,308,803	1,448,288	1,757,637	1,971,218	2,139,914	2,340,091	3,252,900	3,021,199	2,562,536	2,744,742
All Other Governmental Funds										
Non-spendable										
Prepaid items	\$ 7,049	\$ 7,415	\$ -	\$ -	\$ -	\$ -	\$ 4,397	\$ 3,887	\$ -	\$ 7,112
Permanent Fund Corpus	132,245	132,245	132,245	132,245	132,245	132,245	132,245	132,245	132,245	132,245
Restricted										
Streets	515,357	349,401	540,198	1,002,843	855,498	1,131,487	1,777,741	1,569,225	896,869	969,587
Public Safety	58,459	50,555	63,217	81,563	105,974	108,648	99,722	56,425	70,792	68,788
Permanent Fund Spendable portion	19,261	40,831	66,141	83,635	97,401	108,374	117,860	121,601	126,312	146,242
Assigned										
Special Revenue Funds	407,341	301,522	198,387	81,029	109,578	157,677	158,620	209,654	57,426	113,762
Debt Service Funds	39,545	52,257	68,831	43,679	47,768	51,257	54,999	58,603	64,747	64,781
Capital Projects Funds	857,571	1,157,126	1,278,039	855,863	1,059,584	1,198,270	1,228,344	646,958	841,670	903,674
Unassigned	(1,211,793)	(1,034,956)	(912,052)	(1,194,309)	(819,295)	(459,258)	(311,286)	(150,555)	(61,956)	-
Total all other governmental funds	825,035	1,056,396	1,435,006	1,086,548	1,588,753	2,428,700	3,262,642	2,648,043	2,128,105	2,406,191
Total governmental funds	\$ 2,133,838	\$ 2,504,684	\$ 3,192,643	\$ 3,057,766	\$ 3,728,667	\$ 4,768,791	\$ 6,515,542	\$ 5,669,242	\$ 4,690,641	\$ 5,150,933

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									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues										
Property taxes	\$ 4,596,361	\$ 4,581,281	\$ 4,119,962	\$ 4,443,016	\$ 4,764,245	\$ 4,796,366	\$ 4,656,114	\$ 4,878,951	\$ 4,795,718	\$ 4,913,188
Special assessments			4,219	18,447	17,484	18,914	20,277	17,491	15,132	2,739
Licenses and permits	200,283	216,121	326,051	222,320	181,368	142,162	147,784	162,533	207,295	205,790
Intergovernmental	948,231	1,269,219	1,179,062	1,208,665	1,219,857	1,213,809	1,566,153	1,602,678	1,532,186	1,955,086
Charges for services	421,837	432,922	463,057	427,964	438,974	448,976	463,864	449,347	487,847	421,190
Fines and forfeits	22,319	30,133	36,835	31,186	38,310	30,237	30,036	28,218	14,302	9,174
Interest and rents	329,479	380,197	225,951	201,515	140,877	112,290	152,340	85,345	(60,267)	96,163
Other	746,631	671,839	1,978,060	1,533,387	1,616,488	1,594,401	1,308,101	1,275,967	1,340,009	1,259,013
Total revenues	7,265,141	7,581,712	8,333,197	8,086,500	8,417,603	8,357,155	8,344,669	8,500,530	8,332,222	8,862,343
Expenditures										
Current										
General government	967,420	1,042,380	1,081,063	1,101,488	1,108,564	1,160,238	1,128,400	1,264,682	1,346,070	1,284,322
Public safety	2,862,693	2,820,671	2,829,173	2,948,953	2,981,580	3,083,758	2,936,835	2,928,165	3,137,388	3,071,726
Public works	942,020	805,676	876,077	866,403	1,047,802	894,749	1,282,780	2,081,592	1,327,160	1,254,823
Health and welfare	536,352	514,077	578,205	752,860	558,314	534,056	537,454	545,761	650,234	572,745
Culture and recreation	341,145	343,212	586,907	482,792	405,453	484,885	538,596	647,547	557,882	646,791
Other	119,780	122,179	139,157	147,038	102,376	106,867	70,732	100,562	632,629	155,446
Debt service										
Principal	450,000	455,000	740,000	1,275,000	660,000	710,212	731,096	747,748	803,003	943,254
Interest and fiscal charges	425,511	461,338	530,549	538,351	481,688	457,497	435,801	391,782	300,755	275,305
Capital outlay (1)	1,590,141	1,256,183	3,121,502	1,461,559	1,705,561	1,149,322	360,777	2,015,574	2,080,698	4,436,802
Total expenditures	8,235,062	7,820,716	10,482,633	9,574,444	9,051,338	8,581,584	8,022,471	10,723,413	10,835,819	12,641,214
Excess of revenues over (under) expenditure:	(969,921)	(239,004)	(2,149,436)	(1,487,944)	(633,735)	(224,429)	322,198	(2,222,883)	(2,503,597)	(3,778,871)
Other Financing Sources (Uses)										
Transfers in	1,819,222	1,021,474	2,422,519	1,518,450	886,820	1,015,861	889,930	1,790,869	1,665,604	685,341
Transfers out	(1,285,447)	(411,624)	(1,741,366)	(908,115)	(345,893)	(472,864)	(372,506)	(1,283,443)	(1,328,107)	(275,456)
Tax equivalent payments	-	-	723,267	742,732	763,709	802,385	826,299	839,156	1,004,193	1,002,278
Issuance of bonds	-	-	1,500,000	-	-	-	-	-	-	2,827,000
Issuance of refunding bonds	-	-	-	-	-	-	-	2,265,000	4,248,213	-
Payment of refunded bonds	-	-	-	-	-	-	-	(2,235,000)	(4,064,907)	-
Total other financing sources (uses)	533,775	609,850	2,904,420	1,353,067	1,304,636	1,345,382	1,343,723	1,376,582	1,524,996	4,239,163
Net change in fund balance	\$ (436,146)	\$ 370,846	\$ 754,984	\$ (134,877)	\$ 670,901	\$ 1,120,953	\$ 1,665,921	\$ (846,301)	\$ (978,601)	\$ 460,292
Debt service as a percentage of noncapital expenditures	13.2%	14.0%	17.3%	22.4%	15.5%	15.7%	15.2%	13.1%	13.3%	12.1%

(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					
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%
2013	2012	150,700	87,121,600	9,836,100	370,315,200	24,752,200	492,175,800	14.8176	984,351,600	50.0%
2014	2013	166,106	75,533,300	10,741,600	365,202,700	25,819,900	477,463,606	14.9176	954,927,212	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 assessed value)

Fiscal Year Ended June 30,	City Direct Rates				Overlapping Rates					Total
	Tax Year	Operating Millage	Service (1) Millage	City Millage	County Millage	School (2) Millage	State Education	College Millage	ISD Millage	
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
2013	2012	10.2860	4.5316	14.8176	7.1721	21.2800	6.0000	1.7854	5.9728	57.0279
2014	2013	10.2860	4.6316	14.9176	7.1721	21.2800	6.0000	1.7854	5.9728	57.1279

- (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 2013			Tax Year 2004		
	Total Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Total Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Albemarle	\$ 9,871,400	1	2.07%			
Wal Mart	5,194,700	2	1.09%	\$ 6,941,800	3	1.76%
Menard Inc.	3,010,200	3	0.63%			
HC Land LLC	2,467,800	4	0.52%			
River Ridge Retirement Village	1,830,300	5	0.38%	1,985,000	8	0.50%
Yale-South Haven	1,673,300	6	0.35%	1,746,900	5	0.44%
CKD Investments	1,483,700	7	0.31%			
Orion Properties Sixteen LLC	1,386,700	8	0.29%			
Shreeji-South Haven Corp	1,154,800	9	0.24%			
Briar Hills Townhouses	638,600	10	0.13%			
American Twisting				1,512,800	10	0.38%
Double J Molding				3,635,200	4	0.92%
Pullman Industries				14,416,500	2	3.65%
Wyckoff, Inc				16,693,200	1	4.23%
CCG Properties - SH LLC				2,033,000	6	0.52%
FRM, INC.				1,934,100	7	0.49%
SHARDA, INC				1,554,700	9	0.39%

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>
2004	2005	\$ 4,354,718	\$ 4,340,127	99.66%	\$ -	\$ 4,340,127	99.66%
2005	2006	4,638,204	4,633,157	99.89%	-	4,633,157	99.89%
2006	2007	4,871,869	4,864,428	99.85%	-	4,864,428	99.85%
2007	2008	5,194,054	5,183,263	99.79%	-	5,183,263	99.79%
2008	2009	5,545,364	5,526,661	99.66%	322	5,526,983	99.67%
2009	2010	5,746,082	5,730,854	99.73%	1,100	5,731,954	99.75%
2010	2011	5,498,055	5,476,876	99.61%	676	5,477,552	99.63%
2011	2012	5,610,570	5,590,099	99.64%	5,270	5,595,369	99.73%
2012	2013	5,671,695	5,655,758	99.72%	12,392	5,668,150	99.94%
2013	2014	5,672,640	5,611,088	98.91%	18,590	5,629,678	99.24%

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					
2005	\$ 12,645,000	\$ 231,000	\$ -	\$ 1,700,000	\$ 200,000	\$ 14,776,000	15.17%	\$ 2,943	\$ 97,387,316	5,021
2006	11,980,000	231,000	-	1,685,000	100,000	13,996,000	14.37%	2,787	97,387,316	5,021
2007	12,740,000	231,000	-	1,665,000	-	14,636,000	15.03%	2,915	97,387,316	5,021
2008	11,465,000	231,000	-	1,645,000	-	13,341,000	13.70%	2,657	97,387,316	5,021
2009	10,805,000	231,000	19,965,000	1,515,000	-	32,516,000	33.39%	6,476	97,387,316	5,021
2010	10,120,000	362,237	19,735,000	825,000	-	31,042,237	31.88%	6,182	97,387,316	5,021
2011	9,410,000	313,933	19,475,000	295,000	-	29,493,933	16.10%	6,699	183,164,800	4,403
2012	8,705,000	198,704	19,155,000	270,000	-	28,328,704	15.47%	6,434	183,164,800	4,403
2013	8,104,000	83,668	18,735,000	245,000	-	27,167,668	14.83%	6,170	183,164,800	4,403
2014	9,999,000	72,414	18,255,000	220,000	-	28,546,414	15.59%	6,483	183,164,800	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

Fiscal Year Ended June 30	Population(1)	SEV Value(3)	General Obligation Debt	Percentage of Estimated Actual Value of Taxable Property (4)	Net Bonded Debt per Capita
2005	5,021	\$ 394,580,600	\$ 12,645,000	3.20%	\$ 2,518
2006	5,021	420,621,184	11,980,000	2.85%	2,386
2007	5,021	450,151,500	12,740,000	2.83%	2,537
2008	5,021	555,283,400	11,465,000	2.06%	2,283
2009	5,021	551,620,900	11,036,000	2.00%	2,198
2010	5,021	559,902,250	10,482,237	1.87%	2,088
2011	4,403	513,622,819	9,723,933	1.89%	2,208
2012	4,403	506,689,300	8,903,704	1.76%	2,022
2013	4,403	492,175,800	8,178,668	1.66%	1,858
2014	4,403	477,463,606	10,071,414	2.11%	2,287

- 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.
 - (4) General obligation debt includes debt pledged to be paid by property tax revenues.

Source: City of South Haven

**Schedule 11
City of South Haven
Debt Statement
As of June 30, 2014**

<u>City Direct Debt</u>	<u>Gross</u>	<u>Self-Supporting</u>	<u>Net Debt</u>	<u>Net Debt (1)</u>	
				<u>Per Capita</u>	<u>% of Taxable Valuation</u>
Building Authority Bonds (LTGO) (3)	\$ 4,719,000	\$ 1,855,000	\$ 2,864,000		
Capital Improvement Bonds (LTGO) (2)	1,100,000	1,100,000	-		
Other General Obligation Bonds and notes	4,252,414	-	4,252,414		
Downtown Development Authority Bonds (LTGO)	3,155,000	360,000	2,795,000		
Total Direct Debt	<u>\$ 13,226,414</u>	<u>\$ 3,315,000</u>	<u>\$ 9,911,414</u>	<u>\$ 2,251</u>	<u>2.63%</u>

<u>City Overlapping (4)</u>	<u>Gross</u>	<u>City Share as % of Gross</u>	<u>Net City Share</u>	<u>Net Debt (1)</u>	
				<u>Per Capita</u>	<u>% of Taxable Valuation</u>
South Haven Public Schools	\$ 22,625,000	50.22%	\$ 11,362,275		
Allegan County at Large	19,071,840	0.08%	15,257		
Van Buren County at Large	3,170,000	12.14%	384,838		
Total Overlapping Debt	<u>\$ 44,866,840</u>		<u>\$ 11,762,370</u>	<u>\$ 2,671</u>	<u>3.12%</u>

Total Direct and Overlapping Debt			<u>\$ 21,673,784</u>	<u>\$ 4,923</u>	<u>5.74%</u>
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(1) Based upon the 2010 US Census population of 4,403 and the 2014 Taxable Value of \$380,282,888

(2) Includes the 2007 Capital Improvement Bonds which are paid by the Downtown Development Authority (DDA) subordinate to the outstanding DDA Bonds listed above.

(3) Represents the \$1,855,000 of 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 and the \$2,864,000 of 2013 Building Authority Bonds supported by tax revenues from The City's General Fund.

(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 2014

State Equalized Value, real and personal property	\$477,463,606
Debt limitation - 10 percent of total valuation	<u>47,746,361</u>
Debt applicable to limit	
Outstanding Debt	31,701,414
Less: Exempt Obligations	<u>292,414</u>
Total net debt applicable to limit	<u>31,409,000</u>
Legal debt margin	<u>\$ 16,337,361</u>

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Debt limit	\$39,458,060	\$42,062,118	\$45,015,150	\$55,528,340	\$55,162,090	\$55,990,225	\$51,362,282	\$50,668,930	\$49,217,580	\$47,746,361
Debt applicable to limit	<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>	<u>28,885,000</u>	<u>31,409,000</u>
Legal debt margin	<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>	<u>\$20,332,580</u>	<u>\$16,337,361</u>
Debt applicable to limit as a percentage of SEV	3.19%	2.84%	2.81%	2.06%	5.51%	5.32%	5.62%	5.43%	5.87%	6.58%

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

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

Electric Utility System Revenue Bonds - Called August 2010							
Fiscal Year Ended 30-Jun	Gross Revenue	Direct Operating Expenses(1)_	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage (2)
				Principal	Interest	Total	
2005	\$9,602,023	\$8,993,967	\$608,056	\$390,000	\$83,979	\$473,979	1.28
2006	10,238,245	9,319,810	918,435	-	64,235	64,235	14.30
2007	11,749,399	10,697,019	1,052,380	-	64,235	64,235	16.38
2008	12,882,401	12,443,729	438,672	-	64,235	64,235	6.83
2009	12,645,848	10,938,302	1,707,546	110,000	61,320	171,320	9.97
2010	12,377,286	10,602,630	1,774,656	670,000	59,377	729,377	2.43
2011	13,440,017	11,338,284	2,101,733	510,000	12,150	522,150	4.03

Water Utility Revenue Bonds							
Fiscal Year Ended 30-Jun	Gross Revenue	Direct Operating Expenses(1)_	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage (2)
				Principal	Interest	Total	
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
2013	3,568,537	1,496,066	2,072,471	25,000	14,063	39,063	53.06
2014	3,794,414	1,558,157	2,236,257	25,000	11,600	36,600	61.10

(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**

Year	Population(1)	Personal Income(2)	Per capita Personal Income(2)	Median Age(2)	Public School Enrollment(3)	Unemployment % Rate(4)	Labor Force(4)
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	183,164,800	41,600	50.20	2,269	11.00%	36,017
2012	4,403	183,164,800	41,600	50.20	2,143	9.70%	36,739
2013	4,403	183,164,800	41,600	50.20	2,223	7.60%	36,447
2014	4,403	183,164,800	41,600	50.20	2,242	7.40%	35,387

(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 2011-2013

(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**

		2014		2005	
Employer	Principal Product/Service	Employees	Rank	Employees	Rank
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	106	9	91	9
Do-It Corporation	Plastic Hang Tabs	70	10	72	10
Pullman Industries	Auto Parts			215	3
Clarion, Inc.	Auto Parts			143	6
DSM Catalytica	Pharmaceuticals			175	5

Source: City of South Haven

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

Function	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
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	1.75	1.75	2.25	2.25	2.25	2.25	2.25
City Clerk	1.00	0.75	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
City Treasurer	2.50	2.50	2.50	2.50	2.50	2.75	2.75	2.75	2.75	2.75
City Assessor	1.25	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Building Services	2.00	2.25	2.00	1.50	1.50	2.00	2.00	2.00	2.00	2.00
Development	1.25	1.25	1.25	1.00	1.00	1.50	1.50	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	30.25	31.00	31.00	31.25	31.25	31.00	30.00	30.00	30.00	30.00
Public Works										
Public Works	9.50	8.75	9.50	10.50	10.50	11.25	11.25	11.25	11.25	11.25
Cemetery	2.00	1.75	2.00	2.25	2.25	2.25	2.25	2.25	2.25	2.25
Parks and Recreation	12.75	12.50	11.75	13.00	13.00	12.00	12.00	12.00	12.00	12.00
Public Utilities	26.50	28.75	32.25	32.50	32.50	33.00	33.00	33.00	32.00	32.00
Total Full-Time Equivalents	98.50	100.00	103.75	106.25	106.25	108.00	107.00	107.00	106.00	106.00

SOURCE: City of South Haven

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

Function	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Government										
Population	5,021	5,021	5,021	5,021	5,021	5,021	4,403	4,403	4,403	4,403
Area - square miles	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5
Building and zoning										
Number of construction permits (Calendar year)	395	325	320	223	58	17	47	18	20	(a)
Value of permits (Calendar year)	12,586,428	19,988,103	18,455,567	7,235,964	16,658,735	2,296,750	1,294,050	1,620,920	2,156,882	(a)
Police (1)										
Number of Criminal Offenses Reported	1,649	2,593	1,521	1,364	1,112	1,148	911	1,035	(a)	(a)
Number of Arrests	768	718	954	801	615	606	437	370	416	(a)
Public Works (2)										
Miles of local streets maintained	21.84	21.84	21.84	21.84	21.84	21.84	21.84	21.84	21.84	21.84
Miles of major streets maintained	14.87	14.87	14.87	14.87	14.87	14.87	14.87	14.87	14.87	14.87
Public Utilities (2)										
Miles of sanitary sewers	37	37	37	37	37	37	37	37	37.5	37.5
Maximum Daily Sewer treatment capacity in gallons	1,660,000	1,660,000	1,660,000	1,660,000	1,660,000	1,660,000	1,660,000	1,660,000	1,660,000	1,660,000
Sewer System Connections	3,665	3,823	3,894	3,969	4,030	4,048	4,052	4,081	4,084	4,102
Miles of storm sewers	23.6	23.6	23.6	26	27	29	30	30	31.3	31.3
Maximum Daily Water treatment capacity in gallons	4,200,000	4,200,000	4,200,000	4,200,000	4,200,000	4,200,000	4,200,000	5,400,000	5,400,000	5,400,000
Miles of water mains	44	44	44	44	44	44	44	44	44.7	44.7
Water towers	3	3	3	3	3	3	3	3	3	3
Water system connections	4,620	4,855	4,982	5,115	5,224	5,250	5,276	5,225	5,266	5,289
Number of fire hydrants	406	406	406	425	425	425	425	425	434	434
Miles of electric lines	115	115	115	121	121	121	121	121	121	121
Number of electric connections	7,675	7,743	7,815	8,040	8,081	8,073	8,100	8,099	8,121	8,174
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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Substations	1	1	0	0	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
Public Works										
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
Parks & Recreation										
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	10	10	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

December 3, 2014

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

We have audited, in accordance with the 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, 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 City of South Haven, Michigan, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise City of South Haven, Michigan's basic financial statements, and have issued our report thereon dated December 3, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of South Haven, Michigan's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of South Haven, Michigan's internal control. Accordingly, we do not express an opinion on the effectiveness of City of South Haven, Michigan's internal control.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that were not identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of South Haven, Michigan's financial statements are free from 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*.

Specializing in services to governmental and nonprofit entities

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

December 3, 2014

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

Report on Compliance for Each Major Federal Program

We have audited City of South Haven, Michigan's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of City of South Haven, Michigan's major federal programs for the year ended June 30, 2014. City of South Haven, Michigan's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of City of South Haven, Michigan's major federal programs based on our audit of the types of compliance requirements referred to above. 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 City of South Haven, Michigan'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 on compliance for each major federal program. However, our audit does not provide a legal determination of City of South Haven, Michigan's compliance.

Opinion on Each Major Federal Program

In our opinion, City of South Haven, Michigan, complied, in all material respects, with the types of compliance 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, 2014.

Report on Internal Control over Compliance

Management of City of South Haven, Michigan, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered City of South Haven, Michigan's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 City of South Haven, Michigan'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 and correct, 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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Wiederhold Haefner LLC

CITY OF SOUTH HAVEN

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2014

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				
Phoenix Street project	14.228	MSC 212010-DIG	\$ 750,000	\$ 750,000
Passed through Michigan Strategic Fund				
Community Development Block Grant				
Façade Grant	14.228	MSC 210045-CDF	28,126	28,126
U.S. Department of Agriculture				
Passed through Rural Development				
Housing & Community Facilities Program Loan				
Public Safety Facility	10.766	26-80-386004594	2,827,000	2,827,000
				\$ 3,605,126

Note 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.

CITY OF SOUTH HAVEN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014

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>
10.766	Housing and Community Facilities

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.