

CITY OF SOUTH HAVEN



VAN BUREN COUNTY
MICHIGAN

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2015



CITY OF SOUTH HAVEN

TABLE OF CONTENTS

| INTRODUCTORY SECTION | <u>PAGE</u> |
|--|-------------|
| Transmittal Letter | i-iv |
| Certificate of Achievement for Excellence in Financial Reporting | v |
| Organizational Chart | vi |
| List of Principal Officials | vii |
| FINANCIAL SECTION | |
| Independent Auditors' Report | 1-2 |
| Management's Discussion and Analysis | 3-12 |
| Basic Financial Statements | |
| Government-wide Financial Statements | |
| Statement of Net Position | 13 |
| Statement of Activities | 14-15 |
| Fund Financial Statements | |
| Balance Sheet - Governmental Funds | 16 |
| Reconciliation of Fund Balances on the Balance Sheet for Governmental Funds to the Net Position of Governmental Activities on the Statement of Net Position | 17 |
| Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds | 18 |
| Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities | 19 |
| Statement of Net Position – Proprietary Funds | 20 |
| Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds | 21 |
| Statement of Cash Flows – Proprietary Funds | 22 |
| Statement of Assets and Liabilities – Agency Funds | 23 |
| Combining Statement of Net Position – Component Units | 24 |
| Combining Statement of Activities – Component Units | 25 |
| Notes to Financial Statements | 27-48 |
| Required Supplementary Information | |
| Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund | 49 |
| Defined Benefit Pension Plan | |
| Schedule of Changes in Employers Net Pension Liability and Other Ratios | 50 |
| Schedule of Employer Contributions | 51 |
| Retiree Health Employee Benefit Plan – Schedules | 52 |
| Notes to Required Supplementary Information | 52 |
| Combining and Individual Fund Statements and Schedules | |
| General Fund | |
| Schedule of Revenues – Budget and Actual | 54 |
| Schedule of Expenditures – Budget and Actual | 55 |

CITY OF SOUTH HAVEN

TABLE OF CONTENTS

| | <u>PAGE</u> |
|---|-------------|
| Nonmajor Governmental Funds | |
| Combining Balance Sheet | 60-61 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances | 62-63 |
| Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Major Streets Fund | 64 |
| Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Local Streets Fund | 65 |
| Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Streets Improvement Fund | 66 |
| Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Garbage and Refuse Fund | 67 |
| Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Narcotics Unit Fund | 68 |
| Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Police Training Fund | 69 |
| Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Community Development Block Grant Fund | 70 |
| Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – River Maintenance Fund | 71 |
| Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Building Authority #2 Debt Service Fund | 72 |
| Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Capital Improvement Bonds 2012 Debt Service Fund | 73 |
| Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Downtown Development Bonds Debt Service Fund | 74 |
| Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Capital Improvement Bonds 2007 Debt Service Fund | 75 |
| Nonmajor Enterprise Funds | |
| Combining Statement of Net Position | 78 |
| Combining Statement of Revenues, Expenses and Changes in Net Position | 79 |
| Combining Statement of Cash Flows | 80 |
| Internal Service Funds | |
| Combining Statement of Net Position | 81 |
| Combining Statement of Revenues, Expenses and Changes in Net Position | 82 |
| Combining Statement of Cash Flows | 83 |
| Fiduciary Funds | |
| Combining Statement of Assets and Liabilities – Agency Funds | 84 |
| Combining Statement of Changes in Assets and Liabilities – Agency Funds | 85 |
| Component Units | |
| Downtown Development Authority | |
| Balance Sheet/Statement of Net Position | 88 |
| Statement of Revenues, Expenditures and Changes in Fund Balance/ Statement of Activities | 89 |
| Local Development Finance Authority #1 | |
| Balance Sheet/Statement of Net Position | 90 |
| Statement of Revenues, Expenditures and Changes in Fund Balance/ Statement of Activities | 91 |

CITY OF SOUTH HAVEN

TABLE OF CONTENTS

| | <u>PAGE</u> |
|---|-------------|
| Local Development Finance Authority #2 | |
| Balance Sheet/Statement of Net Position | 92 |
| Statement of Revenues, Expenditures and Changes in Fund Balance/ Statement of Activities | 93 |
| Local Development Finance Authority #3 | |
| Balance Sheet/Statement of Net Position | 94 |
| Statement of Revenues, Expenditures and Changes in Fund Balance/ Statement of Activities | 95 |
| Brownfield Redevelopment Authority | |
| Balance Sheet/Statement of Net Position | 96 |
| Statement of Revenues, Expenditures and Changes in Fund Balance/ Statement of Activities | 97 |
| STATISTICAL SECTION | |
| Financial Trends | |
| Net Position by Component | 101 |
| Changes in Net Position | 102 |
| Fund Balances of Governmental Funds | 103 |
| Changes in Fund Balances of Governmental Funds | 104 |
| Revenue Capacity | |
| Assessed and Actual Value of Taxable Property | 105 |
| Direct and Overlapping Property Tax Rates | 106 |
| Principal Property Tax Payers | 107 |
| Property Tax Levies and Collections | 108 |
| Debt Capacity | |
| Ratios of Outstanding Debt by Type | 109 |
| Ratios of General Bonded Debt Outstanding | 110 |
| Direct and Overlapping Governmental Activities Debt | 111 |
| Legal Debt Margin Information | 112 |
| Pledged Revenue Coverage | 113 |
| Demographic and Economic Information | |
| Demographic and Economic Statistics | 114 |
| Principal Employers | 115 |
| Operating Information | |
| City Employees by Function/Program | 116 |
| Operating Indicators by Function/Program | 117 |
| Capital Asset Statistics by Function/Program | 118 |
| INTERNAL CONTROL AND COMPLIANCE SECTION | |
| 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 <i>Government Auditing Standards</i> | 119-120 |

INTRODUCTORY SECTION



City of South Haven

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

November 25, 2015

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, 2015.

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, 2015, 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, 2015. 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 \$476,879,200 in tax year 2013 (fiscal year 2014). State Equalized Value for the fiscal year beginning July 1, 2014 (fiscal year 2015) has decreased to \$472,550,700 or 0.91%, while the Taxable Value for the same period increased by .47% from \$383,526,406 to \$385,335,447. The Van Buren County's average unemployment was at 6.3% in 2015, which was higher than the State of Michigan and the National average of 5.1%.

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. The Phase 3 of the Kalamazoo Street reconstruction is in the design and engineering stage for possible construction by 2016. The Dyckman Bridge reconstruction is substantially complete with a few items to address before winter. Phases 3 and 4 of the Core City Secondary Electrical Upgrade, 14th Avenue Electrical, Capacitor Banks Upgrade, Kalamazoo St. Electrical Lovejoy to Aylworth Electrical and Blue Star Conductor improvements are some of the Utility projects to be completed in Fiscal Year 2016.
- Capital Projects – Renovations to the interior of the Department of Public Works (DPW) facility and a DPW building storage addition are in the design and planning stage. A master plan for the Lakeview cemetery has been completed and improvements are expected to begin in Fiscal Year 2016 and continue as funding allows. The City is also planning for future improvements to the South Beach restroom and concession building. There are plans to renovate the South Side Marina building and to extend the dock.
- 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 2017. The City has been seeking grant opportunities to partially fund various projects to Black River Park such as the addition of a canoe & kayak launch, boat launch dock replacement, boat launch restroom renovation, boat launch driveway improvements and a new fish cleaning station. planned for improvements to Dyckman Park, Kids Corner and Tot Lot playground equipment and the Black River Park pedestrian bridge.

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, 2014. This was the fifteenth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully submitted,



Brian Dissette
City Manager



Wendy J. Hochstedler
Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

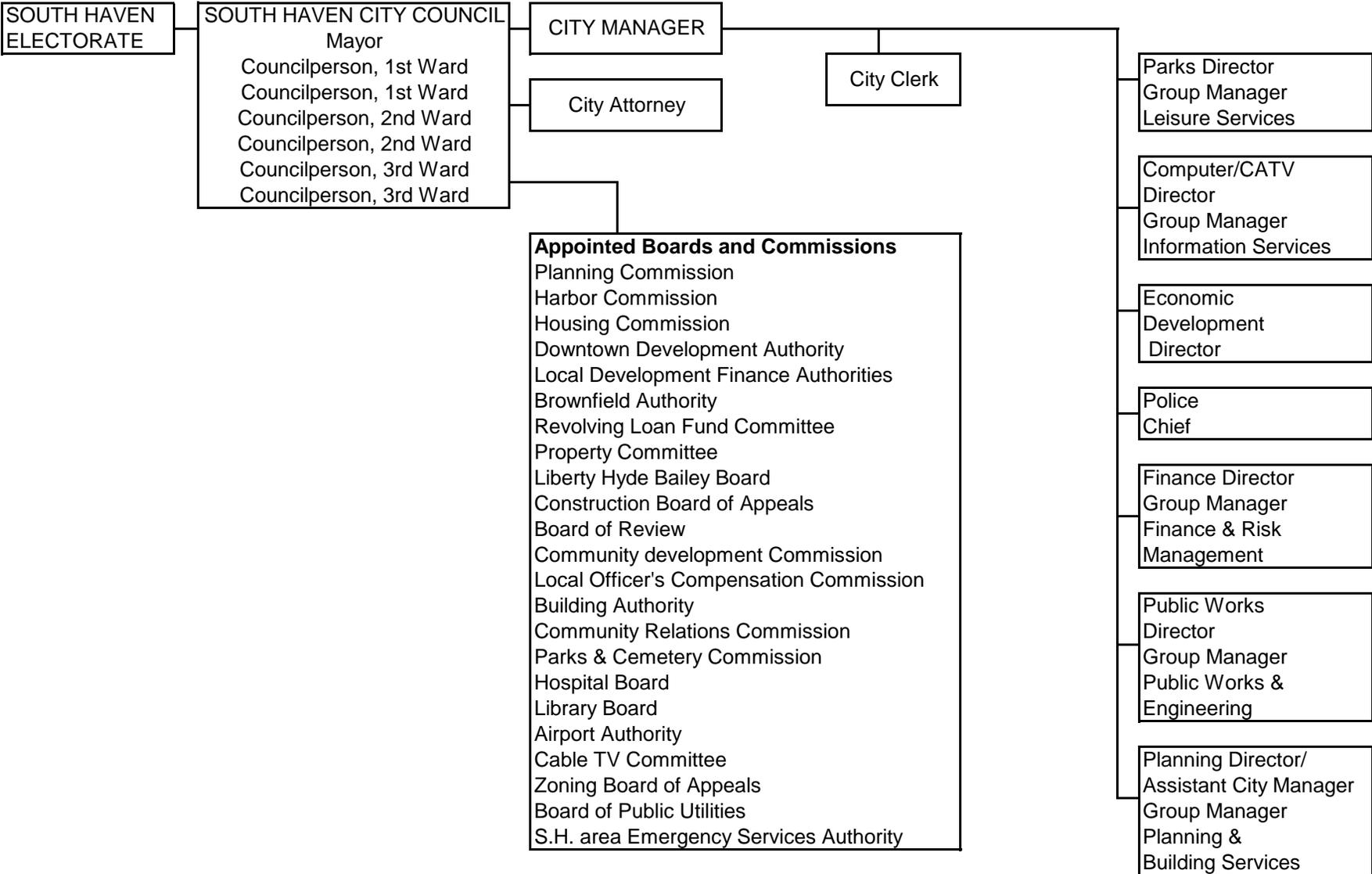
City of South Haven
Michigan

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

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, 2015

City Officials at June 30, 2015

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

(This page left intentionally blank)

FINANCIAL SECTION



Vredeveld Haefner LLC

CPA's and Consultants

4001 Granada Ct.

Grand Rapids, MI 49534

FAX (616) 828-0307

Douglas J. Vredeveld, CPA

(616) 446-7474

Peter S. Haefner, CPA

(616) 460-9388

INDEPENDENT AUDITORS' REPORT

November 25, 2015

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, 2015, 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, 2015, 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 49, and the benefit plan schedules on pages 50 through 52 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 combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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 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 November 25, 2015, 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.

Uredexold 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, 2015. 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 Kentucky Avenue Reconstruction
- Completion of Public Safety Facility funded by a Building Authority Bonds
- Completion of Phase One & Two of Core City Secondary Electric Upgrade
- Completion of Phoenix Road Substation/Transformer Upgrade
- Completion of Veteran's Blvd Underground Electric project
- Completion of Phase One of the Downtown WI FI project
- Completion of Meijer Traffic Signal Upgrade
- Completion of communication systems at the Water Filtration Plant
- Completion of "Code Blue" emergency system installation on North & South Beaches
- Completion of Indiana & Eagle Street Improvements
- Completion of Elkenburg Park Improvements
- Completion of resurfacing on Francis, Lyon, Ravinia, Monroe, and Erie streets
- Completion of resurfacing on Center St., Park Ave, Wells St. and Brockway Ave.
- Completion of Dyckman Avenue Street improvements
- Completion of various sidewalk projects
- Completion of Tot Lot Restroom improvements
- Completion of City Hall customer service area renovation
- Completion of upgrade to City Hall HVAC controls
- Completion of DDA purchase of property for expansion of downtown parking
- Completion of Interior & Exterior building work at Liberty Hyde Bailey Museum
- Substantially completed work on the Dyckman Bridge rehabilitation project
- Substantially completed the Center for the Arts Fire Escape replacement
- Substantially completed building work at Liberty Hyde Bailey Museum
- Continued to move forward on partially grant funded Monroe Boulevard property purchase
- Started design engineering & planning on future phases of Core City Secondary Electric Upgrade
- Started design engineering & planning on Phase Three of Kalamazoo St. improvements
- Started design engineering & planning on various SAW grant related projects
- Started design engineering & planning on Black River Park Canoe/Kayak Launch project
- Started design engineering & planning on Black River Park & DDA parking expansion project
- Started design engineering & planning on Broadway St, Center St. and Michigan Ave.
- Started design engineering & planning on Boat Launch Dock replacement
- Started design engineering & planning on Boat Launch Driveway improvements
- Started design engineering & planning on South side Marina Dock Extension
- Started design engineering & planning on South side Marina Building improvements
- Started work on planning for South Beach Restroom & Concession Stand
- Started work on planning for Water Street Hillside improvements

Overview of the Financial Statements

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

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

The *statement of net 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 which is considered to be major fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City of South Haven adopts an annual appropriated budget for its general, special revenue and debt service funds. Budgetary comparison 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 \$62,291,754 at the close of the most recent fiscal year.

By far the largest portion of the City of South Haven's net position (82.3%) 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 (3.1%) represents resources that are subject to external restrictions on how they may be used. The remaining balance (\$9,123,453) 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 | | | | | |
|--------------------------------------|----------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|----------------------------|
| | Governmental Activities | | Business-type Activities | | Total | |
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Current and other assets | \$ 7,063,767 | \$ 7,935,909 | \$ 10,637,536 | \$ 13,472,781 | \$ 17,701,303 | \$21,408,690 |
| Capital assets | <u>32,673,680</u> | <u>31,364,138</u> | <u>45,389,005</u> | <u>42,754,065</u> | <u>78,062,685</u> | <u>74,118,203</u> |
| Total assets | <u>39,737,447</u> | <u>39,300,047</u> | <u>56,026,541</u> | <u>56,226,846</u> | <u>95,763,988</u> | <u>95,526,893</u> |
| Deferred outflows of resources | <u>292,656</u> | <u>-</u> | <u>166,624</u> | <u>-</u> | <u>459,280</u> | <u>-</u> |
| Long-term liabilities outstanding | 11,930,120 | 10,871,858 | 18,879,816 | 18,351,225 | 30,809,936 | 29,223,083 |
| Other liabilities | <u>719,764</u> | <u>736,150</u> | <u>2,401,814</u> | <u>2,119,317</u> | <u>3,121,578</u> | <u>2,855,467</u> |
| Total liabilities | <u>12,649,884</u> | <u>11,608,008</u> | <u>21,281,630</u> | <u>20,470,542</u> | <u>33,931,514</u> | <u>32,078,550</u> |
| Net position: | | | | | | |
| Net investment in capital assets | 23,422,375 | 21,224,073 | 27,817,114 | 24,620,440 | 51,239,489 | 45,844,513 |
| Restricted | 1,868,089 | 2,406,191 | 60,723 | 60,682 | 1,928,812 | 2,466,873 |
| Unrestricted | <u>2,089,755</u> | <u>4,061,775</u> | <u>7,033,698</u> | <u>11,075,182</u> | <u>9,123,453</u> | <u>15,136,957</u> |
| Total net position | <u>\$ 27,380,219</u> | <u>\$ 27,692,039</u> | <u>\$ 34,911,535</u> | <u>\$ 35,756,304</u> | <u>\$ 62,291,754</u> | <u>\$63,448,343</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 \$1,132,667 during the current fiscal year.

Governmental activities increased the City of South Haven’s net position by \$1,198,571, accounting for 105.8% 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.

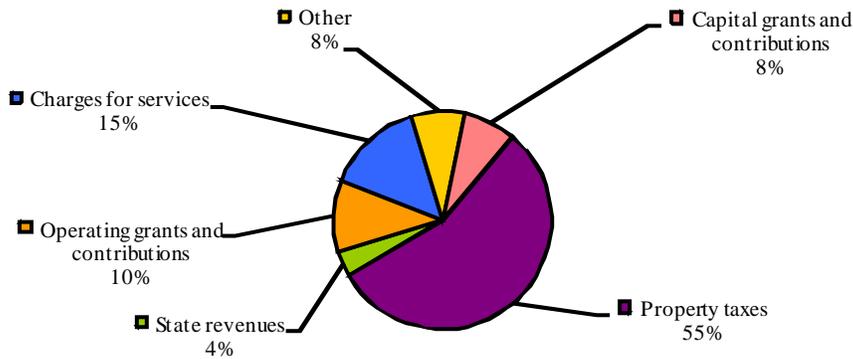
Business-type activities decreased the City of South Haven’s net position by \$65,904, accounting for 5.8% of the total reduction in the net position of the City of South Haven. The key element of this decrease is due to the city electric utility fund, beach fund and marina fund having operating deficits 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 | | | | | |
|--------------------------------------|--|-------------------|-------------------------------------|-------------------|-------------------|-------------------|
| | Governmental Activities | | Business-type Activities | | Total | |
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Revenue: | | | | | | |
| Program revenue | | | | | | |
| Charges for service | \$ 1,541,891 | \$ 1,442,972 | \$20,460,614 | \$ 20,862,175 | \$ 22,002,505 | \$22,305,147 |
| Operating grants and contributions | 1,106,910 | 1,049,373 | 8,935 | 61,325 | 1,115,845 | 1,110,698 |
| Capital grants and contributions | 824,549 | 4,027,043 | 513,575 | 413,666 | 1,338,124 | 4,440,709 |
| General revenue | | | | | | |
| Property taxes | 4,802,099 | 4,710,480 | - | - | 4,802,099 | 4,710,480 |
| State | 419,812 | 400,065 | - | - | 419,812 | 400,065 |
| Other | 363,263 | 326,787 | 305,010 | 66,751 | 668,273 | 393,538 |
| Total revenue | <u>9,058,524</u> | <u>11,956,720</u> | <u>21,288,134</u> | <u>21,403,917</u> | <u>30,346,658</u> | <u>33,360,637</u> |
| Expenses: | | | | | | |
| General government | 1,584,260 | 1,431,227 | - | - | 1,584,260 | 1,431,227 |
| Public safety | 3,226,772 | 3,016,078 | - | - | 3,226,772 | 3,016,078 |
| Public works | 2,997,437 | 2,248,269 | - | - | 2,997,437 | 2,248,269 |
| Health and welfare | 582,800 | 575,670 | - | - | 582,800 | 575,670 |
| Culture and recreation | 699,748 | 1,195,228 | - | - | 699,748 | 1,195,228 |
| Interest on long-term debt | 290,560 | 281,793 | - | - | 290,560 | 281,793 |
| Electric fund | - | - | 13,752,384 | 12,869,416 | 13,752,384 | 12,869,416 |
| Water fund | - | - | 3,191,442 | 3,100,257 | 3,191,442 | 3,100,257 |
| Sewer fund | - | - | 2,003,559 | 1,984,473 | 2,003,559 | 1,984,473 |
| Other enterprise funds | - | - | 885,029 | 1,026,990 | 885,029 | 1,026,990 |
| Total expenses | <u>9,381,577</u> | <u>8,748,265</u> | <u>19,832,414</u> | <u>18,981,136</u> | <u>29,213,991</u> | <u>27,729,401</u> |
| Increase (decrease) before transfers | <u>(323,053)</u> | <u>3,208,455</u> | <u>1,455,720</u> | <u>2,422,781</u> | <u>1,132,667</u> | <u>5,631,236</u> |

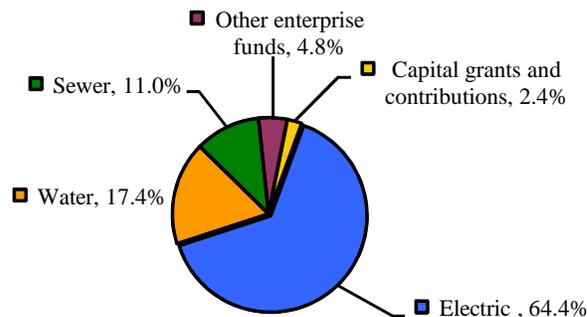
| | | | | | | |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Transfers – | | | | | | |
| Internal activities | 467,098 | 477,885 | (467,098) | (477,885) | - | - |
| Property tax equivalents | <u>1,054,526</u> | <u>1,002,278</u> | <u>(1,054,526)</u> | <u>(1,002,278)</u> | <u>-</u> | <u>-</u> |
| Increase (decrease) in net position | 1,198,571 | 4,688,618 | (65,904) | 942,618 | 1,132,667 | 5,631,236 |
| Net position – beginning of year, as restated | <u>26,181,648</u> | <u>23,003,421</u> | <u>34,977,439</u> | <u>34,813,686</u> | <u>61,159,087</u> | <u>57,817,107</u> |
| Net position – end of year | <u>\$ 27,380,219</u> | <u>\$ 27,692,039</u> | <u>\$ 34,911,535</u> | <u>\$ 35,756,304</u> | <u>\$ 62,291,754</u> | <u>\$ 63,448,343</u> |

Beginning net position of governmental activities for 2015 was reduced by \$1,510,391 and business-type activities was reduced by \$778,865 to recognize a net pension liability at the beginning of the year in accordance with the implementation of GASB Statement Nos. 68 and 71.

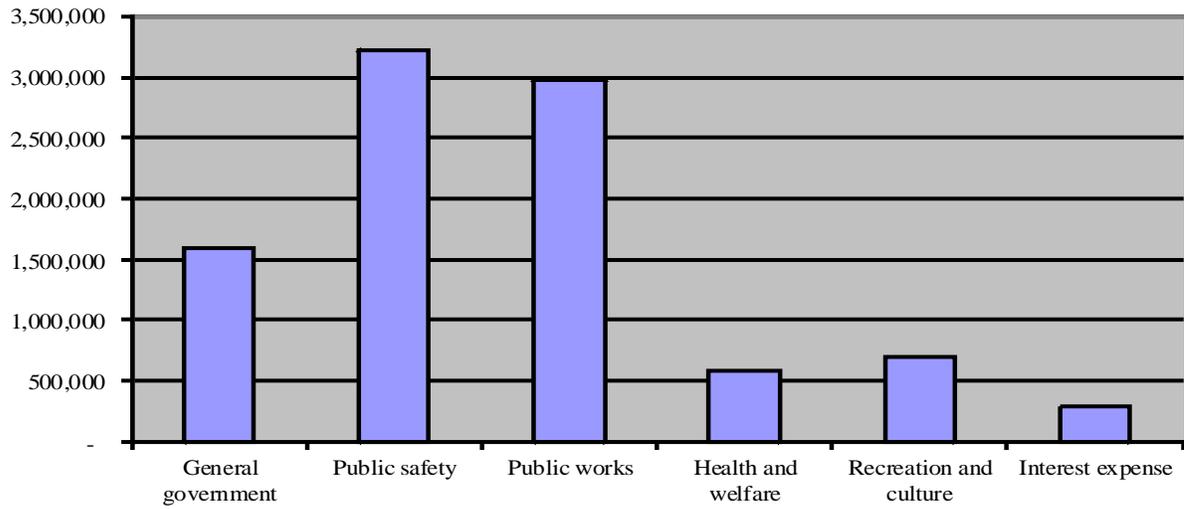
Revenues by Source - Governmental Activities



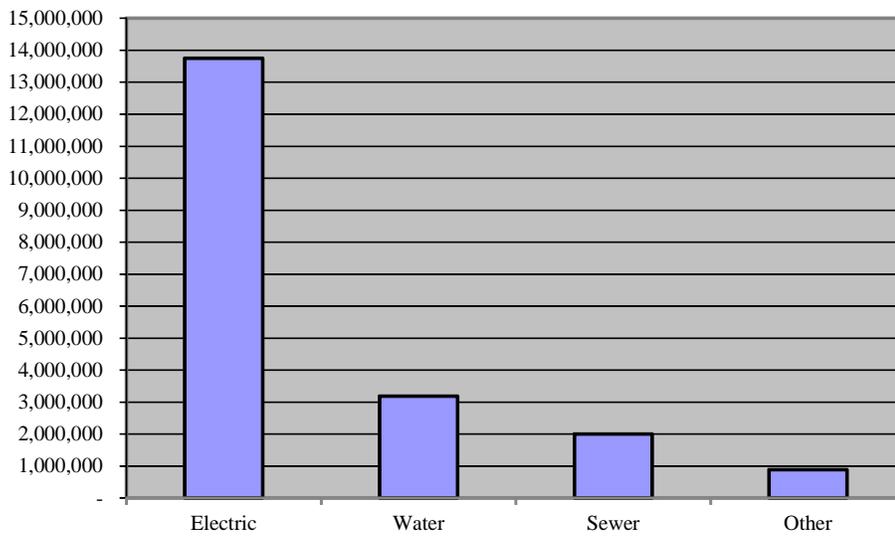
Revenues by Source – Business-type Activities



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 \$4,336,823, a decrease of \$814,110 in comparison to the prior year. The breakdown of the combined fund balances is as follows:

| | | | |
|---------------|------------------|--------------|--|
| Non-spendable | \$ 389,087 | 8.9% | Prepaid Expenditures, Cemetery Trust Corpus, Inventory |
| Restricted | 574,715 | 13.3% | Streets, Public Safety, Cemetery Trust Interest |
| Committed | 211,658 | 4.9% | Budget Stabilization |
| Assigned | 1,260,160 | 29.1% | Special Revenue, Debt Service, Capital Projects |
| Unassigned | <u>1,901,203</u> | <u>43.8%</u> | General Fund Unassigned |
| | 4,336,823 | 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 a decrease in net position of \$65,904 to total \$34,911,535 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>Restricted/ Unrestricted</u> | <u>Total Net Position</u> |
|-----------------------|---|-------------------------------------|---------------------------|
| Electric Utility | \$14,276,732 | \$ 2,555,404 | \$16,832,136 |
| Water Utility | 5,290,343 | 2,483,324 | 7,773,667 |
| Sewer Utility | 5,741,835 | 1,450,994 | 7,192,829 |
| Beach Fund | - | 151,486 | 151,486 |
| Black River Park Fund | 370,633 | 208,385 | 579,018 |
| Marina Fund | <u>2,137,571</u> | <u>244,828</u> | <u>2,382,399</u> |
| | 27,817,114 | 7,094,421 | 34,911,535 |

General Fund Budgetary Highlights

During the fiscal year, revenue and other financing sources projections were increased from \$6,664,008 to \$6,953,377, or \$289,369, while expenditures and other financing uses were increased from \$6,558,788 to \$7,388,021, or \$829,233. 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 \$434,644. Ultimately, there was a General Fund operating deficit of \$276,008.

Capital Asset and Debt Administration

City of South Haven Capital Assets (net of depreciation)

| | Governmental Activities | | Business-type Activities | | Total | |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Land | \$ 643,295 | \$ 643,295 | \$ 23,062 | \$ 23,062 | \$ 666,357 | \$ 666,357 |
| Construction in progress | 1,374,122 | 110,481 | 262,607 | 1,068,199 | 1,636,729 | 1,178,680 |
| Building, equipment and infrastructure, net | <u>30,656,263</u> | <u>30,610,362</u> | <u>45,103,336</u> | <u>41,662,804</u> | <u>75,759,599</u> | <u>72,273,166</u> |
| Total | <u>\$ 32,673,680</u> | <u>\$ 31,364,138</u> | <u>\$ 45,389,005</u> | <u>\$ 42,754,065</u> | <u>\$ 78,062,685</u> | <u>\$ 74,118,203</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 | |
|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| General obligation bonds | \$ 9,187,935 | \$ 10,071,414 | \$ 17,376,891 | \$ 17,913,625 | \$ 26,564,826 | \$ 27,985,039 |
| Revenue bonds | - | - | 195,000 | 220,000 | 195,000 | 220,000 |
| Other debt | <u>831,723</u> | <u>731,793</u> | <u>-</u> | <u>-</u> | <u>831,723</u> | <u>731,793</u> |
| Total | <u>\$ 10,019,658</u> | <u>\$ 10,803,207</u> | <u>\$ 17,571,891</u> | <u>\$ 18,133,625</u> | <u>\$ 27,591,549</u> | <u>\$ 28,936,832</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 January 22, 2015 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 2014-15 the debt limitation for the City of South Haven was \$47,255,070.

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 2016 budget included the assumption of no change to the taxable value of city property and no change in state funding levels. The 2016 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, 2015

| | Primary Government | | | Component Units |
|--|----------------------------|-----------------------------|----------------------|---------------------|
| | Governmental Activities | Business-Type Activities | Total | |
| Assets | | | | |
| Cash and pooled investments | \$ 6,404,205 | \$ 6,668,683 | \$ 13,072,888 | \$ 3,102,089 |
| Accounts receivable | 184,838 | 2,277,486 | 2,462,324 | 24,648 |
| Prepaid items | 234,909 | 237,192 | 472,101 | 2,015 |
| Due from other governments | 193,043 | 23,213 | 216,256 | - |
| Inventory | 34,221 | 933,447 | 967,668 | - |
| Special assessments receivable | 12,551 | 436,792 | 449,343 | 11,502 |
| Restricted cash and pooled investments | - | 60,723 | 60,723 | - |
| Capital assets | | | | |
| Land | 643,295 | 23,062 | 666,357 | 1,399,910 |
| Construction in progress | 1,374,122 | 262,607 | 1,636,729 | - |
| Depreciable capital assets, net | <u>30,656,263</u> | <u>45,103,336</u> | <u>75,759,599</u> | <u>-</u> |
| Total assets | <u>39,737,447</u> | <u>56,026,541</u> | <u>95,763,988</u> | <u>4,540,164</u> |
| Deferred outflows of resources | | | | |
| Deferred outflow for pension plan | <u>292,656</u> | <u>166,624</u> | <u>459,280</u> | <u>5,792</u> |
| Liabilities | | | | |
| Accounts payable | 584,164 | 1,545,131 | 2,129,295 | 15,767 |
| Accrued liabilities | 127,674 | 140,978 | 268,652 | 27,002 |
| Due to other governments | 7,926 | - | 7,926 | - |
| Customer deposits | - | 404,283 | 404,283 | - |
| Unearned revenue | - | 311,422 | 311,422 | - |
| Noncurrent liabilities | | | | |
| Accrued compensated absences | 370,985 | 220,201 | 591,186 | - |
| Other post-employment benefits | 397,368 | - | 397,368 | - |
| Net pension liability | 1,910,462 | 1,087,724 | 2,998,186 | 37,811 |
| Due within one year | 616,799 | 625,000 | 1,241,799 | 130,409 |
| Due in more than one year | <u>8,634,506</u> | <u>16,946,891</u> | <u>25,581,397</u> | <u>2,575,000</u> |
| Total liabilities | <u>12,649,884</u> | <u>21,281,630</u> | <u>33,931,514</u> | <u>2,785,989</u> |
| Net position | | | | |
| Net investment in capital assets | 23,422,375 | 27,817,114 | 51,239,489 | 1,399,910 |
| Restricted for | | | | |
| Debt service | 64,557 | 60,723 | 125,280 | - |
| Streets | 335,223 | - | 335,223 | - |
| Garbage and refuse | 19,766 | - | 19,766 | - |
| Narcotics unit | 84,545 | - | 84,545 | - |
| Other projects | 126,890 | - | 126,890 | - |
| Capital projects | 938,726 | - | 938,726 | - |
| Permanent trust | | | | |
| Cemetery - nonexpendable portion | 132,245 | - | 132,245 | - |
| Cemetery - expendable | 166,137 | - | 166,137 | - |
| Unrestricted | <u>2,089,755</u> | <u>7,033,698</u> | <u>9,123,453</u> | <u>360,057</u> |
| Total net position | <u>\$ 27,380,219</u> | <u>\$ 34,911,535</u> | <u>\$ 62,291,754</u> | <u>\$ 1,759,967</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, 2015

| <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 | \$ 1,584,260 | \$ 761,959 | \$ 95,928 | \$ - | \$ (726,373) |
| Public safety | 3,226,772 | 253,309 | 257,972 | - | (2,715,491) |
| Public works | 2,997,437 | 490,289 | 718,010 | 748,304 | (1,040,834) |
| Health and welfare | 582,800 | 36,334 | - | - | (546,466) |
| Culture and recreation | 699,748 | - | 35,000 | 76,245 | (588,503) |
| Interest on long-term debt | 290,560 | - | - | - | (290,560) |
| Total governmental activities | 9,381,577 | 1,541,891 | 1,106,910 | 824,549 | (5,908,227) |
| Business-type activities | | | | | |
| Electric utility | 13,752,384 | 13,516,657 | - | 90,102 | (145,625) |
| Water utility | 3,191,442 | 3,640,590 | 8,935 | 57,373 | 515,456 |
| Wastewater utility | 2,003,559 | 2,301,757 | - | 366,100 | 664,298 |
| Marina | 528,434 | 572,786 | - | - | 44,352 |
| Parks and beach | 356,595 | 428,824 | - | - | 72,229 |
| Total business-type activities | 19,832,414 | 20,460,614 | 8,935 | 513,575 | 1,150,710 |
| Total primary government | \$ 29,213,991 | \$ 22,002,505 | \$ 1,115,845 | \$ 1,338,124 | \$ (4,757,517) |
| Component units | | | | | |
| Downtown Development Authority | \$ 1,669,841 | \$ - | \$ 46,926 | \$ 1,698 | \$ (1,621,217) |
| Local Development Finance Authority #1 | 139,177 | - | 34,943 | - | (104,234) |
| Local Development Finance Authority #2 | 49,057 | - | 2,435 | - | (46,622) |
| Local Development Finance Authority #3 | 26,073 | - | 369 | - | (25,704) |
| Brownfield Redevelopment Authority | 106,898 | - | - | - | (106,898) |
| Total component units | \$ 1,991,046 | \$ - | \$ 84,673 | \$ 1,698 | \$ (1,904,675) |

(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, 2015

| | <u>Primary Government</u> | | | <u>Component Units</u> |
|---|------------------------------------|-------------------------------------|----------------------|----------------------------|
| | <u>Governmental Activities</u> | <u>Business-type Activities</u> | <u>Total</u> | |
| Changes in net assets | | | | |
| Net (expense) revenue | \$ (5,908,227) | \$ 1,150,710 | \$ (4,757,517) | \$ (1,904,675) |
| General revenues | | | | |
| Property taxes | 4,802,099 | - | 4,802,099 | 1,873,069 |
| State shared revenues | 419,812 | - | 419,812 | - |
| Unrestricted investment earnings | 122,559 | 305,010 | 427,569 | 31,373 |
| Other general revenues | 240,704 | - | 240,704 | - |
| Property tax equivalent payments | 1,054,526 | (1,054,526) | - | - |
| Transfers - internal activities | 467,098 | (467,098) | - | - |
| Total general revenues and transfers | <u>7,106,798</u> | <u>(1,216,614)</u> | <u>5,890,184</u> | <u>1,904,442</u> |
| Change in net position | 1,198,571 | (65,904) | 1,132,667 | (233) |
| Net position, beginning of year, as restated | <u>26,181,648</u> | <u>34,977,439</u> | <u>61,159,087</u> | <u>1,760,200</u> |
| Net position, end of year | <u>\$ 27,380,219</u> | <u>\$ 34,911,535</u> | <u>\$ 62,291,754</u> | <u>\$ 1,759,967</u> |

(Concluded)

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

CITY OF SOUTH HAVEN

GOVERNMENTAL FUNDS BALANCE SHEET

JUNE 30, 2015

| | <u>General</u> | <u>Nonmajor Governmental Funds</u> | <u>Total</u> |
|--|---------------------|--|---------------------|
| Assets | | | |
| Cash and pooled investments | \$ 2,239,609 | \$ 2,121,713 | \$ 4,361,322 |
| Accounts receivable | 153,340 | 15,980 | 169,320 |
| Accrued interest receivable | 6,848 | 1,639 | 8,487 |
| Special assessment receivable | 12,551 | - | 12,551 |
| Prepaid items | 210,432 | 12,189 | 222,621 |
| Due from other governments | 98,869 | 94,174 | 193,043 |
| Inventory | 34,221 | - | 34,221 |
| Total assets | <u>\$ 2,755,870</u> | <u>\$ 2,245,695</u> | <u>\$ 5,001,565</u> |
| Liabilities, deferred inflows of resources, and fund balances | | | |
| Liabilities | | | |
| Accounts payable | \$ 161,384 | \$ 351,798 | \$ 513,182 |
| Accrued liabilities | 80,499 | 7,058 | 87,557 |
| Due to other governments | - | 7,926 | 7,926 |
| Total liabilities | <u>241,883</u> | <u>366,782</u> | <u>608,665</u> |
| Deferred inflows of resources | | | |
| Unavailable receivable | <u>45,253</u> | <u>10,824</u> | <u>56,077</u> |
| Fund balances | | | |
| Non-spendable | | | |
| Prepaid items | 210,432 | 12,189 | 222,621 |
| Permanent fund corpus | - | 132,245 | 132,245 |
| Inventory | 34,221 | - | 34,221 |
| Restricted | | | |
| Streets | - | 326,336 | 326,336 |
| Public safety | - | 82,242 | 82,242 |
| Permanent fund spendable portion | - | 166,137 | 166,137 |
| Committed | | | |
| Budget stabilization | 211,658 | - | 211,658 |
| Assigned | | | |
| Garbage and refuse | - | 19,766 | 19,766 |
| CDBG loans | - | 41,552 | 41,552 |
| River maintenance | - | 84,339 | 84,339 |
| Debt service requirements | - | 64,557 | 64,557 |
| Capital projects | - | 938,726 | 938,726 |
| Accrued employee benefits | 111,220 | - | 111,220 |
| Unassigned | <u>1,901,203</u> | <u>-</u> | <u>1,901,203</u> |
| Total fund balances | <u>2,468,734</u> | <u>1,868,089</u> | <u>4,336,823</u> |
| Total liabilities, deferred inflows, and fund balances | <u>\$ 2,755,870</u> | <u>\$ 2,245,695</u> | <u>\$ 5,001,565</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, 2015

| | |
|---|---------------------|
| Fund balances - total governmental funds | \$ 4,336,823 |
|---|---------------------|

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 | 1,374,122 |
| Add - capital assets (net of accumulated depreciation) | 29,180,702 |

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 | 56,077 |
|--------------------------------------|--------|

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 | 3,449,560 |
|---|-----------|

Certain liabilities are not due and payable in the current period and therefore are not reported in the funds.

| | |
|---|-------------|
| Deduct - compensated absences payable | (357,301) |
| Deduct - other post-employment benefits | (397,368) |
| Add - deferred outflows related to pensions | 292,656 |
| Deduct - net pension liability | (1,910,462) |
| Deduct - bonds payable | (9,251,305) |
| Deduct - accrued interest on bonds payable | (36,580) |

| | |
|--|-----------------------------|
| Net position of governmental activities | <u>\$ 27,380,219</u> |
|--|-----------------------------|

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

CITY OF SOUTH HAVEN
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2015

| | <u>General</u> | <u>Nonmajor Governmental Funds</u> | <u>Total</u> |
|---|---------------------|--|---------------------|
| Revenues | | | |
| Taxes | \$ 3,906,171 | \$ 1,110,563 | \$ 5,016,734 |
| Intergovernmental revenues | | | |
| State | 483,932 | 520,046 | 1,003,978 |
| Local | 239,569 | 581,516 | 821,085 |
| Licenses and permits | 196,055 | - | 196,055 |
| Charges for services | 478,154 | - | 478,154 |
| Fines | 14,172 | - | 14,172 |
| Special assessments | 1,664 | - | 1,664 |
| Investment earnings | 81,592 | 18,818 | 100,410 |
| Miscellaneous | 465,073 | 779,180 | 1,244,253 |
| Total revenues | <u>5,866,382</u> | <u>3,010,123</u> | <u>8,876,505</u> |
| Expenditures | | | |
| Current | | | |
| General government | 1,548,798 | 500 | 1,549,298 |
| Public safety | 2,965,526 | 234,348 | 3,199,874 |
| Public works | 992,892 | 2,805,500 | 3,798,392 |
| Health and welfare | 193,902 | 395,017 | 588,919 |
| Culture and recreation | 785,827 | 57,577 | 843,404 |
| Other | 186,643 | - | 186,643 |
| Debt service | | | |
| Principal | 72,479 | 885,000 | 957,479 |
| Interest | 97,521 | 200,709 | 298,230 |
| Total expenditures | <u>6,843,588</u> | <u>4,578,651</u> | <u>11,422,239</u> |
| Revenues over (under) expenditures | <u>(977,206)</u> | <u>(1,568,528)</u> | <u>(2,545,734)</u> |
| Other financing sources (uses) | | | |
| Issuance of debt | - | 74,000 | 74,000 |
| Property tax equivalent payments | 1,054,526 | - | 1,054,526 |
| Transfers in | - | 1,199,589 | 1,199,589 |
| Transfers out | (353,328) | (243,163) | (596,491) |
| Total other financing sources (uses) | <u>701,198</u> | <u>1,030,426</u> | <u>1,731,624</u> |
| Net changes in fund balances | (276,008) | (538,102) | (814,110) |
| Fund balances, beginning of year | <u>2,744,742</u> | <u>2,406,191</u> | <u>5,150,933</u> |
| Fund balances, end of year | <u>\$ 2,468,734</u> | <u>\$ 1,868,089</u> | <u>\$ 4,336,823</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, 2015

| | |
|--|---------------------|
| Net changes in fund balances - total governmental funds | \$ (814,110) |
|--|---------------------|

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 | 3,060,991 |
| Deduct - depreciation expense | (1,852,898) |

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 | (4,389) |
|---|---------|

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 | 957,479 |
| Deduct - bond issue | (74,000) |

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.

| | |
|--|-----------|
| Add - decrease in compensated absences | 1,042 |
| Deduct - increase in other post-employment benefit liability | (39,240) |
| Add - amortization of bond premium | 5,281 |
| Add - decrease in accrued interest | 7,670 |
| Deduct - increase in net pension liability | (302,067) |
| Add - increase in deferred outflows related to pensions | 194,652 |

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>58,160</u> |
|--|---------------|

| | |
|--|----------------------------|
| Change in net position of governmental activities | <u>\$ 1,198,571</u> |
|--|----------------------------|

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

CITY OF SOUTH HAVEN
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2015

| | Enterprise Funds | | | | Enterprise Fund Total | Governmental Activities |
|--|----------------------|---------------------|---------------------|---------------------------------|-----------------------------|------------------------------|
| | Electric Utility | Water Utility | Sewer Utility | Nonmajor Enterprise Funds | | Internal Service Funds |
| Assets | | | | | | |
| Current assets | | | | | | |
| Cash and pooled investments | \$ 2,373,971 | \$ 2,077,613 | \$ 1,313,018 | \$ 904,081 | \$ 6,668,683 | \$ 2,042,883 |
| Accounts receivable | 1,514,812 | 451,916 | 296,200 | 3,390 | 2,266,318 | - |
| Accrued interest receivable | 6,748 | 1,943 | 1,834 | 643 | 11,168 | 7,031 |
| Prepaid items | 102,524 | 64,990 | 51,087 | 18,591 | 237,192 | 12,288 |
| Due from other governments | - | - | 18,799 | 4,414 | 23,213 | - |
| Inventory | 735,290 | 185,258 | 12,899 | - | 933,447 | - |
| Restricted cash and pooled investments | - | 60,723 | - | - | 60,723 | - |
| Total current assets | 4,733,345 | 2,842,443 | 1,693,837 | 931,119 | 10,200,744 | 2,062,202 |
| Non-current assets | | | | | | |
| Special assessments receivable | 37,284 | 212,555 | 186,953 | - | 436,792 | - |
| Capital assets | | | | | | |
| Land | 1,001 | 9,394 | 7,331 | 5,336 | 23,062 | - |
| Construction in progress | 59,054 | - | 198,353 | 5,200 | 262,607 | - |
| Buildings and equipment | 2,769,266 | 22,674,962 | 5,360,975 | 1,768,564 | 32,573,767 | 753,419 |
| Vehicles | - | - | - | - | - | 2,989,673 |
| Infrastructure | 19,625,277 | 9,237,882 | 8,671,873 | 2,886,270 | 40,421,302 | - |
| Less accumulated depreciation | (8,177,866) | (9,060,004) | (8,496,697) | (2,157,166) | (27,891,733) | (2,267,531) |
| Total non-current assets | 14,314,016 | 23,074,789 | 5,928,788 | 2,508,204 | 45,825,797 | 1,475,561 |
| Total assets | 19,047,361 | 25,917,232 | 7,622,625 | 3,439,323 | 56,026,541 | 3,537,763 |
| Deferred outflows of resources | | | | | | |
| Deferred outflow for pension plan | 81,671 | 49,350 | 35,603 | - | 166,624 | - |
| Liabilities | | | | | | |
| Current liabilities | | | | | | |
| Accounts payable | 1,285,056 | 96,094 | 152,833 | 11,148 | 1,545,131 | 70,982 |
| Accrued liabilities | 30,059 | 92,709 | 14,366 | 3,844 | 140,978 | 3,537 |
| Unearned revenue | - | - | - | 311,422 | 311,422 | - |
| Customer deposits | 349,492 | 54,142 | 649 | - | 404,283 | - |
| Current portion of long-term debt | - | 625,000 | - | - | 625,000 | - |
| Total current liabilities | 1,664,607 | 867,945 | 167,848 | 326,414 | 3,026,814 | 74,519 |
| Long-term liabilities | | | | | | |
| Accrued compensated absences | 99,139 | 55,924 | 65,132 | 6 | 220,201 | 13,684 |
| Net pension liability | 533,150 | 322,155 | 232,419 | - | 1,087,724 | - |
| Bonds payable, net of current portion | - | 16,946,891 | - | - | 16,946,891 | - |
| Total long-term liabilities | 632,289 | 17,324,970 | 297,551 | 6 | 18,254,816 | 13,684 |
| Total liabilities | 2,296,896 | 18,192,915 | 465,399 | 326,420 | 21,281,630 | 88,203 |
| Net position | | | | | | |
| Net investment in capital assets | 14,276,732 | 5,290,343 | 5,741,835 | 2,508,204 | 27,817,114 | 1,475,561 |
| Restricted for | | | | | | |
| Revenue bond retirement | - | 60,723 | - | - | 60,723 | - |
| Unrestricted | 2,555,404 | 2,422,601 | 1,450,994 | 604,699 | 7,033,698 | 1,973,999 |
| Total net position | \$ 16,832,136 | \$ 7,773,667 | \$ 7,192,829 | \$ 3,112,903 | \$ 34,911,535 | \$ 3,449,560 |

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, 2015

| | Enterprise Funds | | | | Enterprise Fund Total | Governmental |
|---|----------------------|---------------------|---------------------|---------------------------|-----------------------|------------------------|
| | Electric Utility | Water Utility | Sewer Utility | Nonmajor Enterprise Funds | | Internal Service Funds |
| Operating revenue | | | | | | |
| Charges for services | \$ 13,450,133 | \$ 3,580,434 | \$ 2,232,347 | \$ 274,314 | \$ 19,537,228 | \$ 1,071,237 |
| Dock rental | - | - | - | 723,801 | 723,801 | - |
| Other | 66,524 | 69,091 | 69,410 | 3,495 | 208,520 | 8,407 |
| Total operating revenue | <u>13,516,657</u> | <u>3,649,525</u> | <u>2,301,757</u> | <u>1,001,610</u> | <u>20,469,549</u> | <u>1,079,644</u> |
| Operating expense | | | | | | |
| Operating costs and expenses | 13,070,586 | 1,671,929 | 1,658,672 | 709,665 | 17,110,852 | 566,297 |
| Depreciation | 681,798 | 604,095 | 344,887 | 175,364 | 1,806,144 | 369,063 |
| Total operating expense | <u>13,752,384</u> | <u>2,276,024</u> | <u>2,003,559</u> | <u>885,029</u> | <u>18,916,996</u> | <u>935,360</u> |
| Operating income (loss) | <u>(235,727)</u> | <u>1,373,501</u> | <u>298,198</u> | <u>116,581</u> | <u>1,552,553</u> | <u>144,284</u> |
| Non-operating revenue (expense) | | | | | | |
| Investment earnings | 295,927 | 2,778 | 9,568 | (3,263) | 305,010 | 49,876 |
| Interest expense | - | (915,418) | - | - | (915,418) | - |
| Total non-operating revenue (expense) | <u>295,927</u> | <u>(912,640)</u> | <u>9,568</u> | <u>(3,263)</u> | <u>(610,408)</u> | <u>49,876</u> |
| Income (loss) before other items | <u>60,200</u> | <u>460,861</u> | <u>307,766</u> | <u>113,318</u> | <u>942,145</u> | <u>194,160</u> |
| Transfers and other items | | | | | | |
| Property tax equivalent payments | (714,685) | (193,284) | (97,252) | (49,305) | (1,054,526) | - |
| Transfers in | - | - | - | - | - | 14,000 |
| Transfers out | (168,301) | (4,000) | (204,000) | (90,797) | (467,098) | (150,000) |
| Total transfers and other items | <u>(882,986)</u> | <u>(197,284)</u> | <u>(301,252)</u> | <u>(140,102)</u> | <u>(1,521,624)</u> | <u>(136,000)</u> |
| Contribution in aid of construction | <u>79,689</u> | <u>67,786</u> | <u>366,100</u> | <u>-</u> | <u>513,575</u> | <u>-</u> |
| Changes in net position | (743,097) | 331,363 | 372,614 | (26,784) | (65,904) | 58,160 |
| Net position, beginning of year, as restated | <u>17,575,233</u> | <u>7,442,304</u> | <u>6,820,215</u> | <u>3,139,687</u> | <u>34,977,439</u> | <u>3,391,400</u> |
| Net position, end of year | <u>\$ 16,832,136</u> | <u>\$ 7,773,667</u> | <u>\$ 7,192,829</u> | <u>\$ 3,112,903</u> | <u>\$ 34,911,535</u> | <u>\$ 3,449,560</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, 2015

| | 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 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,079,644 |
| Receipts from customers and users | 13,308,168 | 3,702,900 | 2,482,261 | 1,092,732 | 20,586,061 | - |
| Payments to employees | (1,313,019) | (715,750) | (603,285) | (224,098) | (2,856,152) | (190,252) |
| Payments to suppliers | (11,420,272) | (946,281) | (973,940) | (512,098) | (13,852,591) | (348,951) |
| Net cash provided by (used in) operating activities | <u>574,877</u> | <u>2,040,869</u> | <u>905,036</u> | <u>356,536</u> | <u>3,877,318</u> | <u>540,441</u> |
| Cash flows from non-capital financing activities | | | | | | |
| Due to other funds | (740) | - | - | (6,100) | (6,840) | (29,000) |
| Due from other funds | - | 640 | 29,100 | 6,100 | 35,840 | - |
| Property tax equivalents | (714,685) | (193,284) | (97,252) | (49,305) | (1,054,526) | - |
| Transfers in | - | - | - | - | - | 14,000 |
| Transfers out | (168,301) | (4,000) | (204,000) | (90,797) | (467,098) | (150,000) |
| Net cash provided by (used in) non-capital financing activities | <u>(883,726)</u> | <u>(196,644)</u> | <u>(272,152)</u> | <u>(140,102)</u> | <u>(1,492,624)</u> | <u>(165,000)</u> |
| Cash flows from capital and related financing activities | | | | | | |
| Interest expense | - | (897,152) | - | - | (897,152) | - |
| Contribution in aid of construction | 79,689 | 67,786 | 366,100 | - | 513,575 | - |
| Principal paid on bonds and notes | - | (580,000) | - | - | (580,000) | - |
| Acquisitions of capital assets | (3,763,165) | (218,248) | (454,471) | (5,200) | (4,441,084) | (470,512) |
| Net cash provided by (used in) capital and related financing activities | <u>(3,683,476)</u> | <u>(1,627,614)</u> | <u>(88,371)</u> | <u>(5,200)</u> | <u>(5,404,661)</u> | <u>(470,512)</u> |
| Cash flows from investing activities | | | | | | |
| Interest income | 300,005 | 964 | 8,270 | (3,745) | 305,494 | 49,445 |
| Net increase (decrease) in cash and pooled investments | (3,692,320) | 217,575 | 552,783 | 207,489 | (2,714,473) | (45,626) |
| Cash and pooled investments, beginning 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 and pooled investments, end of year | <u>\$ 2,373,971</u> | <u>\$ 2,138,336</u> | <u>\$ 1,313,018</u> | <u>\$ 904,081</u> | <u>\$ 6,729,406</u> | <u>\$ 2,042,883</u> |
| Cash flows from operating activities | | | | | | |
| Operating income (loss) | \$ (235,727) | \$ 1,373,501 | \$ 298,198 | \$ 116,581 | \$ 1,552,553 | \$ 144,284 |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities | | | | | | |
| Depreciation | 681,798 | 604,095 | 344,887 | 175,364 | 1,806,144 | 369,063 |
| Deferred outflows of resources | (57,240) | (33,576) | (25,270) | - | (116,086) | - |
| Change in operating assets and liabilities which provided (used) cash | | | | | | |
| Receivables | (225,890) | 51,010 | 198,654 | 5,945 | 29,719 | - |
| Due from other governmental units | - | - | (18,799) | 58,134 | 39,335 | - |
| Prepaid expenses | 40 | 427 | 1,080 | 1,540 | 3,087 | (12) |
| Inventory | 87,031 | (63,555) | (4,328) | - | 19,148 | - |
| Accounts payable | 171,593 | 38,624 | 49,668 | (26,288) | 233,597 | 28,333 |
| Accrued liabilities | 2,360 | 26 | 713 | (1,657) | 1,442 | 411 |
| Customer deposits | 17,401 | 2,365 | 649 | - | 20,415 | - |
| Compensated absences | 1,301 | 4,671 | (3,245) | (126) | 2,601 | - |
| Net pension liability | 132,210 | 63,281 | 62,829 | - | 258,320 | - |
| Unearned revenue | - | - | - | 27,043 | 27,043 | (1,638) |
| Net cash provided by (used in) operating activities | <u>\$ 574,877</u> | <u>\$ 2,040,869</u> | <u>\$ 905,036</u> | <u>\$ 356,536</u> | <u>\$ 3,877,318</u> | <u>\$ 540,441</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, 2015

Assets

| | |
|-----------------------------|-------------------|
| Cash and pooled investments | \$ <u>230,277</u> |
|-----------------------------|-------------------|

Liabilities

| | |
|---------------------------------|---------------|
| Accounts payable | \$ 59,853 |
| Deposits | 95,106 |
| Due to other governmental units | <u>75,318</u> |

Total liabilities

| | |
|--|-------------------|
| | \$ <u>230,277</u> |
|--|-------------------|

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

CITY OF SOUTH HAVEN
COMPONENT UNITS
COMBINING STATEMENT OF NET POSITION

JUNE 30, 2015

| | 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 | \$ 324,809 | \$ 769,391 | \$ 170,482 | \$ 557,750 | \$ 1,279,657 | \$ 3,102,089 |
| Accounts receivable | 18,421 | 946 | 301 | 1,457 | 3,523 | 24,648 |
| Special assessment receivable | 11,502 | - | - | - | - | 11,502 |
| Prepaid items | 1,839 | 53 | 58 | 65 | - | 2,015 |
| Capital assets not being depreciated | - | 1,344,537 | 55,373 | - | - | 1,399,910 |
| Total assets | <u>356,571</u> | <u>2,114,927</u> | <u>226,214</u> | <u>559,272</u> | <u>1,283,180</u> | <u>4,540,164</u> |
| Deferred outflows of resources | | | | | | |
| Deferred outflow for pension plan | 5,792 | - | - | - | - | 5,792 |
| Liabilities | | | | | | |
| Accounts payable | 15,767 | - | - | - | - | 15,767 |
| Accrued liabilities | 25,700 | 391 | 430 | 481 | - | 27,002 |
| Long-term debt | | | | | | |
| Net pension liability | 37,811 | - | - | - | - | 37,811 |
| Due within one year | 110,000 | - | - | 20,409 | - | 130,409 |
| Due in more than one year | 2,575,000 | - | - | - | - | 2,575,000 |
| Total liabilities | <u>2,764,278</u> | <u>391</u> | <u>430</u> | <u>20,890</u> | <u>-</u> | <u>2,785,989</u> |
| Net position | | | | | | |
| Investment in capital assets | - | 1,344,537 | 55,373 | - | - | 1,399,910 |
| Unrestricted (deficit) | (2,401,915) | 769,999 | 170,411 | 538,382 | 1,283,180 | 360,057 |
| Total net position | <u>\$ (2,401,915)</u> | <u>\$ 2,114,536</u> | <u>\$ 225,784</u> | <u>\$ 538,382</u> | <u>\$ 1,283,180</u> | <u>\$ 1,759,967</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, 2015

| | Downtown Development Authority | Local Development Finance Authority #1 | Local Development Finance Authority #2 | Local Development Finance Authority #3 | Brownfield Redevelopment Authority | Total |
|---|---|---|---|---|---|---------------------|
| Expenses | | | | | | |
| Community development | \$ 1,573,215 | \$ 139,177 | \$ 49,057 | \$ 26,073 | \$ 106,898 | \$ 1,894,420 |
| Interest expense | 96,626 | - | - | - | - | 96,626 |
| Total expenses | <u>1,669,841</u> | <u>139,177</u> | <u>49,057</u> | <u>26,073</u> | <u>106,898</u> | <u>1,991,046</u> |
| Revenues | | | | | | |
| Program revenues | | | | | | |
| Operating grants and contributions | 46,926 | 34,943 | 2,435 | 369 | - | 84,673 |
| Capital grants | 1,698 | - | - | - | - | 1,698 |
| General revenues | | | | | | |
| Property taxes | 1,486,036 | 165,328 | 27,178 | 57,045 | 137,482 | 1,873,069 |
| Unrestricted investment earnings | 557 | 10,909 | (2,742) | 16 | 22,633 | 31,373 |
| Total revenues | <u>1,535,217</u> | <u>211,180</u> | <u>26,871</u> | <u>57,430</u> | <u>160,115</u> | <u>1,990,813</u> |
| Change in net position | (134,624) | 72,003 | (22,186) | 31,357 | 53,217 | (233) |
| Net position (deficit), beginning of year, as restated | <u>(2,267,291)</u> | <u>2,042,533</u> | <u>247,970</u> | <u>507,025</u> | <u>1,229,963</u> | <u>1,760,200</u> |
| Net position (deficit), end of year | <u>\$ (2,401,915)</u> | <u>\$ 2,114,536</u> | <u>\$ 225,784</u> | <u>\$ 538,382</u> | <u>\$ 1,283,180</u> | <u>\$ 1,759,967</u> |

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

(This page left intentionally blank)

CITY OF SOUTH HAVEN

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

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, 2015

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 charges between enterprise functions and other various functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, except for reimbursement-based grants and interest which use a one year collection period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, other post-employment 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, 2015

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 fund:

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

The City reports the following major proprietary funds:

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

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

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

Additionally, the City reports the following fund types:

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

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

The *Capital Projects Funds* account for the accumulation and disbursement of resources for the 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.

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

CITY OF SOUTH HAVEN

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

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. Management 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 (activity). 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, 2015

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, 2015

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 | \$ 43,526 |
| Special assessments | 12,551 |
| | <hr/> |
| Total governmental funds | 56,077 |
| | |
| Unearned revenue | |
| Proprietary funds | |
| Unearned rent | 311,422 |
| | <hr/> |
| | \$367,499 |
| | <hr/> |

CITY OF SOUTH HAVEN

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

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 items that qualify for reporting in this category related to the net pension liability these items are discussed in Note 7.

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.

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.

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.

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.

CITY OF SOUTH HAVEN

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

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 in the general fund. Only the general fund reports positive unassigned fund balance, governmental funds other than the general fund would only record negative unassigned fund balance in cases where fund balance is less than amounts restricted, committed and assigned.

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.

Property Taxes

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

CITY OF SOUTH HAVEN

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

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.

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.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense; information about the fiduciary net position of the Municipal Employees Retirement System (MERS) of Michigan and additions to/deductions from MERS' fiduciary net position have been determined on the same basis as they are reported by MERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

2. DEFICIT FUND BALANCE/NET POSITION

At June 30, 2015, the financial statements include a deficit net position as follows:

| | |
|--------------------------------|-------------|
| Component Unit: | |
| Downtown Development Authority | \$2,401,915 |

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, 2015, the City incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated as follows:

| | <u>Final Budget</u> | <u>Actual</u> | <u>Variance</u> |
|--------------------------------|-------------------------|---------------|-----------------|
| General Fund | | | |
| General government | | | |
| Insurance and bonds | \$ 65,500 | \$ 71,873 | \$ (6,373) |
| Street Improvement Fund | | | |
| Public works | 1,471,474 | 1,561,094 | (89,620) |

CITY OF SOUTH HAVEN

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

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 | \$13,072,888 | \$3,102,089 | \$230,277 | \$16,405,254 |
| Restricted cash and pooled investment | 60,723 | - | - | 60,723 |
| | \$13,133,611 | \$3,102,089 | \$230,277 | \$16,465,977 |

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, \$7,203,981 of the City's bank balance of \$9,616,788 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> |
|-----------------------|-----------------|--------------------|---------------|---------------|
| Government Securities | | | | |
| FFCB Bond 2.5% | 6/20/22 | \$ 249,483 | AAA | Moody's |
| FHLMC Note 2.25% | 6/21/22 | 464,592 | AAA | Moody's |
| FHLB Bond 2.5% | 6/27/22 | 393,704 | AAA | Moody's |
| FNMA Bond 2.15% | 9/27/22 | 480,050 | AAA | Moody's |
| FHLB Bond 2.39% | 10/4/22 | 193,704 | AAA | Moody's |
| FNMA Bond 2.0% | 11/14/22 | 817,760 | AAA | Moody's |
| FFCB Bond 2.1% | 12/5/22 | 146,456 | AAA | Moody's |
| FHLB Bond 2.25% | 1/30/24 | 191,814 | AAA | Moody's |
| FNMA Bond 2.3% | 11/27/24 | 2,696,708 | AAA | Moody's |
| FNMA Bond 2.5% | 10/24/25 | 105,228 | AAA | Moody's |
| FHLB Bond 2.0% | 10/18/27 | 1,258,101 | AAA | Moody's |
| FHLB Bond 2.25% | 1/28/28 | 949,290 | AAA | Moody's |
| FHLMC Note 2% | 3/15/34 | 57,108 | Not Available | |
| GNMA Bond 3% | 12/20/37 | 48,293 | Not Available | |
| | | \$8,052,291 | | |

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

CITY OF SOUTH HAVEN

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

Investment risk

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

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

Custodial Credit Risk - Investments. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State law does not require and the City does not have a policy for investment custodial credit risk. The City has a custodial credit risk of \$8,052,291 because the related securities are uninsured, unregistered and held by the government's brokerage firm which is also the counterparty for these particular 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 balances primarily reflect loans made from funds with cash and pooled investments to those funds requiring temporary cash flow.

Transfers in and out for the year ended June 30, 2015, are as follows:

| <u>Transfer out</u> | <u>Transfer in</u> | | <u>Total</u> |
|-----------------------------|--|---------------------------------------|--------------------|
| | <u>Nonmajor governmental funds</u> | <u>Internal service funds</u> | |
| General fund | \$ 347,328 | \$ 6,000 | \$ 353,328 |
| Nonmajor governmental funds | 243,163 | - | 243,163 |
| Internal service funds | 150,000 | - | 150,000 |
| Electric utility | 168,301 | - | 168,301 |
| Water utility | - | 4,000 | 4,000 |
| Sewer utility | 200,000 | 4,000 | 204,000 |
| Nonmajor enterprise funds | 90,797 | - | 90,797 |
| Total | \$1,199,589 | \$14,000 | \$1,213,589 |

CITY OF SOUTH HAVEN

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

A transfer of \$207,685 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:

| | <u>Balance July 1, 2014</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance June 30, 2015</u> |
|--|-------------------------------------|---------------------------|---------------------------|--------------------------------------|
| Governmental Activities | | | | |
| Capital assets, not being depreciated | | | | |
| Land | \$ 643,295 | \$ - | \$ - | \$ 643,295 |
| Construction in progress | 7,434,725 | 832,610 | 6,893,213 | 1,374,122 |
| Total capital assets, not being depreciated | <u>8,078,020</u> | <u>832,610</u> | <u>6,893,213</u> | <u>2,017,417</u> |
| Capital assets, being depreciated | | | | |
| Land improvements | 2,658,973 | 401,657 | - | 3,060,630 |
| Buildings and improvements | 6,649,229 | 3,463,773 | - | 10,113,002 |
| Vehicles | 2,779,463 | 426,096 | 215,886 | 2,989,673 |
| Machinery and equipment | 1,853,465 | 153,752 | 163,678 | 1,843,539 |
| Infrastructure | 41,730,744 | 5,146,828 | - | 46,877,572 |
| Total capital assets, being depreciated | <u>55,671,874</u> | <u>9,592,106</u> | <u>379,564</u> | <u>64,884,416</u> |
| Less accumulated depreciation for | | | | |
| Land improvements | 2,548,492 | 19,667 | - | 2,568,159 |
| Buildings and improvements | 3,342,633 | 222,935 | - | 3,565,568 |
| Vehicles | 1,582,947 | 265,067 | 215,886 | 1,632,128 |
| Machinery and equipment | 1,369,093 | 215,513 | 163,678 | 1,420,928 |
| Infrastructure | 23,542,591 | 1,498,779 | - | 25,041,370 |
| Total accumulated depreciation | <u>32,385,756</u> | <u>2,221,961</u> | <u>379,564</u> | <u>34,228,153</u> |
| Net capital assets, being depreciated | <u>23,286,118</u> | <u>7,370,145</u> | <u>-</u> | <u>30,656,263</u> |
| Governmental Activities capital assets, net | <u>\$31,364,138</u> | <u>\$8,202,755</u> | <u>\$6,893,213</u> | <u>\$32,673,680</u> |

CITY OF SOUTH HAVEN

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

| | Balance July 1, <u>2014</u> | <u>Additions</u> | <u>Deletions</u> | Balance June 30, <u>2015</u> |
|---|-----------------------------------|--------------------|------------------|------------------------------------|
| Business-type Activities | | | | |
| Capital assets, not being depreciated | | | | |
| Land | \$ 23,062 | \$ - | \$ - | \$ 23,062 |
| Construction in progress | 664,812 | 257,397 | 659,602 | 262,607 |
| Total capital assets, not being depreciated | 687,874 | 257,397 | 659,602 | 285,669 |
| Capital assets being depreciated | | | | |
| Land improvements | 2,950,836 | - | - | 2,950,836 |
| Buildings and improvements | 31,013,524 | - | - | 31,013,524 |
| Machinery and equipment | 1,511,431 | 48,812 | - | 1,560,243 |
| Utility system | 32,675,989 | 4,794,477 | - | 37,470,466 |
| Total capital assets, being depreciated | 68,151,780 | 4,843,289 | - | 72,995,069 |
| Less accumulated depreciation for | | | | |
| Land improvements | 1,882,637 | 126,442 | - | 2,009,079 |
| Buildings and improvements | 6,674,152 | 636,669 | - | 7,310,821 |
| Machinery and equipment | 1,153,894 | 98,298 | - | 1,252,192 |
| Utility system | 16,374,906 | 944,735 | - | 17,319,641 |
| Total accumulated depreciation | 26,085,589 | 1,806,144 | - | 27,891,733 |
| Net capital assets, being depreciated | 42,066,191 | 3,037,145 | - | 45,103,336 |
| Business-type Activities capital assets, net | \$42,754,065 | \$3,294,542 | \$659,602 | \$45,389,005 |
| 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 | \$ 250,375 |
| Public safety | 21,316 |
| Public works | 1,554,895 |
| Health and welfare | 2,923 |
| Culture and recreation | 23,389 |
| Capital assets held by the governments internal service funds are charged to the various functions based on their usage of the assets | 369,063 |
| Total depreciation expense - governmental activities | \$2,221,961 |
| Business-type Activities | |
| Electric | \$ 681,798 |
| Water | 604,095 |
| Sewer | 344,887 |
| Nonmajor enterprise funds | 175,364 |
| Total depreciation expense - business- type activities | \$1,806,144 |

CITY OF SOUTH HAVEN

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

7. PENSION PLAN

MERS Defined Benefit Plan

Plan Description

As of July 1, 2006 the City began participating in the Municipal Employees Retirement System of Michigan (MERS). MERS is an agent multiple employer, statewide public employee pension plan established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine member Retirement Board. MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained accessing the MERS website at www.mersofmich.com.

Benefits Provided

Only non-union employees hired prior to January 1, 1999 and union employees hired prior to July 1, 2005 participate in the defined benefit plan. Benefits provided include a multiplier of 2.0-2.5 times final average compensation with a vesting period of 6-10 years. Normal retirement age is 60 with early retirement at 50 with 25 years of service with various benefits. Benefits are calculated using final average compensation of 3-5 years depending on the employee's position and classification.

Benefit terms provide for annual cost-of-living adjustments to each employee's retirement allowance subsequent to the employee's retirement date. The annual adjustments are 2.5%.

Membership of the defined benefit plan consisted of the following at the date of the latest actuarial valuation (December 31, 2014):

| | |
|--|-------|
| Active plan members | 81 |
| Inactive employees entitled but not yet receiving benefits | 13 |
| Inactive employees or beneficiaries currently receiving benefits | 79 |
| | <hr/> |
| Total | 173 |

Contributions

The City is required to contribute at an actuarially determined rate, which for the current year was from 4.91% to 13.67% of annual covered payroll depending on position and classification. For divisions closed to new employees the employer has a monthly employer contribution amount of \$147. Contributions are determined based on position and classification of participating employees. Participating employees are required to contribute from 0% 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.

Net Pension Liability

The employer's net pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an annual actuarial valuation as of that date.

CITY OF SOUTH HAVEN

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

The total pension liability in the December 31, 2014 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation: 3%-4%

Salary Increases: 4.5% in the long-term (1%, 2% and 3% for calendar years 2014, 2015 and 2016, respectively)

Investment rate of return: 8.25%, net of investment expense, including inflation

Mortality rates used were based on the 1994 Group Annuity Mortality Table of a 50% Male and 50% Female blend. For disabled retirees, the regular mortality table is used with a 10-year set forward in ages to reflect the higher expected mortality rates of disabled members.

The actuarial assumptions used in the valuation were based on the results of the most recent actuarial experience study.

The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment and administrative expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|-------------------------|--------------------------|---|
| Global Equity | 57.5% | 5.02% |
| Global Fixed Income | 20.0% | 2.18% |
| Real Assets | 12.5% | 4.23% |
| Diversifying Strategies | 10.0% | 6.56% |

Discount rate. The discount rate used to measure the total pension liability is 8.25%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF SOUTH HAVEN

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

Changes in the Net Pension Liability

| | Increase (Decrease) | | |
|--|-----------------------------------|---------------------------------------|-------------------------------------|
| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (a)-(b) |
| Balance at 12/31/13 | \$22,568,290 | \$20,111,399 | \$2,456,891 |
| Changes for the Year: | | | |
| Service cost | 578,406 | - | 578,406 |
| Interest | 1,826,287 | - | 1,826,287 |
| Change in benefits | - | - | - |
| Differences between expected and actual experience | - | - | - |
| Change in assumptions | - | - | - |
| Contributions: employer | - | 316,310 | (316,310) |
| Contributions: employee | - | 297,887 | (297,887) |
| Net investment Income | - | 1,257,453 | (1,257,453) |
| Benefit payments, including refunds | (1,441,345) | (1,441,345) | - |
| Administrative expense | - | (46,063) | 46,063 |
| Other changes | - | - | - |
| Net changes | 963,348 | 384,242 | 579,106 |
| Balance at 12/31/14 | <u>\$23,531,638</u> | <u>\$20,495,641</u> | <u>\$3,035,997</u> |

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the Net Pension Liability of the employer, calculated using the discount rate of 8.25%, as well as what the employer's Net Pension Liability would be using a discount rate that is 1 percentage point lower (7.25%) or 1% higher (9.25%) than the current rate.

| | 1% Decrease | Current Discount Rate | 1% Increase |
|-------------------------|---------------------|--------------------------|-------------------|
| Total Pension Liability | \$26,328,539 | \$23,531,638 | \$21,187,342 |
| Fiduciary Net Position | 20,495,641 | 20,495,641 | 20,495,641 |
| Net Pension Liability | <u>\$ 5,832,898</u> | <u>\$ 3,035,997</u> | <u>\$ 691,701</u> |

Pension Expense and Deferred Outflows of Resources Related to Pensions

For the year ended June 30, 2015 the employer recognized pension expense of \$602,842. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

| | <u>Deferred Outflows of Resources</u> |
|---|---|
| Differences in experience | \$ - |
| Differences in assumptions | - |
| Excess (deficit) investment returns | 292,574 |
| Contributions subsequent to the measurement date | 172,498 |
| Total | <u>\$465,072</u> |

* The amount reported as deferred outflows of resources resulting from the contributions subsequent to the measurement date will be recognized as a reduction in the Net Pension Liability for the year ending 2016.

CITY OF SOUTH HAVEN

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

Amounts reported as deferred outflows of resources from deficit investment returns related to pensions will be recognized in pension expense as follows:

| | |
|------------|-----------|
| 2016 | \$ 73,143 |
| 2017 | 73,143 |
| 2018 | 73,143 |
| 2019 | 73,145 |
| 2020 | - |
| Thereafter | - |
| | - |
| Total | \$292,574 |

8. LONG-TERM DEBT

The following is a summary of the debt transactions of the City for the year ended June 30, 2015:

| | <u>Balance July 1, 2014</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance June 30, 2015</u> | <u>Due Within One Year</u> |
|--|-------------------------------------|------------------|------------------|--------------------------------------|------------------------------------|
| 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% | \$1,855,000 | \$ - | \$ 210,000 | \$1,645,000 | \$ 215,000 |
| \$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% | 1,100,000 | - | 65,000 | 1,035,000 | 70,000 |
| \$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% to 3.00% | 3,820,000 | - | 250,000 | 3,570,000 | 255,000 |
| \$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% | 360,000 | - | 360,000 | - | - |
| \$3,000,000 2014 Building Authority Bonds, due in annual installments of \$62,000 to \$155,000, through 2043; plus interest at 3.375% | 2,864,000 | 74,000 | 61,000 | 2,877,000 | 63,000 |

CITY OF SOUTH HAVEN

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

| | <u>Balance July 1, 2014</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance June 30, 2015</u> | <u>Due Within One Year</u> |
|--|-------------------------------------|------------------|--------------------|--------------------------------------|------------------------------------|
| \$184,692 DEQ Brownfield loan due in annual installments of \$14,937 beginning in 2012 through April 2019, including interest at 2.0% | \$ 72,414 | \$ - | \$ 11,479 | \$ 60,935 | \$ 13,799 |
| | 10,071,414 | 74,000 | 957,479 | 9,187,935 | 616,799 |
| Bond premium | 68,651 | - | 5,281 | 63,370 | - |
| Accrued employee benefits | 373,665 | 246,389 | 249,069 | 370,985 | 238,201 |
| Other post-employment benefits | 358,128 | 39,240 | - | 397,368 | - |
| Total Governmental Activities | \$10,871,858 | \$359,629 | \$1,211,829 | \$10,019,658 | \$855,000 |
| 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% | \$ 220,000 | \$ - | \$ 25,000 | \$ 195,000 | \$ 30,000 |
| \$10,000,000 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% | 9,260,000 | - | 275,000 | 8,985,000 | 305,000 |
| \$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% | 8,995,000 | - | 280,000 | 8,715,000 | 290,000 |
| | 18,475,000 | - | 580,000 | 17,895,000 | 625,000 |
| Bond discount | (341,375) | - | (18,266) | (323,109) | - |
| Total Business-type Activities | \$18,133,625 | \$ - | \$561,734 | \$17,571,891 | \$625,000 |
| Component Unit – Downtown Development Authority | | | | | |
| \$2,950,000 2014 Downtown development bonds, payable in annual installments of \$110,000 to \$215,000, plus interest at 1.8% to 4.8% through April 2032 | \$2,795,000 | \$ - | \$110,000 | \$2,685,000 | \$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 | \$47,617 | \$ - | \$27,208 | \$20,409 | \$20,409 |

CITY OF SOUTH HAVEN

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

The Downtown Development Authority has pledged future tax increment revenue for the payment of the City's Downtown Development Refunding Bonds series 2001. The final payment was made during the year ended June 30, 2015; \$376,560 of the tax increment revenue available was captured to make payment of principal and interest payments.

The annual requirements to amortize all debt outstanding (excluding accrued employee benefits and bond discounts) as of June 30, 2015 are as follows:

| Year Ending <u>June 30</u> | <u>Governmental Activities</u> | | <u>Business-type Activities</u> | | <u>Component Unit</u> | |
|-------------------------------|--------------------------------|--------------------|---------------------------------|--------------------|-----------------------|--------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Principal</u> | <u>Interest</u> | <u>Principal</u> | <u>Interest</u> |
| 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 | 678,704 | 220,627 | 760,000 | 785,715 | 125,000 | 88,368 |
| 2020 | 672,000 | 202,108 | 765,000 | 750,136 | 130,000 | 85,618 |
| 2021-2025 | 2,910,000 | 732,561 | 4,450,000 | 3,142,895 | 745,000 | 372,154 |
| 2026-2030 | 1,367,000 | 367,956 | 5,500,000 | 1,933,839 | 920,000 | 224,994 |
| 2031-2035 | 557,000 | 244,789 | 4,425,000 | 466,662 | 420,000 | 30,275 |
| 2036-2040 | 659,000 | 144,180 | - | - | - | - |
| 2041-2045 | 450,000 | 30,713 | - | - | - | - |
| Total | \$9,187,935 | \$2,703,989 | \$17,895,000 | \$9,620,137 | \$2,705,409 | \$1,080,287 |

Accrued employee benefits and 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 \$57,923 while the City contributed \$17,071 to provide insurance coverage for 5 retired employees during 2015.

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, 2015

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 | \$ 57,923 |
| Interest on Net OPEB obligation | 14,325 |
| Adjustment to annual required contribution | (15,937) |
| Annual OPEB cost (expense) | 56,311 |
| Contribution made | 17,071 |
| Increase in net OPEB obligation | 39,240 |
| Net OPEB obligation, beginning of year | 358,128 |
| Net OPEB obligation, end of year | \$397,368 |

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> | | | |
| 6/30/13 | \$80,771 | 43.1% | \$322,832 |
| 6/30/14 | 57,707 | 38.8% | 358,128 |
| 6/30/15 | 56,311 | 30.3% | 397,368 |

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) |
|----------------|----------------------------|----------------------------|-------------------------|--------------------|---------------------|--|
| 6/30/15 | \$ - | \$754,267 | \$754,267 | 0% | \$4,357,162 | 17.3% |

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, 2015 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, 2015

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, 2015 and 2014 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> |
|------|--|---|---------------------------|----------------------------------|
| 2014 | \$ - | \$ (49,452) | \$ 49,452 | \$ - |
| 2015 | - | (110,764) | 110,764 | - |

11. JOINT VENTURE

The City participates in the South Haven Area Emergency Services Authority (SHAES) a joint venture of the City and surrounding townships which provides fire and emergency medical services to participating municipals. Contribution requirements for participating municipalities are based on budgeted costs and the value of property located within each municipality. For the current year the City provided \$515,317 for the aforementioned services. During the most recent fiscal year SHAES reported an increase in net position of \$133,998.

Complete financial statements for SHAES may be obtained at the administrative offices: 930 Blue Star Highway, South Haven, MI 49090.

12. 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.

CITY OF SOUTH HAVEN

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

13. PRIOR PERIOD ADJUSTMENT

Beginning net position of the City was decreased to record the net pension liability in accordance with the implementation of Governmental Accounting Standards Board Statement No. 68 as follows:

| <u>Opinion Unit</u> | <u>Amount</u> |
|---|---------------|
| Governmental activities | \$1,608,395 |
| Downtown Development Authority component unit | 19,092 |
| Business-type activities | 829,404 |
| Electric fund | 400,940 |
| Water fund | 258,874 |
| Sewer fund | 169,590 |

Beginning net position of the City was increased to record deferred outflows in accordance with the implementation of Governmental Accounting Standards Board Statement No. 71 as follows:

| <u>Opinion Unit</u> | <u>Amount</u> |
|---|---------------|
| Governmental activities | \$98,004 |
| Downtown Development Authority component unit | 1,164 |
| Business-type activities | 50,539 |
| Electric fund | 24,431 |
| Water fund | 15,774 |
| Sewer fund | 10,334 |

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, 2015

| | <u>Budget Amounts</u> | | <u>Actual Amount</u> | <u>Variance Positive (Negative)</u> |
|---|-----------------------|---------------------|----------------------|-------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues | | | | |
| Taxes | | | | |
| Property taxes | \$ 3,979,560 | \$ 4,014,166 | \$ 3,906,171 | \$ (107,995) |
| Intergovernmental revenues | | | | |
| State | 329,246 | 394,246 | 483,932 | 89,686 |
| Local | 187,569 | 239,569 | 239,569 | - |
| Licenses and permits | 193,500 | 219,100 | 196,055 | (23,045) |
| Charges for services | 470,875 | 495,875 | 478,154 | (17,721) |
| Fines | 23,500 | 21,000 | 14,172 | (6,828) |
| Special assessments | 1,656 | 1,656 | 1,664 | 8 |
| Investment earnings | 60,650 | 60,650 | 81,592 | 20,942 |
| Miscellaneous | 452,589 | 452,589 | 465,073 | 12,484 |
| Total revenues | <u>5,699,145</u> | <u>5,898,851</u> | <u>5,866,382</u> | <u>(32,469)</u> |
| Expenditures | | | | |
| Current | | | | |
| General government | 1,453,321 | 1,617,525 | 1,548,798 | 68,727 |
| Public safety | 2,953,375 | 2,970,707 | 2,965,526 | 5,181 |
| Public works | 704,554 | 1,013,243 | 992,892 | 20,351 |
| Health and welfare | 192,132 | 201,153 | 193,902 | 7,251 |
| Culture and recreation | 743,010 | 824,890 | 785,827 | 39,063 |
| Other | 142,209 | 228,398 | 186,643 | 41,755 |
| Debt service | | | | |
| Principal | 72,479 | 72,479 | 72,479 | - |
| Interest and fiscal charges | 100,708 | 100,708 | 97,521 | 3,187 |
| Total expenditures | <u>6,361,788</u> | <u>7,029,103</u> | <u>6,843,588</u> | <u>185,515</u> |
| Revenues over (under) expenditures | <u>(662,643)</u> | <u>(1,130,252)</u> | <u>(977,206)</u> | <u>153,046</u> |
| Other financing sources (uses) | | | | |
| Property tax equivalent payments | 964,863 | 1,054,526 | 1,054,526 | - |
| Transfers out | (197,000) | (358,918) | (353,328) | 5,590 |
| Total other financing sources (uses) | <u>767,863</u> | <u>695,608</u> | <u>701,198</u> | <u>5,590</u> |
| Net changes in fund balance | 105,220 | (434,644) | (276,008) | 158,636 |
| Fund balance, beginning of year | <u>2,744,742</u> | <u>2,744,742</u> | <u>2,744,742</u> | <u>-</u> |
| Fund balance, end of year | <u>\$ 2,849,962</u> | <u>\$ 2,310,098</u> | <u>\$ 2,468,734</u> | <u>\$ 158,636</u> |

CITY OF SOUTH HAVEN

DEFINED BENEFIT PENSION PLAN SCHEDULE OF CHANGES IN EMPLOYERS NET PENSION LIABILITY AND RELATED RATIOS

FOR THE YEAR ENDED JUNE 30, 2015

| | 2014 |
|---|-------------------------|
| Total pension liability | |
| Service cost | \$ 578,406 |
| Interest | 1,826,287 |
| Changes in benefit terms | - |
| Difference between expected and actual experience | - |
| Changes in assumptions | - |
| Benefit payments including employee refunds | (1,441,345) |
| Other | - |
| Net change in total pension liability | 963,348 |
| Total pension liability, beginning of year | 22,568,290 |
| Total pension liability, ending of year | \$ 23,531,638 |
| Plan Fiduciary Net Position | |
| Contributions-employer | \$ 316,310 |
| Contributions-employee | 297,887 |
| Net Investment income | 1,257,453 |
| Benefit payments including employee refunds | (1,441,345) |
| Administrative expense | (46,063) |
| Net change in plan fiduciary net position | 384,242 |
| Plan fiduciary net position, beginning of year | 20,111,399 |
| Plan fiduciary net position, ending of year | \$ 20,495,641 |
| Employer net pension liability | \$ 3,035,997 |
| Plan fiduciary net position as a percentage of the total pension liability | 87% |
| Covered employee payroll | \$ 4,651,252 |
| Employer's net pension liability as a percentage of covered employee payroll | 65% |

Notes to schedule:

Above data is based on a measurement date of December 31.

CITY OF SOUTH HAVEN

DEFINED BENEFIT PENSION PLAN SCHEDULE OF EMPLOYER CONTRIBUTIONS

FOR THE YEAR ENDED JUNE 30, 2015

| | <u>2015</u> |
|--|----------------|
| Actuarial determined contributions | \$ 347,518 |
| Contributions in relation to the actuarially determined contribution | <u>347,518</u> |
| Contribution deficiency (excess) | <u>\$ -</u> |
| | |
| Covered employee payroll | \$ 4,651,252 |
| | |
| Contributions as a percentage of covered employee payroll | 7% |

Notes to schedule

| | |
|-------------------------------|---|
| Actuarial cost method | Entry Age |
| Amortization method | Level percentage of payroll, open |
| Remaining amortization period | 25 years |
| Asset valuation method | 10 year smoothed |
| Inflation | 3.50% |
| Salary increases | 4.50% |
| Investment rate of return | 8.25% |
| Retirement age | Varies depending on plan adoption |
| Mortality | 50% female/ 50% male 1994 group annuity mortality table |

CITY OF SOUTH HAVEN

RETIREE HEALTH OTHER POST EMPLOYMENT BENEFIT PLAN

JUNE 30, 2015

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> |
|---|----------------------------|-----------------------------------|----------------------------------|-------------------------|----------------------------|---|
| 6/30/2013 | \$ - | \$ 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% |
| 6/30/2015 | - | 754,267 | 754,267 | 0.00% | 4,357,162 | 17.3% |

SCHEDULE OF EMPLOYER CONTRIBUTIONS

| <u>Year Ended June 30</u> | <u>Annual required Contribution</u> | <u>Actual Contribution</u> | <u>Percent Contributed</u> |
|-------------------------------|---|--------------------------------|--------------------------------|
| 2013 | \$ 82,018 | \$ 34,780 | 42.4% |
| 2014 | 59,161 | 22,411 | 37.9% |
| 2015 | 57,923 | 17,071 | 29.5% |

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.

**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, 2015

| | Budget Amounts | | Actual Amount | Variance Positive (Negative) |
|-----------------------------------|---------------------|---------------------|---------------------|------------------------------------|
| | Original | Final | | |
| Revenues | | | | |
| Taxes | | | | |
| Real and personal property tax | \$ 3,773,760 | \$ 3,808,366 | \$ 3,688,724 | \$ (119,642) |
| Payments in lieu of tax | 5,800 | 5,800 | 5,538 | (262) |
| Collection fees | 200,000 | 200,000 | 211,909 | 11,909 |
| Total taxes | 3,979,560 | 4,014,166 | 3,906,171 | (107,995) |
| Licenses and permits | | | | |
| Business | 95,000 | 100,000 | 77,558 | (22,442) |
| Nonbusiness | 87,000 | 107,000 | 106,372 | (628) |
| Liquor license fees | 11,500 | 12,100 | 12,125 | 25 |
| Total licenses and permits | 193,500 | 219,100 | 196,055 | (23,045) |
| Intergovernmental - state | | | | |
| State-shared revenue | 329,246 | 329,246 | 407,687 | 78,441 |
| State grants | - | 65,000 | 76,245 | 11,245 |
| Total state sources | 329,246 | 394,246 | 483,932 | 89,686 |
| Intergovernmental - local | 187,569 | 239,569 | 239,569 | - |
| Charges for services | | | | |
| Planning and zoning fees | 58,500 | 83,500 | 92,265 | 8,765 |
| Foundations - cemetery | 10,000 | 10,000 | 6,599 | (3,401) |
| Grave openings | 20,000 | 20,000 | 15,758 | (4,242) |
| Cemetery lot use | 38,000 | 38,000 | 19,157 | (18,843) |
| Other charges for services | 344,375 | 344,375 | 344,375 | - |
| Total charges for services | 470,875 | 495,875 | 478,154 | (17,721) |
| Fines | | | | |
| Ordinance fines | 15,000 | 15,000 | 11,062 | (3,938) |
| Other fines | 8,500 | 6,000 | 3,110 | (2,890) |
| Total fines | 23,500 | 21,000 | 14,172 | (6,828) |
| Assessments | 1,656 | 1,656 | 1,664 | 8 |
| Investment earnings | 60,650 | 60,650 | 81,592 | 20,942 |
| Other revenue | 452,589 | 452,589 | 465,073 | 12,484 |
| Total revenues | \$ 5,699,145 | \$ 5,898,851 | \$ 5,866,382 | \$ (32,469) |

CITY OF SOUTH HAVEN
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

| Expenditures | Budget Amounts | | Actual Amount | Variance Positive (Negative) |
|----------------------------|---------------------|---------------------|---------------------|------------------------------|
| | Original | Final | | |
| Current | | | | |
| General government | | | | |
| City council | \$ 52,278 | \$ 53,275 | \$ 45,353 | \$ 7,922 |
| City manager's office | 192,958 | 192,958 | 192,629 | 329 |
| Elections | 21,026 | 28,554 | 26,483 | 2,071 |
| Finance department | 115,724 | 119,543 | 116,479 | 3,064 |
| City assessor | 140,579 | 150,579 | 137,050 | 13,529 |
| Legal counsel | 150,000 | 210,000 | 209,695 | 305 |
| City clerk | 31,911 | 35,025 | 34,042 | 983 |
| Treasurer | 64,663 | 66,068 | 63,375 | 2,693 |
| City hall and grounds | 336,291 | 373,501 | 359,363 | 14,138 |
| Cemetery | 125,542 | 156,400 | 142,559 | 13,841 |
| Cable TV broadcasting | 41,050 | 43,567 | 27,353 | 16,214 |
| Other personnel activities | 116,299 | 122,555 | 122,544 | 11 |
| Insurance and bonds | 65,000 | 65,500 | 71,873 | (6,373) |
| | <u>1,453,321</u> | <u>1,617,525</u> | <u>1,548,798</u> | <u>68,727</u> |
| Public safety | | | | |
| Police department | 2,123,150 | 2,147,150 | 2,146,397 | 753 |
| Information services | 66,456 | 66,456 | 62,339 | 4,117 |
| Fire authority | 496,985 | 515,317 | 515,317 | - |
| Building inspections | 266,784 | 241,784 | 241,473 | 311 |
| | <u>2,953,375</u> | <u>2,970,707</u> | <u>2,965,526</u> | <u>5,181</u> |
| Public works | | | | |
| City engineer | 87,666 | 91,166 | 84,574 | 6,592 |
| Highways and streets | 492,888 | 596,733 | 583,280 | 13,453 |
| Drains | 39,000 | 240,344 | 240,038 | 306 |
| Street lighting | 85,000 | 85,000 | 85,000 | - |
| | <u>704,554</u> | <u>1,013,243</u> | <u>992,892</u> | <u>20,351</u> |
| Health and welfare | | | | |
| Animal control | 7,000 | 8,153 | 8,153 | - |
| Hospital | 105,403 | 110,000 | 105,796 | 4,204 |
| Senior services | 79,729 | 83,000 | 79,953 | 3,047 |
| | <u>192,132</u> | <u>201,153</u> | <u>193,902</u> | <u>7,251</u> |
| Culture and recreation | | | | |
| Parks | 484,832 | 445,686 | 424,939 | 20,747 |
| Library | 189,057 | 192,000 | 189,202 | 2,798 |
| Youth recreation | 17,500 | 17,500 | 17,500 | - |
| Museums | 51,621 | 169,704 | 154,186 | 15,518 |
| | <u>743,010</u> | <u>824,890</u> | <u>785,827</u> | <u>39,063</u> |
| Other | | | | |
| Airport | 44,000 | 75,189 | 75,188 | 1 |
| Economic development | 56,403 | 115,903 | 74,577 | 41,326 |
| Miscellaneous | 41,806 | 37,306 | 36,878 | 428 |
| | <u>142,209</u> | <u>228,398</u> | <u>186,643</u> | <u>41,755</u> |
| Debt service | | | | |
| Principal | 72,479 | 72,479 | 72,479 | - |
| Interest | 100,708 | 100,708 | 97,521 | 3,187 |
| | <u>173,187</u> | <u>173,187</u> | <u>170,000</u> | <u>3,187</u> |
| Total | <u>173,187</u> | <u>173,187</u> | <u>170,000</u> | <u>3,187</u> |
| Total expenditures | <u>\$ 6,361,788</u> | <u>\$ 7,029,103</u> | <u>\$ 6,843,588</u> | <u>\$ 185,515</u> |

(This page left intentionally blank)

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

DEBT SERVICE FUNDS

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

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

The *Downtown Development Bonds Debt Service Fund* accumulates funds for the payment of interest and principal on the 2001 DDA Refunding Bonds. The Downtown Development Authority (DDA) provides funding for the payment of this debt service.

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

CAPITAL PROJECTS FUNDS

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

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

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

PERMANENT FUND

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

(This page left intentionally blank)

CITY OF SOUTH HAVEN

**NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET**

JUNE 30, 2015

| | 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 | \$ 78,353 | \$ 33,066 | \$ 433,886 | \$ 19,767 | \$ 84,712 | \$ 9,616 | \$ 41,552 |
| Accounts receivable | - | - | 5,238 | 3,637 | 2,162 | - | - |
| Accrued interest | - | - | - | - | - | - | - |
| Prepaid items | 4,819 | 3,734 | 334 | - | 3,302 | - | - |
| Due from other governments | 64,794 | 29,380 | - | - | - | - | - |
| Total assets | \$ 147,966 | \$ 66,180 | \$ 439,458 | \$ 23,404 | \$ 90,176 | \$ 9,616 | \$ 41,552 |
| Liabilities, deferred inflows of resources, and fund balances | | | | | | | |
| Liabilities | | | | | | | |
| Accounts payable | \$ 3,220 | \$ - | \$ 306,407 | \$ - | \$ 141 | \$ 691 | \$ - |
| Accrued liabilities | 2,041 | 774 | 913 | - | 3,330 | - | - |
| Due to other governments | - | - | - | - | - | 7,926 | - |
| Total liabilities | 5,261 | 774 | 307,320 | - | 3,471 | 8,617 | - |
| Deferred inflows of resources | | | | | | | |
| Unavailable receivables | - | - | 5,026 | 3,638 | 2,160 | - | - |
| Fund balances | | | | | | | |
| Non-spendable | | | | | | | |
| Prepaid items | 4,819 | 3,734 | 334 | - | 3,302 | - | - |
| Permanent fund corpus | - | - | - | - | - | - | - |
| Restricted | | | | | | | |
| Streets | 137,886 | 61,672 | 126,778 | - | - | - | - |
| Public safety | - | - | - | - | 81,243 | 999 | - |
| Permanent fund spendable portion | - | - | - | - | - | - | - |
| Assigned | - | - | - | 19,766 | - | - | 41,552 |
| Total fund balances | 142,705 | 65,406 | 127,112 | 19,766 | 84,545 | 999 | 41,552 |
| Total liabilities, deferred inflows, and fund balances | \$ 147,966 | \$ 66,180 | \$ 439,458 | \$ 23,404 | \$ 90,176 | \$ 9,616 | \$ 41,552 |

| River Maintenance | Building Authority #2 | Debt Service | | | Capital Projects | | | Permanent | Total |
|----------------------|--------------------------|--------------------------------------|----------------------------------|--------------------------------------|---------------------|-------------------------|--------------------------|-------------------|---------------------|
| | | Capital Improvement Bonds 2012 | Downtown Development Bonds | Capital Improvement Bonds 2007 | Capital Projects | Cemetery Improvement | Ice Rink and Pavilion | Cemetery Trust | |
| \$ 86,835 | \$ 30,851 | \$ 32,346 | \$ - | \$ 1,360 | \$ 662,348 | \$ 302,006 | \$ 6,929 | \$ 298,086 | \$ 2,121,713 |
| - | - | - | - | - | 4,943 | - | - | - | 15,980 |
| 4 | - | - | - | - | - | 1,339 | - | 296 | 1,639 |
| - | - | - | - | - | - | - | - | - | 12,189 |
| - | - | - | - | - | - | - | - | - | 94,174 |
| <u>\$ 86,839</u> | <u>\$ 30,851</u> | <u>\$ 32,346</u> | <u>\$ -</u> | <u>\$ 1,360</u> | <u>\$ 667,291</u> | <u>\$ 303,345</u> | <u>\$ 6,929</u> | <u>\$ 298,382</u> | <u>\$ 2,245,695</u> |
| | | | | | | | | | |
| \$ 2,500 | \$ - | \$ - | \$ - | \$ - | \$ 38,839 | \$ - | \$ - | \$ - | \$ 351,798 |
| - | - | - | - | - | - | - | - | - | 7,058 |
| - | - | - | - | - | - | - | - | - | 7,926 |
| <u>2,500</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>38,839</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>366,782</u> |
| | | | | | | | | | |
| - | - | - | - | - | - | - | - | - | 10,824 |
| | | | | | | | | | |
| - | - | - | - | - | - | - | - | - | 12,189 |
| - | - | - | - | - | - | - | - | 132,245 | 132,245 |
| - | - | - | - | - | - | - | - | - | 326,336 |
| - | - | - | - | - | - | - | - | - | 82,242 |
| - | - | - | - | - | - | - | - | 166,137 | 166,137 |
| <u>84,339</u> | <u>30,851</u> | <u>32,346</u> | <u>-</u> | <u>1,360</u> | <u>628,452</u> | <u>303,345</u> | <u>6,929</u> | <u>-</u> | <u>1,148,940</u> |
| | | | | | | | | | |
| <u>84,339</u> | <u>30,851</u> | <u>32,346</u> | <u>-</u> | <u>1,360</u> | <u>628,452</u> | <u>303,345</u> | <u>6,929</u> | <u>298,382</u> | <u>1,868,089</u> |
| | | | | | | | | | |
| <u>\$ 86,839</u> | <u>\$ 30,851</u> | <u>\$ 32,346</u> | <u>\$ -</u> | <u>\$ 1,360</u> | <u>\$ 667,291</u> | <u>\$ 303,345</u> | <u>\$ 6,929</u> | <u>\$ 298,382</u> | <u>\$ 2,245,695</u> |

CITY OF SOUTH HAVEN
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2015

| | Special Revenue | | | | | | Community Development Block Grant |
|---|-------------------|------------------|------------------------|-----------------------|-------------------|--------------------|---|
| | Major Streets | Local Streets | Streets Improvement | Garbage and Refuse | Narcotics Unit | Police Training | |
| Revenues | | | | | | | |
| Taxes | \$ - | \$ - | \$ 507,344 | \$ 385,053 | \$ 218,166 | \$ - | \$ - |
| Intergovernmental revenues | | | | | | | |
| State | 359,731 | 126,059 | - | - | - | 4,001 | - |
| Local | - | - | 351,516 | - | - | - | - |
| Investment earnings | - | - | 3,544 | - | - | - | - |
| Miscellaneous | 500 | - | 455 | 326 | 5,402 | - | 3,800 |
| Total revenues | <u>360,231</u> | <u>126,059</u> | <u>862,859</u> | <u>385,379</u> | <u>223,568</u> | <u>4,001</u> | <u>3,800</u> |
| Expenditures | | | | | | | |
| Current | | | | | | | |
| General government | - | - | - | - | - | - | - |
| Public safety | - | - | - | - | 209,031 | 4,358 | - |
| Public works | 327,570 | 197,385 | 1,561,094 | - | - | - | - |
| Health and welfare | - | - | - | 384,517 | - | - | - |
| Culture and recreation | - | - | - | - | - | - | - |
| Debt service | | | | | | | |
| Principal | - | - | - | - | - | - | - |
| Interest | - | - | - | - | - | - | - |
| Total expenditures | <u>327,570</u> | <u>197,385</u> | <u>1,561,094</u> | <u>384,517</u> | <u>209,031</u> | <u>4,358</u> | <u>-</u> |
| Revenues over (under) expenditures | <u>32,661</u> | <u>(71,326)</u> | <u>(698,235)</u> | <u>862</u> | <u>14,537</u> | <u>(357)</u> | <u>3,800</u> |
| Other financing sources (uses) | | | | | | | |
| Issuance of debt | - | - | - | - | - | - | - |
| Transfers in | - | 66,163 | 275,000 | - | - | - | - |
| Transfers out | (66,163) | - | (177,000) | - | - | - | - |
| Total other financing sources (uses) | <u>(66,163)</u> | <u>66,163</u> | <u>98,000</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net changes in fund balances | (33,502) | (5,163) | (600,235) | 862 | 14,537 | (357) | 3,800 |
| Fund balances, beginning 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> |
| Fund balances, end of year | <u>\$ 142,705</u> | <u>\$ 65,406</u> | <u>\$ 127,112</u> | <u>\$ 19,766</u> | <u>\$ 84,545</u> | <u>\$ 999</u> | <u>\$ 41,552</u> |

| River Maintenance | Building Authority #2 | Debt Service | | | Capital Projects | | | Permanent | Total |
|----------------------|--------------------------|--------------------------------------|----------------------------------|--------------------------------------|---------------------|-------------------------|--------------------------|-------------------|--------------|
| | | Capital Improvement Bonds 2012 | Downtown Development Bonds | Capital Improvement Bonds 2007 | Capital Projects | Cemetery Improvement | Ice Rink and Pavilion | Cemetery Trust | |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,110,563 |
| - | - | - | - | - | 30,255 | - | - | - | 520,046 |
| - | - | - | - | - | 230,000 | - | - | - | 581,516 |
| 853 | - | - | - | - | (11,247) | 16,183 | - | 9,485 | 18,818 |
| 10,000 | 90,624 | 141,439 | 376,534 | 109,087 | - | 6,013 | 35,000 | - | 779,180 |
| 10,853 | 90,624 | 141,439 | 376,534 | 109,087 | 249,008 | 22,196 | 35,000 | 9,485 | 3,010,123 |
| - | 500 | - | - | - | - | - | - | - | 500 |
| - | - | - | - | - | 20,959 | - | - | - | 234,348 |
| - | - | - | - | - | 719,451 | - | - | - | 2,805,500 |
| 10,500 | - | - | - | - | - | - | - | - | 395,017 |
| - | - | - | - | - | 22,005 | - | 35,572 | - | 57,577 |
| - | 210,000 | 250,000 | 360,000 | 65,000 | - | - | - | - | 885,000 |
| - | 48,375 | 91,388 | 16,910 | 44,036 | - | - | - | - | 200,709 |
| 10,500 | 258,875 | 341,388 | 376,910 | 109,036 | 762,415 | - | 35,572 | - | 4,578,651 |
| 353 | (168,251) | (199,949) | (376) | 51 | (513,407) | 22,196 | (572) | 9,485 | (1,568,528) |
| - | - | - | - | - | 74,000 | - | - | - | 74,000 |
| 26,880 | 168,301 | 200,000 | - | - | 452,835 | - | - | 10,410 | 1,199,589 |
| - | - | - | - | - | - | - | - | - | (243,163) |
| 26,880 | 168,301 | 200,000 | - | - | 526,835 | - | - | 10,410 | 1,030,426 |
| 27,233 | 50 | 51 | (376) | 51 | 13,428 | 22,196 | (572) | 19,895 | (538,102) |
| 57,106 | 30,801 | 32,295 | 376 | 1,309 | 615,024 | 281,149 | 7,501 | 278,487 | 2,406,191 |
| \$ 84,339 | \$ 30,851 | \$ 32,346 | \$ - | \$ 1,360 | \$ 628,452 | \$ 303,345 | \$ 6,929 | \$ 298,382 | \$ 1,868,089 |

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, 2015

| | <u>Budget Amounts</u> | | <u>Actual Amount</u> | <u>Variance Positive (Negative)</u> |
|--|-----------------------|------------------|----------------------|-------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues | | | | |
| Intergovernmental revenues | | | | |
| State | \$ 322,806 | \$ 326,806 | \$ 359,731 | \$ 32,925 |
| Investment earnings | - | - | - | - |
| Miscellaneous | 500 | 500 | 500 | - |
| Total revenues | 323,306 | 327,306 | 360,231 | 32,925 |
| Expenditures | | | | |
| Current | | | | |
| Public works | 253,155 | 389,710 | 327,570 | 62,140 |
| Revenues over (under) expenditures | 70,151 | (62,404) | 32,661 | 95,065 |
| Other financing sources | | | | |
| Transfers out | (70,151) | (70,151) | (66,163) | 3,988 |
| Net changes in fund balance | - | (132,555) | (33,502) | 99,053 |
| Fund balance, beginning of year | 176,207 | 176,207 | 176,207 | - |
| Fund balance, end of year | <u>\$ 176,207</u> | <u>\$ 43,652</u> | <u>\$ 142,705</u> | <u>\$ 99,053</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, 2015

| | Budget Amounts | | Actual Amount | Variance Positive (Negative) |
|--|----------------|------------|------------------|------------------------------------|
| | Original | Final | | |
| Revenues | | | | |
| Intergovernmental revenues | | | | |
| State | \$ 107,272 | \$ 112,000 | \$ 126,059 | \$ 14,059 |
| Investment earnings | 300 | 300 | - | (300) |
| Miscellaneous | 300 | 300 | - | (300) |
| Total revenues | 107,872 | 112,600 | 126,059 | 13,459 |
| Expenditures | | | | |
| Current | | | | |
| Public works | 178,023 | 206,579 | 197,385 | 9,194 |
| Revenues over (under) expenditures | (70,151) | (93,979) | (71,326) | 22,653 |
| Other financing source (uses) | | | | |
| Transfers in | 70,151 | 70,151 | 66,163 | (3,988) |
| Net changes in fund balance | - | (23,828) | (5,163) | 18,665 |
| Fund balance, beginning of year | 70,569 | 70,569 | 70,569 | - |
| Fund balance, end of year | \$ 70,569 | \$ 46,741 | \$ 65,406 | \$ 18,665 |

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, 2015

| | <u>Budget Amounts</u> | | <u>Actual Amount</u> | <u>Variance Positive (Negative)</u> |
|--|-----------------------|-------------------|----------------------|-------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues | | | | |
| Taxes | \$ 507,430 | \$ 514,905 | \$ 507,344 | \$ (7,561) |
| Intergovernmental revenues | | | | |
| Local | 363,200 | 353,200 | 351,516 | (1,684) |
| Investment earnings | 5,000 | 5,000 | 3,544 | (1,456) |
| Miscellaneous | - | - | 455 | 455 |
| Total revenues | 875,630 | 873,105 | 862,859 | (10,246) |
| Expenditures | | | | |
| Current | | | | |
| Public works | <u>1,325,274</u> | <u>1,471,474</u> | <u>1,561,094</u> | <u>(89,620)</u> |
| Revenues over (under) expenditures | <u>(449,644)</u> | <u>(598,369)</u> | <u>(698,235)</u> | <u>(99,866)</u> |
| Other financing source (uses) | | | | |
| Transfers in | 275,000 | 275,000 | 275,000 | - |
| Transfers out | <u>(177,000)</u> | <u>(177,000)</u> | <u>(177,000)</u> | <u>-</u> |
| Total other financing sources (uses) | <u>98,000</u> | <u>98,000</u> | <u>98,000</u> | <u>-</u> |
| Net changes in fund balance | (351,644) | (500,369) | (600,235) | (99,866) |
| Fund balance, beginning of year | <u>727,347</u> | <u>727,347</u> | <u>727,347</u> | <u>-</u> |
| Fund balance, end of year | <u>\$ 375,703</u> | <u>\$ 226,978</u> | <u>\$ 127,112</u> | <u>\$ (99,866)</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, 2015

| | <u>Budget Amounts</u> | | <u>Actual Amount</u> | <u>Variance Positive (Negative)</u> |
|--|-----------------------|------------------|----------------------|-------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues | | | | |
| Taxes | \$ 387,650 | \$ 390,790 | \$ 385,053 | \$ (5,737) |
| Miscellaneous | - | - | 326 | 326 |
| Total revenues | 387,650 | 390,790 | 385,379 | (5,411) |
| Expenditures | | | | |
| Current | | | | |
| Health and welfare | 387,650 | 390,790 | 384,517 | 6,273 |
| Net changes in fund balance | - | - | 862 | 862 |
| Fund balance, beginning of year | 18,904 | 18,904 | 18,904 | - |
| Fund balance, end of year | <u>\$ 18,904</u> | <u>\$ 18,904</u> | <u>\$ 19,766</u> | <u>\$ 862</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, 2015

| | <u>Budget Amounts</u> | | <u>Actual Amount</u> | <u>Variance Positive (Negative)</u> |
|--|-----------------------|------------------|----------------------|-------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues | | | | |
| Taxes | \$ 218,203 | \$ 221,413 | \$ 218,166 | \$ (3,247) |
| Miscellaneous | - | 5,200 | 5,402 | 202 |
| Total revenues | 218,203 | 226,613 | 223,568 | (3,045) |
| Expenditures | | | | |
| Current | | | | |
| Public safety | 236,303 | 243,303 | 209,031 | 34,272 |
| Net changes in fund balance | (18,100) | (16,690) | 14,537 | 31,227 |
| Fund balance, beginning of year | 70,008 | 70,008 | 70,008 | - |
| Fund balance, end of year | <u>\$ 51,908</u> | <u>\$ 53,318</u> | <u>\$ 84,545</u> | <u>\$ 31,227</u> |

CITY OF SOUTH HAVEN

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

FOR THE YEAR ENDED JUNE 30, 2015

| | <u>Budget Amounts</u> | | <u>Actual Amount</u> | <u>Variance Positive (Negative)</u> |
|--|-----------------------|---------------|----------------------|-------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues | | | | |
| Intergovernmental revenues | | | | |
| State | \$ 3,500 | \$ 3,500 | \$ 4,001 | \$ 501 |
| Expenditures | | | | |
| Current | | | | |
| Public safety | 3,500 | 4,400 | 4,358 | 42 |
| Net changes in fund balance | - | (900) | (357) | 543 |
| Fund balance, beginning of year | <u>1,356</u> | <u>1,356</u> | <u>1,356</u> | <u>-</u> |
| Fund balance, end of year | <u>\$ 1,356</u> | <u>\$ 456</u> | <u>\$ 999</u> | <u>\$ 543</u> |

CITY OF SOUTH HAVEN

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

FOR THE YEAR ENDED JUNE 30, 2015

| | <u>Budget Amounts</u> | | <u>Actual Amount</u> | <u>Variance Positive (Negative)</u> |
|--|-----------------------|------------------|----------------------|-------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues | | | | |
| Miscellaneous | \$ - | \$ 3,800 | \$ 3,800 | \$ - |
| Expenditures | | | | |
| Current | | | | |
| General government | - | - | - | - |
| Net changes in fund balance | - | 3,800 | 3,800 | - |
| Fund balance, beginning of year | <u>37,752</u> | <u>37,752</u> | <u>37,752</u> | <u>-</u> |
| Fund balance, end of year | <u>\$ 37,752</u> | <u>\$ 41,552</u> | <u>\$ 41,552</u> | <u>\$ -</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, 2015

| | Budget Amounts | | Actual Amount | Variance Positive (Negative) |
|--|------------------|------------------|------------------|------------------------------------|
| | Original | Final | | |
| Revenues | | | | |
| Investment earnings | \$ - | \$ - | \$ 853 | \$ 853 |
| Miscellaneous | 10,000 | 10,000 | 10,000 | - |
| Total Revenues | 10,000 | 10,000 | 10,853 | 853 |
| Expenditures | | | | |
| Current | | | | |
| Health and welfare | 20,500 | 20,500 | 10,500 | 10,000 |
| Revenues over (under) expenditures | (10,500) | (10,500) | 353 | 10,853 |
| Other financing source (uses) | | | | |
| Transfers in | 26,880 | 26,880 | 26,880 | - |
| Net changes in fund balance | 16,380 | 16,380 | 27,233 | 10,853 |
| Fund balance, beginning of year | 57,106 | 57,106 | 57,106 | - |
| Fund balance, end of year | <u>\$ 73,486</u> | <u>\$ 73,486</u> | <u>\$ 84,339</u> | <u>\$ 10,853</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, 2015

| | <u>Budget Amounts</u> | | <u>Actual Amount</u> | <u>Variance Positive (Negative)</u> |
|--|-----------------------|------------------|----------------------|-------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues | | | | |
| Miscellaneous | \$ 90,624 | \$ 90,624 | \$ 90,624 | \$ - |
| Expenditures | | | | |
| Current | | | | |
| General government | 550 | 550 | 500 | 50 |
| Debt service | | | | |
| Principal | 210,000 | 210,000 | 210,000 | - |
| Interest | 48,375 | 48,375 | 48,375 | - |
| Total expenditures | <u>258,925</u> | <u>258,925</u> | <u>258,875</u> | <u>50</u> |
| Revenues over (under) expenditures | (168,301) | (168,301) | (168,251) | 50 |
| Other financing source (uses) | | | | |
| Transfers in | <u>168,301</u> | <u>168,301</u> | <u>168,301</u> | <u>-</u> |
| Net changes in fund balance | - | - | 50 | 50 |
| Fund balance, beginning of year | <u>30,801</u> | <u>30,801</u> | <u>30,801</u> | <u>-</u> |
| Fund balance, end of year | <u>\$ 30,801</u> | <u>\$ 30,801</u> | <u>\$ 30,851</u> | <u>\$ 50</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, 2015

| | <u>Budget Amounts</u> | | <u>Actual Amount</u> | <u>Variance Positive (Negative)</u> |
|--|-----------------------|------------------|----------------------|-------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues | | | | |
| Miscellaneous | \$ 141,438 | \$ 141,438 | \$ 141,439 | \$ 1 |
| Expenditures | | | | |
| Debt service | | | | |
| Principal | 250,000 | 250,000 | 250,000 | - |
| Interest | 91,438 | 91,438 | 91,388 | 50 |
| Total expenditures | <u>341,438</u> | <u>341,438</u> | <u>341,388</u> | <u>50</u> |
| Revenues over (under) expenditures | <u>(200,000)</u> | <u>(200,000)</u> | <u>(199,949)</u> | <u>51</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 | - | - | 51 | 51 |
| Fund balance, beginning of year | <u>32,295</u> | <u>32,295</u> | <u>32,295</u> | <u>-</u> |
| Fund balance, end of year | <u>\$ 32,295</u> | <u>\$ 32,295</u> | <u>\$ 32,346</u> | <u>\$ 51</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, 2015

| | <u>Budget Amounts</u> | | <u>Actual Amount</u> | <u>Variance Positive (Negative)</u> |
|--|-----------------------|----------------|----------------------|-------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues | | | | |
| Miscellaneous | \$ 377,110 | \$ 377,110 | \$ 376,534 | \$ (576) |
| Expenditures | | | | |
| Debt service | | | | |
| Principal | 360,000 | 360,000 | 360,000 | - |
| Interest | 17,110 | 17,110 | 16,910 | 200 |
| Total expenditures | <u>377,110</u> | <u>377,110</u> | <u>376,910</u> | <u>200</u> |
| Net changes in fund balance | - | - | (376) | (376) |
| Fund balance, beginning of year | <u>376</u> | <u>376</u> | <u>376</u> | <u>-</u> |
| Fund balance, end of year | <u>\$ 376</u> | <u>\$ 376</u> | <u>\$ -</u> | <u>\$ (376)</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, 2015

| | <u>Budget Amounts</u> | | <u>Actual Amount</u> | <u>Variance Positive (Negative)</u> |
|--|-----------------------|-----------------|----------------------|-------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues | | | | |
| Miscellaneous | \$ 109,087 | \$ 109,087 | \$ 109,087 | \$ - |
| Expenditures | | | | |
| Debt service | | | | |
| Principal | 65,000 | 65,000 | 65,000 | - |
| Interest | 44,087 | 44,087 | 44,036 | 51 |
| Total expenditures | <u>109,087</u> | <u>109,087</u> | <u>109,036</u> | <u>51</u> |
| Net changes in fund balance | - | - | 51 | 51 |
| Fund balance, beginning of year | <u>1,309</u> | <u>1,309</u> | <u>1,309</u> | <u>-</u> |
| Fund balance, end of year | <u>\$ 1,309</u> | <u>\$ 1,309</u> | <u>\$ 1,360</u> | <u>\$ 51</u> |

(This page left intentionally blank)

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, 2015

| Assets | Beach Fund | Black River Park | Marina Fund | Total |
|----------------------------------|-----------------------|---------------------------------|------------------------|---------------------|
| Current assets | | | | |
| Cash and pooled investments | \$ 142,263 | \$ 267,731 | \$ 494,087 | \$ 904,081 |
| Accounts receivable | 150 | - | 3,240 | 3,390 |
| Accrued interest receivable | - | - | 643 | 643 |
| Due from other governments | - | - | 4,414 | 4,414 |
| Prepaid items | 16,472 | 2,097 | 22 | 18,591 |
| Total current assets | <u>158,885</u> | <u>269,828</u> | <u>502,406</u> | <u>931,119</u> |
| Non-current assets | | | | |
| Capital assets | | | | |
| Land | - | 2,333 | 3,003 | 5,336 |
| Construction in progress | - | 3,500 | 1,700 | 5,200 |
| Buildings and equipment | - | 85,258 | 1,683,306 | 1,768,564 |
| Infrastructure | - | 935,467 | 1,950,803 | 2,886,270 |
| Less accumulated depreciator | - | (655,925) | (1,501,241) | (2,157,166) |
| Total non-current assets | <u>-</u> | <u>370,633</u> | <u>2,137,571</u> | <u>2,508,204</u> |
| Total assets | <u>158,885</u> | <u>640,461</u> | <u>2,639,977</u> | <u>3,439,323</u> |
| Liabilities | | | | |
| Current liabilities | | | | |
| Accounts payable | 3,772 | 2,183 | 5,193 | 11,148 |
| Accrued liabilities | 3,621 | 189 | 34 | 3,844 |
| Unearned revenue | - | 59,071 | 252,351 | 311,422 |
| Total current liabilities | <u>7,393</u> | <u>61,443</u> | <u>257,578</u> | <u>326,414</u> |
| Long-term liabilities | | | | |
| Accrued compensated absences | 6 | - | - | 6 |
| Total liabilities | <u>7,399</u> | <u>61,443</u> | <u>257,578</u> | <u>326,420</u> |
| Net position | | | | |
| Net investment in capital assets | - | 370,633 | 2,137,571 | 2,508,204 |
| Unrestricted | 151,486 | 208,385 | 244,828 | 604,699 |
| Total net position | <u>\$ 151,486</u> | <u>\$ 579,018</u> | <u>\$ 2,382,399</u> | <u>\$ 3,112,903</u> |

CITY OF SOUTH HAVEN

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

FOR THE YEAR ENDED JUNE 30, 2015

| | <u>Beach Fund</u> | <u>Black River Park</u> | <u>Marina Fund</u> | <u>Total</u> |
|--|-----------------------|---------------------------------|------------------------|---------------------|
| Operating revenue | | | | |
| Charges for services | \$ 270,264 | \$ - | \$ 4,050 | \$ 274,314 |
| Dock rental | - | 158,323 | 565,478 | 723,801 |
| Other | - | 237 | 3,258 | 3,495 |
| Total operating revenue | <u>270,264</u> | <u>158,560</u> | <u>572,786</u> | <u>1,001,610</u> |
| Operating expense | | | | |
| Operating costs and expenses | 220,748 | 86,127 | 402,790 | 709,665 |
| Depreciation | - | 49,720 | 125,644 | 175,364 |
| Total operating expense | <u>220,748</u> | <u>135,847</u> | <u>528,434</u> | <u>885,029</u> |
| Operating income (loss) | 49,516 | 22,713 | 44,352 | 116,581 |
| Non-operating revenue (expense) | | | | |
| Investment earnings | 96 | 44 | (3,403) | (3,263) |
| Income (loss) before transfers | <u>49,612</u> | <u>22,757</u> | <u>40,949</u> | <u>113,318</u> |
| Transfers | | | | |
| Property tax equivalent payments | (12,450) | (8,355) | (28,500) | (49,305) |
| Transfers out | (63,917) | (5,800) | (21,080) | (90,797) |
| Total transfers | <u>(76,367)</u> | <u>(14,155)</u> | <u>(49,580)</u> | <u>(140,102)</u> |
| Changes in net position | (26,755) | 8,602 | (8,631) | (26,784) |
| Net position, beginning of year | <u>178,241</u> | <u>570,416</u> | <u>2,391,030</u> | <u>3,139,687</u> |
| Net position, end of year | <u>\$ 151,486</u> | <u>\$ 579,018</u> | <u>\$ 2,382,399</u> | <u>\$ 3,112,903</u> |

CITY OF SOUTH HAVEN
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2015

| | <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 | \$ 270,114 | \$ 167,795 | \$ 654,823 | \$ 1,092,732 |
| Payments to employees | (86,966) | (39,864) | (97,268) | (224,098) |
| Payments to suppliers | (132,569) | (45,570) | (333,959) | (512,098) |
| Net cash provided by (used in) operating activities | <u>50,579</u> | <u>82,361</u> | <u>223,596</u> | <u>356,536</u> |
| Cash flows from non-capital financing activities | | | | |
| Due to other funds | (6,100) | - | - | (6,100) |
| Due from other funds | - | 6,100 | - | 6,100 |
| Property tax equivalents | (12,450) | (8,355) | (28,500) | (49,305) |
| Transfers out | (63,917) | (5,800) | (21,080) | (90,797) |
| Net cash provided by (used in) non-capital financing activities | <u>(82,467)</u> | <u>(8,055)</u> | <u>(49,580)</u> | <u>(140,102)</u> |
| Cash flows from capital and related financing activities | | | | |
| Acquisitions of capital assets | - | (3,500) | (1,700) | (5,200) |
| Cash flows from investing activities | | | | |
| Interest income | 96 | 44 | (3,885) | (3,745) |
| Net increase (decrease) in cash and pooled investments | (31,792) | 70,850 | 168,431 | 207,489 |
| Cash and pooled investments, beginning of year | <u>174,055</u> | <u>196,881</u> | <u>325,656</u> | <u>696,592</u> |
| Cash and pooled investments, end of year | <u>\$ 142,263</u> | <u>\$ 267,731</u> | <u>\$ 494,087</u> | <u>\$ 904,081</u> |
| Cash flows from operating activities | | | | |
| Operating income (loss) | \$ 49,516 | \$ 22,713 | \$ 44,352 | \$ 116,581 |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities | | | | |
| Depreciation | - | 49,720 | 125,644 | 175,364 |
| Change in operating assets and liabilities which provided (used) cash | | | | |
| Accounts receivable | (150) | 45 | 6,050 | 5,945 |
| Due from other governments | - | - | 58,134 | 58,134 |
| Prepaid expenses | (961) | 598 | 1,903 | 1,540 |
| Accounts payable | 2,739 | 1,329 | (30,356) | (26,288) |
| Accrued liabilities | (439) | (1,234) | 16 | (1,657) |
| Compensated absences | (126) | - | - | (126) |
| Unearned revenue | - | 9,190 | 17,853 | 27,043 |
| Net cash provided by (used in) operating activities | <u>\$ 50,579</u> | <u>\$ 82,361</u> | <u>\$ 223,596</u> | <u>\$ 356,536</u> |

CITY OF SOUTH HAVEN

INTERNAL SERVICE FUNDS COMBINING STATEMENT OF NET POSITION

JUNE 30, 2015

| Assets | Motor Pool | Information Services | Self Insurance | Total |
|----------------------------------|-----------------------|---------------------------------|---------------------------|---------------------|
| Current assets | | | | |
| Cash and pooled investments | \$ 1,303,603 | \$ 110,963 | \$ 628,317 | \$ 2,042,883 |
| Accrued interest receivable | 3,043 | - | 3,988 | 7,031 |
| Prepaid items | <u>2,034</u> | <u>10,254</u> | <u>-</u> | <u>12,288</u> |
| Total current assets | <u>1,308,680</u> | <u>121,217</u> | <u>632,305</u> | <u>2,062,202</u> |
| Non-current assets | | | | |
| Capital assets | | | | |
| Buildings and equipment | 547,588 | 205,831 | - | 753,419 |
| Vehicles | 2,989,673 | - | - | 2,989,673 |
| Less accumulated depreciation | <u>(2,139,303)</u> | <u>(128,228)</u> | <u>-</u> | <u>(2,267,531)</u> |
| Total non-current assets | <u>1,397,958</u> | <u>77,603</u> | <u>-</u> | <u>1,475,561</u> |
| Total assets | <u>2,706,638</u> | <u>198,820</u> | <u>632,305</u> | <u>3,537,763</u> |
| Liabilities | | | | |
| Current liabilities | | | | |
| Accounts payable | 70,518 | 464 | - | 70,982 |
| Accrued liabilities | <u>2,096</u> | <u>1,441</u> | <u>-</u> | <u>3,537</u> |
| Total current liabilities | 72,614 | 1,905 | - | 74,519 |
| Long-term liabilities | | | | |
| Compensated absences | <u>3,971</u> | <u>9,713</u> | <u>-</u> | <u>13,684</u> |
| Total liabilities | <u>76,585</u> | <u>11,618</u> | <u>-</u> | <u>88,203</u> |
| Net position | | | | |
| Net investment in capital assets | 1,397,958 | 77,603 | - | 1,475,561 |
| Unrestricted | <u>1,232,095</u> | <u>109,599</u> | <u>632,305</u> | <u>1,973,999</u> |
| Total net position | <u>\$ 2,630,053</u> | <u>\$ 187,202</u> | <u>\$ 632,305</u> | <u>\$ 3,449,560</u> |

CITY OF SOUTH HAVEN

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

FOR THE YEAR ENDED JUNE 30, 2015

| | <u>Motor Pool</u> | <u>Information Services</u> | <u>Self Insurance</u> | <u>Total</u> |
|--|-----------------------|---------------------------------|---------------------------|---------------------|
| Operating revenue | | | | |
| Charges for services | \$ 775,103 | \$ 296,134 | \$ - | \$ 1,071,237 |
| Other | 8,386 | 21 | - | 8,407 |
| Total operating revenue | <u>783,489</u> | <u>296,155</u> | <u>-</u> | <u>1,079,644</u> |
| Operating expense | | | | |
| Operating costs and expenses | 363,529 | 201,477 | 1,291 | 566,297 |
| Depreciation | 322,130 | 46,933 | - | 369,063 |
| Total operating expense | <u>685,659</u> | <u>248,410</u> | <u>1,291</u> | <u>935,360</u> |
| Operating income (loss) | 97,830 | 47,745 | (1,291) | 144,284 |
| Non-operating revenue (expense) | | | | |
| Interest income | 28,756 | - | 21,120 | 49,876 |
| Income (loss) before transfers | <u>126,586</u> | <u>47,745</u> | <u>19,829</u> | <u>194,160</u> |
| Transfers | | | | |
| Transfers in | 14,000 | - | - | 14,000 |
| Transfers out | - | - | (150,000) | (150,000) |
| Total transfers | <u>14,000</u> | <u>-</u> | <u>(150,000)</u> | <u>(136,000)</u> |
| Changes in net position | 140,586 | 47,745 | (130,171) | 58,160 |
| Net position, beginning of year | <u>2,489,467</u> | <u>139,457</u> | <u>762,476</u> | <u>3,391,400</u> |
| Net position, end of year | <u>\$ 2,630,053</u> | <u>\$ 187,202</u> | <u>\$ 632,305</u> | <u>\$ 3,449,560</u> |

CITY OF SOUTH HAVEN
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2015

| | <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 | \$ 783,489 | \$ 296,155 | \$ - | \$ 1,079,644 |
| Payments to employees | (117,800) | (72,452) | - | (190,252) |
| Payments to suppliers | (202,428) | (145,232) | (1,291) | (348,951) |
| Net cash provided by (used in) operating activities | <u>463,261</u> | <u>78,471</u> | <u>(1,291)</u> | <u>540,441</u> |
| Cash flows from non-capital financing activities | | | | |
| Due to and due from other funds | (29,000) | - | - | (29,000) |
| Transfers in | 14,000 | - | - | 14,000 |
| Transfers out | - | - | (150,000) | (150,000) |
| Net cash provided by (used in) non-capital financing activities | <u>(15,000)</u> | <u>-</u> | <u>(150,000)</u> | <u>(165,000)</u> |
| Cash flows from capital and related financing activities | | | | |
| Acquisitions of capital assets | (426,096) | (44,416) | - | (470,512) |
| Cash flows from investing activities | | | | |
| Interest income | 28,420 | - | 21,025 | 49,445 |
| Net increase (decrease) in cash and pooled investments | 50,585 | 34,055 | (130,266) | (45,626) |
| Cash and pooled investments, beginning of year | <u>1,253,018</u> | <u>76,908</u> | <u>758,583</u> | <u>2,088,509</u> |
| Cash and pooled investments, end of year | <u>\$ 1,303,603</u> | <u>\$ 110,963</u> | <u>\$ 628,317</u> | <u>\$ 2,042,883</u> |
| Cash flows from operating activities | | | | |
| Operating income (loss) | \$ 97,830 | \$ 47,745 | \$ (1,291) | \$ 144,284 |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities | | | | |
| Depreciation | 322,130 | 46,933 | - | 369,063 |
| Change in operating assets and liabilities which provided (used) cash | | | | |
| Prepaid items | 99 | (111) | - | (12) |
| Accounts payable | 44,716 | (16,383) | - | 28,333 |
| Accrued liabilities | 173 | 238 | - | 411 |
| Compensated absences | (1,687) | 49 | - | (1,638) |
| Net cash provided by (used in) operating activities | <u>\$ 463,261</u> | <u>\$ 78,471</u> | <u>\$ (1,291)</u> | <u>\$ 540,441</u> |

CITY OF SOUTH HAVEN

AGENCY FUNDS COMBINING STATEMENT OF ASSETS AND LIABILITIES

JUNE 30, 2015

| | <u>Payroll tax Collection</u> | <u>Current tax Fund</u> | <u>Trust and Agency</u> | <u>Total</u> |
|---------------------------------|-----------------------------------|-----------------------------|-----------------------------|-------------------|
| Assets | | | | |
| Cash and pooled investments | \$ <u>120,739</u> | \$ <u>14,432</u> | \$ <u>95,106</u> | \$ <u>230,277</u> |
| Liabilities | | | | |
| Accounts payable | \$ 59,853 | \$ - | \$ - | \$ 59,853 |
| Deposits | - | - | 95,106 | 95,106 |
| Due to other governmental units | <u>60,886</u> | <u>14,432</u> | <u>-</u> | <u>75,318</u> |
| Total liabilities | <u>\$ 120,739</u> | <u>\$ 14,432</u> | <u>\$ 95,106</u> | <u>\$ 230,277</u> |

CITY OF SOUTH HAVEN

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

FOR THE YEAR ENDED JUNE 30, 2015

| | <u>Balance</u> | | | <u>Balance</u> |
|---|---------------------|----------------------|----------------------|----------------------|
| | <u>July 1, 2014</u> | <u>Additions</u> | <u>Deductions</u> | <u>June 30, 2015</u> |
| <u>Payroll Tax Collection Fund</u> | | | | |
| Assets | | | | |
| Cash and pooled investments | \$ 117,106 | \$ 11,693,724 | \$ 11,690,091 | \$ 120,739 |
| Prepaid items | - | 117 | 117 | - |
| Total assets | <u>\$ 117,106</u> | <u>\$ 11,693,841</u> | <u>\$ 11,690,208</u> | <u>\$ 120,739</u> |
| Liabilities | | | | |
| Accounts payable | \$ 57,209 | \$ 1,889,450 | \$ 1,886,806 | \$ 59,853 |
| Due to other governmental units | 59,897 | 1,314,439 | 1,313,450 | 60,886 |
| Total liabilities | <u>\$ 117,106</u> | <u>\$ 3,203,889</u> | <u>\$ 3,200,256</u> | <u>\$ 120,739</u> |
| <u>Current Tax Collection Fund</u> | | | | |
| Assets | | | | |
| Cash and pooled investments | \$ 20,697 | \$ 24,576,129 | \$ 24,582,394 | \$ 14,432 |
| Taxes receivable | - | 222,052 | 222,052 | - |
| Total assets | <u>\$ 20,697</u> | <u>\$ 24,798,181</u> | <u>\$ 24,804,446</u> | <u>\$ 14,432</u> |
| Liabilities | | | | |
| Accounts payable | \$ - | \$ 13,758,544 | \$ 13,758,544 | \$ - |
| Due to other governmental units | 20,697 | 23,700,529 | 23,706,794 | 14,432 |
| Total liabilities | <u>\$ 20,697</u> | <u>\$ 37,459,073</u> | <u>\$ 37,465,338</u> | <u>\$ 14,432</u> |
| <u>Trust and Agency Fund</u> | | | | |
| Assets | | | | |
| Cash and pooled investments | \$ 81,061 | \$ 99,460 | \$ 85,415 | \$ 95,106 |
| Liabilities | | | | |
| Accounts payable | \$ 449 | \$ 76,305 | \$ 76,754 | \$ - |
| Deposits | 80,612 | 99,413 | 84,919 | 95,106 |
| Total liabilities | <u>\$ 81,061</u> | <u>\$ 175,718</u> | <u>\$ 161,673</u> | <u>\$ 95,106</u> |
| <u>Total - All Agency Funds</u> | | | | |
| Assets | | | | |
| Cash and pooled investments | \$ 218,864 | \$ 36,369,313 | \$ 36,357,900 | \$ 230,277 |
| Taxes receivable | - | 222,052 | 222,052 | - |
| Prepaid items | - | 117 | 117 | - |
| Total assets | <u>\$ 218,864</u> | <u>\$ 36,591,482</u> | <u>\$ 36,580,069</u> | <u>\$ 230,277</u> |
| Liabilities | | | | |
| Accounts payable | \$ 57,658 | \$ 15,724,299 | \$ 15,722,104 | \$ 59,853 |
| Deposits | 80,612 | 99,413 | 84,919 | 95,106 |
| Due to other governmental units | 80,594 | 25,014,968 | 25,020,244 | 75,318 |
| Total liabilities | <u>\$ 218,864</u> | <u>\$ 40,838,680</u> | <u>\$ 40,827,267</u> | <u>\$ 230,277</u> |

(This page left intentionally blank)

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, 2015

| | Governmental Fund Type | | | Adjustments | Statement of Net Position |
|--|-----------------------------------|----------------------------------|-------------------|--------------------|--|
| | General Fund | Debt Service Fund | Totals | | |
| Assets | | | | | |
| Cash and pooled investments | \$ 309,161 | \$ 15,648 | \$ 324,809 | \$ - | \$ 324,809 |
| Accounts receivable | 18,421 | - | 18,421 | - | 18,421 |
| Special assessment receivable | 11,502 | - | 11,502 | - | 11,502 |
| Prepaid items | 1,839 | - | 1,839 | - | 1,839 |
| Due from other governments | - | - | - | - | - |
| Total assets | \$ 340,923 | \$ 15,648 | \$ 356,571 | \$ - | 356,571 |
| Deferred outflows of resources | | | | | |
| Deferred outflow for pension plan | | | | 5,792 | 5,792 |
| Liabilities, deferred inflows of resources, and fund balances | | | | | |
| Liabilities | | | | | |
| Accounts payable | \$ 15,767 | \$ - | \$ 15,767 | - | 15,767 |
| Accrued liabilities | 1,925 | - | 1,925 | 23,775 | 25,700 |
| Noncurrent liabilities | | | | | |
| Net pension liability | - | - | - | 37,811 | 37,811 |
| Due within one year | - | - | - | 110,000 | 110,000 |
| Due in more than one year | - | - | - | 2,575,000 | 2,575,000 |
| Total liabilities | 17,692 | - | 17,692 | 2,746,586 | 2,764,278 |
| Deferred inflows of resources | | | | | |
| Unavailable receivables | 11,502 | - | 11,502 | (11,502) | - |
| Fund balances | | | | | |
| Unassigned | 311,729 | 15,648 | 327,377 | (327,377) | |
| Total liabilities, deferred inflows of resources, and fund balances | \$ 340,923 | \$ 15,648 | \$ 356,571 | | |
| Net position | | | | | |
| Unrestricted (deficit) | | | | \$ (2,419,209) | \$ (2,401,915) |

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, 2015

| | <u>General Fund</u> | <u>Debt Service Fund</u> | <u>Totals</u> | <u>Adjustments</u> | <u>Statement of Activities</u> |
|---|-------------------------|----------------------------------|-------------------|--------------------|--|
| Revenues | | | | | |
| Taxes | \$ 1,486,036 | \$ - | \$ 1,486,036 | \$ - | \$ 1,486,036 |
| Intergovernmental revenues | | | | | |
| Local | 1,698 | - | 1,698 | - | 1,698 |
| Investment earnings | 557 | - | 557 | - | 557 |
| Miscellaneous | <u>47,884</u> | <u>-</u> | <u>47,884</u> | <u>(958)</u> | <u>46,926</u> |
| Total revenues | 1,536,175 | - | 1,536,175 | (958) | 1,535,217 |
| Expenditures/expenses | | | | | |
| Current | | | | | |
| Community development | 1,558,624 | 500 | 1,559,124 | 14,091 | 1,573,215 |
| Debt service | | | | | |
| Principal | - | 110,000 | 110,000 | (110,000) | - |
| Interest | <u>-</u> | <u>97,135</u> | <u>97,135</u> | <u>(509)</u> | <u>96,626</u> |
| Total expenditures/expenses | <u>1,558,624</u> | <u>207,635</u> | <u>1,766,259</u> | <u>(96,418)</u> | <u>1,669,841</u> |
| Revenues over (under) expenditures/expenses | <u>(22,449)</u> | <u>(207,635)</u> | <u>(230,084)</u> | <u>97,376</u> | <u>(134,624)</u> |
| Other financing sources (uses) | | | | | |
| Transfers in | - | 207,685 | 207,685 | - | 207,685 |
| Transfers out | <u>(207,685)</u> | <u>-</u> | <u>(207,685)</u> | <u>-</u> | <u>(207,685)</u> |
| Total other financing sources (uses) | <u>(207,685)</u> | <u>207,685</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net changes in fund balances | (230,134) | 50 | (230,084) | 230,084 | |
| Change in net position | | | | | (134,624) |
| Fund balances/net position, beginning of year, as restated | <u>541,863</u> | <u>15,598</u> | <u>557,461</u> | | <u>(2,267,291)</u> |
| Fund balances/net position, end of year | <u>\$ 311,729</u> | <u>\$ 15,648</u> | <u>\$ 327,377</u> | | <u>\$ (2,401,915)</u> |

CITY OF SOUTH HAVEN

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

JUNE 30, 2015

| | <u>General Fund</u> | <u>Adjustments</u> | <u>Statement of Net Position</u> |
|--|-------------------------|---------------------|--|
| Assets | | | |
| Cash and pooled investments | \$ 769,391 | \$ - | \$ 769,391 |
| Accounts receivable | 946 | - | 946 |
| Prepaid items | 53 | - | 53 |
| Capital assets not being depreciated | - | 1,344,537 | 1,344,537 |
| | | | |
| Total assets | \$ 770,390 | 1,344,537 | 2,114,927 |
| Liabilities and fund balances | | | |
| Liabilities | | | |
| Accrued liabilities | \$ 391 | - | 391 |
| | | | |
| Fund balances | | | |
| Unassigned | 769,999 | (769,999) | |
| | | | |
| Total liabilities and fund balances | \$ 770,390 | | |
| Net position | | | |
| Investment in capital assets | | 1,344,537 | 1,344,537 |
| Unrestricted | | 769,999 | 769,999 |
| | | | |
| Total net position | | \$ 2,114,536 | \$ 2,114,536 |

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, 2015

| | <u>General Fund</u> | <u>Adjustments</u> | <u>Statement of Activities</u> |
|--|-------------------------|--------------------|--|
| Revenues | | | |
| Taxes | \$ 165,328 | \$ - | \$ 165,328 |
| Investment earnings | 10,909 | - | 10,909 |
| Miscellaneous | <u>34,943</u> | <u>-</u> | <u>34,943</u> |
| Total revenues | 211,180 | - | 211,180 |
| Expenditures/expenses | | | |
| Current | | | |
| Community development | <u>139,177</u> | <u>-</u> | <u>139,177</u> |
| Net changes in fund balances | 72,003 | (72,003) | |
| Change in net position | | 72,003 | 72,003 |
| Fund balances/net position, beginning of year | <u>697,996</u> | | <u>2,042,533</u> |
| Fund balances/net position, end of year | <u>\$ 769,999</u> | | <u>\$ 2,114,536</u> |

CITY OF SOUTH HAVEN

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

JUNE 30, 2015

| | General Fund | Adjustments | Statement of Net Position |
|--|-------------------------|--------------------|--|
| Assets | | | |
| Cash and pooled investments | \$ 170,482 | \$ - | \$ 170,482 |
| Accounts receivable | 301 | - | 301 |
| Prepaid items | 58 | - | 58 |
| Capital assets not being depreciated | - | 55,373 | 55,373 |
| | <u> </u> | <u> </u> | <u> </u> |
| Total assets | \$ 170,841 | 55,373 | 226,214 |
| | <u> </u> | <u> </u> | <u> </u> |
| Liabilities and fund balances | | | |
| Liabilities | | | |
| Accrued liabilities | 430 | - | 430 |
| | <u> </u> | <u> </u> | <u> </u> |
| Fund balances | | | |
| Unassigned | 170,411 | (170,411) | |
| | <u> </u> | <u> </u> | |
| Total liabilities and fund balances | \$ 170,841 | | |
| | <u> </u> | | |
| Net position | | | |
| Investment in capital assets | | 55,373 | 55,373 |
| Unrestricted | | 170,411 | 170,411 |
| | | <u> </u> | <u> </u> |
| Total net position | | \$ 225,784 | \$ 225,784 |
| | | <u> </u> | <u> </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, 2015

| | <u>General</u> <u>Fund</u> | <u>Adjustments</u> | <u>Statement</u> <u>of</u> <u>Activities</u> |
|--|-------------------------------|--------------------|--|
| Revenues | | | |
| Taxes | \$ 27,178 | \$ - | \$ 27,178 |
| Investment earnings | (2,742) | - | (2,742) |
| Miscellaneous | 2,435 | - | 2,435 |
| | <hr/> | <hr/> | <hr/> |
| Total revenues | 26,871 | - | 26,871 |
| Expenditures/expenses | | | |
| Current | | | |
| Community development | 49,057 | - | 49,057 |
| | <hr/> | <hr/> | <hr/> |
| Net changes in fund balances | (22,186) | 22,186 | |
| Change in net position | | (22,186) | (22,186) |
| Fund balances/net position, beginning of year | <hr/> 192,597 | | <hr/> 247,970 |
| Fund balances/net position, end of year | <hr/> <u>\$ 170,411</u> | | <hr/> <u>\$ 225,784</u> |

CITY OF SOUTH HAVEN

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

JUNE 30, 2015

| | <u>General Fund</u> | <u>Adjustments</u> | <u>Statement of Net Position</u> |
|--|-------------------------|--------------------|--|
| Assets | | | |
| Cash and pooled investments | \$ 557,750 | \$ - | \$ 557,750 |
| Accounts receivable | 1,457 | - | 1,457 |
| Prepaid items | 65 | - | 65 |
| Total assets | \$ 559,272 | - | 559,272 |
| Liabilities and fund balances | | | |
| Liabilities | | | |
| Accrued liabilities | 481 | - | 481 |
| Noncurrent liabilities | | | |
| Due within one year | - | 20,409 | 20,409 |
| Total liabilities | 481 | 20,409 | 20,890 |
| Fund balances | | | |
| Unassigned | 558,791 | (558,791) | |
| Total liabilities and fund balances | \$ 559,272 | | |
| Net position | | | |
| Unrestricted | | \$ 538,382 | \$ 538,382 |

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, 2015

| | <u>General Fund</u> | <u>Adjustments</u> | <u>Statement of Activities</u> |
|--|-------------------------|--------------------|--|
| Revenues | | | |
| Taxes | \$ 57,045 | \$ - | \$ 57,045 |
| Investment earnings | 16 | - | 16 |
| Miscellaneous | <u>369</u> | <u>-</u> | <u>369</u> |
| Total revenues | 57,430 | - | 57,430 |
| Expenditures/expenses | | | |
| Current | | | |
| Community development | 26,073 | - | 26,073 |
| Debt service | | | |
| Principal | <u>27,208</u> | <u>(27,208)</u> | <u>-</u> |
| Total expenditures/expenses | <u>53,281</u> | <u>(27,208)</u> | <u>26,073</u> |
| Net changes in fund balances | 4,149 | (4,149) | |
| Change in net position | | 31,357 | 31,357 |
| Fund balances/net position, beginning of year | <u>554,642</u> | | <u>507,025</u> |
| Fund balances/net position, end of year | <u>\$ 558,791</u> | | <u>\$ 538,382</u> |

CITY OF SOUTH HAVEN

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

JUNE 30, 2015

| | General Fund | Adjustments | Statement of Net Position |
|--|-------------------------|---------------------|--|
| Assets | | | |
| Cash and pooled investments | \$ 1,279,657 | \$ - | \$ 1,279,657 |
| Accounts receivable | <u>3,523</u> | <u>-</u> | <u>3,523</u> |
| Total assets | <u>\$ 1,283,180</u> | <u>-</u> | <u>1,283,180</u> |
| Liabilities and fund balances | | | |
| Liabilities | | | |
| Accounts payable | <u>\$ -</u> | <u>-</u> | <u>-</u> |
| Fund balances | | | |
| Unassigned | <u>1,283,180</u> | <u>(1,283,180)</u> | |
| Total liabilities and fund balances | <u>\$ 1,283,180</u> | | |
| Net position | | | |
| Unrestricted | | <u>\$ 1,283,180</u> | <u>\$ 1,283,180</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, 2015

| | General Fund | Adjustments | Statement of Activities |
|--|-------------------------|--------------------|--|
| Revenues | | | |
| Taxes | \$ 137,482 | \$ - | \$ 137,482 |
| Investment earnings | <u>22,633</u> | <u>-</u> | <u>22,633</u> |
| Total revenues | 160,115 | - | 160,115 |
| Expenditures/expenses | | | |
| Current | | | |
| Community development | <u>106,898</u> | <u>-</u> | <u>106,898</u> |
| Net changes in fund balances | 53,217 | (53,217) | |
| Change in net position | | 53,217 | 53,217 |
| Fund balances/net position, beginning of year | <u>1,229,963</u> | | <u>1,229,963</u> |
| Fund balances/net position, end of year | <u>\$ 1,283,180</u> | | <u>\$ 1,283,180</u> |

(This page left intentionally blank)

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.*

(This page left intentionally blank)

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

| | FISCAL YEAR | | | | | | | | | |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| Governmental activities | | | | | | | | | | |
| Net investment in capital assets | \$ 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 | \$ 23,422,375 |
| Restricted | 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 | 1,868,089 |
| Unrestricted | 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 | 2,089,755 |
| Total governmental activities net assets/position | <u>\$ 7,438,715</u> | <u>\$ 9,712,340</u> | <u>\$ 11,368,695</u> | <u>\$ 13,602,145</u> | <u>\$ 15,662,638</u> | <u>\$ 18,400,461</u> | <u>\$ 22,612,347</u> | <u>\$ 23,176,853</u> | <u>\$ 27,692,039</u> | <u>\$ 27,380,219</u> |
| Business-type activities | | | | | | | | | | |
| Net investment in capital assets | \$ 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 | \$ 27,817,114 |
| Restricted | 770,311 | 231,900 | 265,024 | 257,475 | 180,006 | 60,420 | 60,581 | 60,662 | 60,682 | 60,723 |
| Unrestricted | 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 | 7,033,698 |
| Total business-type activities net assets/position | <u>\$ 28,207,156</u> | <u>\$ 29,100,728</u> | <u>\$ 29,431,727</u> | <u>\$ 30,274,998</u> | <u>\$ 31,082,127</u> | <u>\$ 31,533,543</u> | <u>\$ 32,819,306</u> | <u>\$ 34,975,420</u> | <u>\$ 35,756,304</u> | <u>\$ 34,911,535</u> |
| Primary government | | | | | | | | | | |
| Net investment in capital assets | \$ 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 | \$ 51,239,489 |
| Restricted | 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 | 1,928,812 |
| Unrestricted | 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 | 9,123,453 |
| Total primary government net assets/position | <u>\$ 35,645,871</u> | <u>\$ 38,813,068</u> | <u>\$ 40,800,422</u> | <u>\$ 43,877,143</u> | <u>\$ 46,744,765</u> | <u>\$ 49,934,004</u> | <u>\$ 55,431,653</u> | <u>\$ 58,152,273</u> | <u>\$ 63,448,343</u> | <u>\$ 62,291,754</u> |

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 | | | | | | | | | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|----------------------|-----------------------|----------------------|-----------------------|
| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| Expenses | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General government | \$ 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 | \$ 1,584,261 |
| Public safety | 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 | 3,226,772 |
| Public works | 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 | 2,997,437 |
| Health and welfare | 578,735 | 572,440 | 727,626 | 536,700 | 516,136 | 540,524 | 548,765 | 653,208 | 575,670 | 582,800 |
| Culture and recreation | 550,392 | 530,509 | 577,925 | 511,308 | 585,626 | 532,774 | 1,836,804 | 659,561 | 1,195,228 | 699,748 |
| Interest on long-term debt | 541,799 | 537,006 | 538,351 | 481,688 | 457,497 | 435,801 | 381,319 | 282,455 | 281,793 | 290,560 |
| Total governmental activities expenses | 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 | 9,381,578 |
| Business-type activities | | | | | | | | | | |
| Electric utility | 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 | 13,752,384 |
| Water utility | 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 | 3,191,442 |
| Sewer utility | 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 | 2,003,559 |
| Other enterprise funds | 851,490 | 747,573 | 823,411 | 806,259 | 802,951 | 875,450 | 809,407 | 1,410,994 | 1,026,990 | 885,029 |
| Total business-type activities expenses | 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 | 19,832,414 |
| Total primary government expenses | \$ 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 | \$ 29,213,992 |
| Program Revenues | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| General government | \$ 760,207 | \$ 1,097,733 | \$ 1,016,589 | \$ 1,049,352 | \$ 1,031,187 | \$ 795,917 | \$ 784,511 | \$ 920,587 | \$ 768,948 | \$ 761,959 |
| Public safety | 77,525 | 428,623 | 314,410 | 268,802 | 234,066 | 247,118 | 193,080 | 220,545 | 161,212 | 253,309 |
| Public works | 713,064 | 477,805 | 449,264 | 437,097 | 416,206 | 495,520 | 412,452 | 444,257 | 468,782 | 490,289 |
| Health and welfare | | 51,612 | 37,409 | 65,580 | 46,367 | 15,940 | 11,185 | (12,646) | 44,030 | 36,334 |
| Culture and recreation | 257,021 | | | | | | | | | |
| Operating grants and contributions | 668,310 | 1,359,329 | 914,256 | 894,614 | 943,745 | 1,232,842 | 1,106,004 | 1,053,416 | 1,049,373 | 1,106,910 |
| Capital grants and contributions | 8,095 | 580,822 | 318,022 | 591,426 | 472,044 | 347,925 | 4,239,328 | 966,538 | 4,027,043 | 824,549 |
| Total governmental activities program revenues | 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 | 3,473,350 |
| Business-type activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Electric utility | 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 | 13,516,657 |
| Water utility | 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 | 3,640,590 |
| Sewer utility | 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 | 2,301,757 |
| Other | 814,882 | 831,220 | 873,433 | 895,859 | 838,664 | 788,308 | 874,781 | 827,012 | 961,566 | 1,001,610 |
| Operating grants and contributions | 22,500 | 9,495 | | | | 7,440 | 7,541 | 519,573 | 61,325 | 8,935 |
| Capital grants and contributions | 292,334 | 580,961 | | | 120,318 | 318,226 | 418,741 | 1,154,425 | 413,666 | 513,575 |
| Total business-type activities program revenues | 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 | 20,983,124 |
| Total primary government program revenues | \$ 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 | \$ 24,456,474 |
| Net (Expenses)/Revenues | | | | | | | | | | |
| Governmental activities | \$ (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) | \$ (5,908,228) |
| Business-type activities | (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 | 1,150,710 |
| Total primary government net expense | \$ (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 | \$ (4,757,518) |
| General Revenues and Other Changes in Net Assets | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Property taxes | \$ 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 | \$ 4,802,099 |
| State revenues - unrestricted | 497,039 | 492,291 | 490,871 | 470,121 | 419,990 | 421,319 | 388,161 | 400,248 | 400,065 | 419,812 |
| Interest earnings | 180,013 | 180,814 | 175,827 | 113,406 | 93,929 | 115,210 | 80,308 | (124,924) | 112,215 | 122,559 |
| 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 | 240,704 |
| Transfers - internal activities | 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 | 1,521,624 |
| Total governmental activities | \$ 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 | \$ 7,106,798 |
| Business-type activities: | | | | | | | | | | |
| Interest earnings | 375,020 | 399,913 | 376,651 | 221,209 | 252,513 | 260,672 | 108,512 | (101,304) | 66,751 | 305,010 |
| Other grants and contributions not restricted to specific programs | 790,083 | - | 968,077 | 389,531 | - | - | - | - | - | - |
| Transfers - internal activities | (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) | (1,521,624) |
| Total business-type activities | 505,253 | (1,004,507) | (16,367) | (743,896) | (1,092,869) | (256,752) | (1,238,070) | (1,462,994) | (1,413,412) | (1,216,614) |
| Total primary government | \$ 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 | \$ 5,890,184 |
| Changes in Net Assets/Position | | | | | | | | | | |
| Governmental activities | \$ 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 | \$ 1,198,570 |
| Business-type activities | 265,420 | 893,572 | 330,999 | 843,271 | 807,129 | 1,277,715 | 1,285,763 | 2,156,114 | 942,618 | (65,904) |
| Total primary government | \$ 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 | \$ 1,132,666 |

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 | | | | | | | | | |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| General Fund | | | | | | | | | | |
| Non-spendable | | | | | | | | | | |
| Prepaid items | \$ 101,847 | \$ 62,136 | \$ 78,896 | \$ 130,952 | \$ 72,626 | \$ 135,981 | \$ 118,115 | \$ 153,730 | \$ 196,821 | \$ 210,432 |
| Inventory | - | - | - | - | - | 46,994 | 72,183 | 71,602 | 64,565 | 34,221 |
| Committed | | | | | | | | | | |
| Capital projects | - | - | - | - | - | 250,000 | - | - | - | - |
| Budget stabilization | - | - | - | - | 80,829 | 161,658 | 211,658 | 211,658 | 161,658 | 211,658 |
| Assigned | | | | | | | | | | |
| Accrued employee benefits | 95,224 | 100,313 | 103,749 | 107,368 | 109,457 | 111,335 | 112,460 | 113,008 | 113,517 | 111,220 |
| Unassigned | 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 | 1,901,203 |
| Total General Fund | 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 | 2,468,734 |
| All Other Governmental Funds | | | | | | | | | | |
| Non-spendable | | | | | | | | | | |
| Prepaid items | \$ 7,415 | \$ - | \$ - | \$ - | \$ - | \$ 4,397 | \$ 3,887 | \$ - | \$ 7,112 | \$ 12,189 |
| 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 | 349,401 | 540,198 | 1,002,843 | 855,498 | 1,131,487 | 1,777,741 | 1,569,225 | 896,869 | 969,587 | 326,336 |
| Public safety | 50,555 | 63,217 | 81,563 | 105,974 | 108,648 | 99,722 | 56,425 | 70,792 | 68,788 | 82,242 |
| Permanent fund spendable portion | 40,831 | 66,141 | 83,635 | 97,401 | 108,374 | 117,860 | 121,601 | 126,312 | 146,242 | 166,137 |
| Assigned | | | | | | | | | | |
| Special revenue funds | 301,522 | 198,387 | 81,029 | 109,578 | 157,677 | 158,620 | 209,654 | 57,426 | 113,762 | 145,657 |
| Debt service funds | 52,257 | 68,831 | 43,679 | 47,768 | 51,257 | 54,999 | 58,603 | 64,747 | 64,781 | 64,557 |
| Capital projects funds | 1,157,126 | 1,278,039 | 855,863 | 1,059,584 | 1,198,270 | 1,228,344 | 646,958 | 841,670 | 903,674 | 938,726 |
| Unassigned | (1,034,956) | (912,052) | (1,194,309) | (819,295) | (459,258) | (311,286) | (150,555) | (61,956) | - | - |
| Total all other governmental funds | 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 | 1,868,089 |
| Total governmental funds | \$ 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 | \$ 4,336,823 |

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 | | | | | | | | | |
|---|-------------------|-------------------|---------------------|-------------------|---------------------|---------------------|---------------------|---------------------|-------------------|---------------------|
| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| Revenues | | | | | | | | | | |
| Property taxes | \$ 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 | \$ 5,016,734 |
| Special assessments | | 4,219 | 18,447 | 17,484 | 18,914 | 20,277 | 17,491 | 15,132 | 2,739 | 1,664 |
| Licenses and permits | 216,121 | 326,051 | 222,320 | 181,368 | 142,162 | 147,784 | 162,533 | 207,295 | 205,790 | 196,055 |
| Intergovernmental | 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 | 1,825,062 |
| Charges for services | 432,922 | 463,057 | 427,964 | 438,974 | 448,976 | 463,864 | 449,347 | 487,847 | 421,190 | 478,154 |
| Fines and forfeits | 30,133 | 36,835 | 31,186 | 38,310 | 30,237 | 30,036 | 28,218 | 14,302 | 9,174 | 14,172 |
| Interest and rents | 380,197 | 225,951 | 201,515 | 140,877 | 112,290 | 152,340 | 85,345 | (60,267) | 96,163 | 100,411 |
| Other | 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 | 1,244,253 |
| Total revenues | 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 | 8,876,505 |
| Expenditures | | | | | | | | | | |
| Current | | | | | | | | | | |
| General government | 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 | 1,413,090 |
| Public safety | 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 | 3,135,268 |
| Public works | 805,676 | 876,077 | 866,403 | 1,047,802 | 894,749 | 1,282,780 | 2,081,592 | 1,327,160 | 1,254,823 | 1,092,145 |
| Health and welfare | 514,077 | 578,205 | 752,860 | 558,314 | 534,056 | 537,454 | 545,761 | 650,234 | 572,745 | 588,919 |
| Culture and recreation | 343,212 | 586,907 | 482,792 | 405,453 | 484,885 | 538,596 | 647,547 | 557,882 | 646,791 | 689,474 |
| Other | 122,179 | 139,157 | 147,038 | 102,376 | 106,867 | 70,732 | 100,562 | 632,629 | 155,446 | 186,643 |
| Debt service | | | | | | | | | | |
| Principal | 455,000 | 740,000 | 1,275,000 | 660,000 | 710,212 | 731,096 | 747,748 | 803,003 | 943,254 | 957,479 |
| Interest and fiscal charges | 461,338 | 530,549 | 538,351 | 481,688 | 457,497 | 435,801 | 391,782 | 300,755 | 275,305 | 298,230 |
| Capital outlay | 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 | 3,060,991 |
| Total expenditures | 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 | 11,422,239 |
| Excess of revenues over (under) expenditures | (239,004) | (2,149,436) | (1,487,944) | (633,735) | (224,429) | 322,198 | (2,222,883) | (2,503,597) | (3,778,871) | (2,545,734) |
| Other Financing Sources (Uses) | | | | | | | | | | |
| Transfers in | 1,021,474 | 2,422,519 | 1,518,450 | 886,820 | 1,015,861 | 889,930 | 1,790,869 | 1,665,604 | 685,341 | 1,199,589 |
| Transfers out | (411,624) | (1,741,366) | (908,115) | (345,893) | (472,864) | (372,506) | (1,283,443) | (1,328,107) | (275,456) | (596,491) |
| Tax equivalent payments | - | 723,267 | 742,732 | 763,709 | 802,385 | 826,299 | 839,156 | 1,004,193 | 1,002,278 | 1,054,526 |
| Issuance of bonds | - | 1,500,000 | - | - | - | - | - | - | 2,827,000 | 74,000 |
| 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) | 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 | 1,731,624 |
| Net change in fund balance | \$ 370,846 | \$ 754,984 | \$ (134,877) | \$ 670,901 | \$ 1,120,953 | \$ 1,665,921 | \$ (846,301) | \$ (978,601) | \$ 460,292 | \$ (814,110) |
| Debt service as a percentage of noncapital expenditures | 14.0% | 17.3% | 22.4% | 15.5% | 15.7% | 15.2% | 13.1% | 12.6% | 14.9% | 15.0% |

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 | | | | | |
| 2006 | 2005 | \$ 144,700 | \$ 72,608,284 | \$ 18,775,200 | \$ 288,366,500 | \$ 40,726,500 | \$ 420,621,184 | 15.4639 | \$ 841,242,368 | 50.0% |
| 2007 | 2006 | 144,700 | 76,849,400 | 18,725,600 | 318,269,400 | 36,162,400 | 450,151,500 | 15.2044 | 900,303,000 | 50.0% |
| 2008 | 2007 | 151,300 | 84,149,500 | 19,957,100 | 350,515,800 | 34,509,700 | 489,283,400 | 15.1977 | 978,566,800 | 50.0% |
| 2009 | 2008 | 151,300 | 88,410,400 | 19,631,300 | 406,758,000 | 36,669,900 | 551,620,900 | 14.8071 | 1,103,241,800 | 50.0% |
| 2010 | 2009 | 151,100 | 101,758,600 | 19,428,000 | 412,580,750 | 25,983,800 | 559,902,250 | 14.8084 | 1,119,804,500 | 50.0% |
| 2011 | 2010 | 150,700 | 97,054,700 | 12,775,100 | 380,246,719 | 23,395,600 | 513,622,819 | 14.8176 | 1,027,245,638 | 50.0% |
| 2012 | 2011 | 150,700 | 88,914,400 | 11,409,100 | 382,251,500 | 23,963,600 | 506,689,300 | 14.8176 | 1,013,378,600 | 50.0% |
| 2013 | 2012 | 150,700 | 87,121,600 | 9,836,100 | 370,315,200 | 24,743,300 | 492,166,900 | 14.8176 | 984,333,800 | 50.0% |
| 2014 | 2013 | 0 | 75,412,400 | 10,486,300 | 365,194,800 | 25,785,700 | 476,879,200 | 14.9176 | 953,758,400 | 50.0% |
| 2015 | 2014 | 0 | 72,333,900 | 10,341,600 | 367,088,700 | 22,786,500 | 472,550,700 | 14.9176 | 945,101,400 | 50.0% |

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

Values include Ad Valorem and Special Acts

Source: City of South Haven

Schedule 6
City of South Haven
Direct and Overlapping Property tax Rates
Last Ten Fiscal Years
(rate per \$1,000 of 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 | |
| 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 | 21.4000 | 6.0000 | 1.7854 | 5.9728 | 57.1479 |
| 2013 | 2012 | 10.2860 | 4.5316 | 14.8176 | 7.1721 | 21.4200 | 6.0000 | 1.7854 | 5.9728 | 57.1679 |
| 2014 | 2013 | 10.2860 | 4.6316 | 14.9176 | 7.1721 | 21.2500 | 6.0000 | 1.7854 | 5.9728 | 57.0979 |
| 2015 | 2014 | 10.2860 | 4.6316 | 14.9176 | 7.1721 | 22.8000 | 6.0000 | 1.7854 | 5.9728 | 58.6479 |

- (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 Year and Nine Years Ago**

| <u>Taxpayer</u> | <u>Tax Year 2014</u> | | | <u>Tax Year 2005</u> | | |
|--------------------------------|---------------------------------|-------------|---|---------------------------------|-------------|---|
| | <u>Total Assessed Valuation</u> | <u>Rank</u> | <u>Percentage of Total Assessed Valuation</u> | <u>Total Assessed Valuation</u> | <u>Rank</u> | <u>Percentage of Total Assessed Valuation</u> |
| Walmart | \$ 4,894,400 | 1 | 1.04% | \$ 6,944,300 | 3 | 1.65% |
| Albemarle | 8,645,700 | 2 | 1.83% | | | |
| Menard Inc | 2,957,700 | 3 | 0.63% | | | |
| HC Land LLC | 2,467,800 | 4 | 0.52% | | | |
| River Ridge Retirement Village | 1,828,500 | 5 | 0.39% | 2,094,700 | 6 | 0.50% |
| CKD Investments | 1,483,400 | 6 | 0.31% | | | |
| Orion Properties Sixteen LLC | 1,347,100 | 7 | 0.29% | | | |
| Chicago Ave LLC | 1,526,700 | 8 | 0.32% | | | |
| Shreeji-South Haven Corp | 1,103,100 | 9 | 0.23% | 2,263,400 | 4 | 0.54% |
| Shoreline Bays | 1,141,400 | 10 | 0.24% | | | |
| American Twisting | | | | 1,438,700 | 10 | 0.34% |
| Double J Molding | | | | 1,419,800 | 8 | 0.34% |
| Pullman Industries | | | | 13,674,600 | 1 | 3.25% |
| Wyckoff, Inc | | | | 15,250,200 | 2 | 3.63% |
| CCG Properties - SH LLC | | | | 2,033,000 | 7 | 0.48% |
| Yale-South Haven | | | | 1,859,500 | 5 | 0.44% |
| BRG Brothers | | | | 1,610,000 | 9 | 0.38% |

Source: City of South Haven

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

| Taxes Levied July 1 | Fiscal Year | Taxes Levied for the Fiscal Year | Collected Within the Fiscal Year of the Levy | | Collections in Subsequent Years | Total Collections to Date | |
|----------------------------|--------------------|---|---|---------------------------|--|----------------------------------|---------------------------|
| | | | Amount | Percentage of Levy | | Amount | Percentage of Levy |
| 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% | - | 5,526,661 | 99.66% |
| 2009 | 2010 | 5,746,082 | 5,730,854 | 99.73% | - | 5,730,854 | 99.73% |
| 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% |
| 2014 | 2015 | 5,697,926 | 5,690,346 | 99.87% | - | 5,690,346 | 99.87% |

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 | | | | | |
| 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 |
| 2015 | 9,127,000 | 60,934 | 17,700,000 | 195,000 | - | 27,082,934 | 14.79% | 6,151 | 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 |
|--|----------------------|-------------------------|--|---|---|
| 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 | 489,283,400 | 11,465,000 | 2.34% | 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 | 492,166,900 | 8,178,668 | 1.66% | 1,858 |
| 2014 | 4,403 | 476,879,200 | 10,071,414 | 2.11% | 2,287 |
| 2015 | 4,403 | 472,550,700 | 9,187,934 | 1.94% | 2,087 |

- 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, 2015**

| <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) | \$ 4,522,000 | \$ 1,645,000 | \$ 2,877,000 | | |
| Capital Improvement Bonds (LTGO) (2) | 1,035,000 | 1,035,000 | - | | |
| Other General Obligation Bonds and notes | 3,630,934 | - | 3,630,934 | | |
| Downtown Development Authority Bonds (LTGO) | 2,685,000 | - | 2,685,000 | | |
| Total Direct Debt | \$ 11,872,934 | \$ 2,680,000 | \$ 9,192,934 | \$ 2,088 | 2.39% |

| <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 | \$ 55,285,000 | 49.85% | \$ 27,559,573 | | |
| Allegan County at Large | 32,416,848 | 0.08% | 25,933 | | |
| Van Buren County at Large | 2,800,000 | 12.22% | 342,160 | | |
| Total Overlapping Debt | \$ 90,501,848 | | \$ 27,927,666 | \$ 6,343 | 7.25% |

| | | | | | |
|--|--|--|----------------------|-----------------|--------------|
| Total Direct and Overlapping Debt | | | \$ 37,120,600 | \$ 8,431 | 9.64% |
|--|--|--|----------------------|-----------------|--------------|

(1) Based upon the 2010 US Census population of 4,403 and the 2014 Taxable Value of \$385,335,447.

(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 \$1,645,000 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 \$2,877,000 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 2015

| | |
|---|-----------------------------|
| State Equalized Value, real and personal property | \$472,550,700 |
| Debt limitation - 10 percent of total valuation | <u>47,255,070</u> |
| Debt applicable to limit | |
| Outstanding debt | 29,767,934 |
| Less: exempt obligations | <u>255,934</u> |
| Total net debt applicable to limit | <u>29,512,000</u> |
| Legal debt margin | <u><u>\$ 17,743,070</u></u> |

| | Fiscal Year | | | | | | | | | |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| Debt limit | \$42,062,118 | \$45,015,150 | \$48,928,340 | \$55,162,090 | \$55,990,225 | \$51,362,282 | \$50,668,930 | \$49,216,690 | \$47,687,920 | \$47,255,070 |
| Debt applicable to limit | 11,927,743 | 12,671,169 | 11,421,321 | 30,392,232 | 29,803,742 | 28,885,000 | 27,490,000 | 28,885,000 | 31,409,000 | 29,512,000 |
| Legal debt margin | <u>\$26,500,116</u> | <u>\$30,122,767</u> | <u>\$37,507,019</u> | <u>\$24,769,858</u> | <u>\$26,186,483</u> | <u>\$22,477,282</u> | <u>\$23,178,930</u> | <u>\$20,331,690</u> | <u>\$16,894,361</u> | <u>\$17,743,070</u> |
| Debt applicable to limit as a percentage of SEV | 2.84% | 2.81% | 2.33% | 5.51% | 5.32% | 5.62% | 5.43% | 5.87% | 6.46% | 6.25% |

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 <u>June 30</u> | Gross <u>Revenue</u> | Direct Operating <u>Expenses(1)</u> | Net Revenue Available for <u>Debt Service</u> | Debt Service Requirements | | | <u>Coverage(2)</u> |
|--|-------------------------|---|---|---------------------------|-----------------|--------------|--------------------|
| | | | | <u>Principal</u> | <u>Interest</u> | <u>Total</u> | |
| 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 <u>June 30</u> | Gross <u>Revenue</u> | Direct Operating <u>Expenses(1)</u> | Net Revenue Available for <u>Debt Service</u> | Debt Service Requirements | | | <u>Coverage(2)</u> |
|--|-------------------------|---|---|---------------------------|-----------------|--------------|--------------------|
| | | | | <u>Principal</u> | <u>Interest</u> | <u>Total</u> | |
| 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 | 12,850 | 37,850 | 59.08 |
| 2015 | 3,649,525 | 1,671,929 | 1,977,596 | 25,000 | 11,600 | 36,600 | 54.03 |

(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**

| <u>Year</u> | <u>Population(1)</u> | <u>Personal Income(2)</u> | <u>Per Capita Personal Income(2)</u> | <u>Median Age(2)</u> | <u>Public School Enrollment(3)</u> | <u>Unemployment % Rate(4)</u> | <u>Labor Force(4)</u> |
|-------------|----------------------|-------------------------------|--|--------------------------|--|-----------------------------------|---------------------------|
| 2006 | 5,021 | \$ 97,387,316 | \$ 19,396 | 42.10 | \$ 2,332 | 6.90% | 41,275 |
| 2007 | 5,021 | 97,387,316 | 19,396 | 42.10 | 2,187 | 6.70% | 40,344 |
| 2008 | 5,021 | 97,387,316 | 19,396 | 42.10 | 2,155 | 7.70% | 40,120 |
| 2009 | 5,021 | 97,387,316 | 19,396 | 42.10 | 2,119 | 13.00% | 40,704 |
| 2010 | 5,021 | 97,387,316 | 19,396 | 42.10 | 2,236 | 13.20% | 38,926 |
| 2011 | 4,403 | 183,164,800 | 41,600 | 50.20 | 2,269 | 12.00% | 37,479 |
| 2012 | 4,403 | 183,164,800 | 41,600 | 50.20 | 2,143 | 11.00% | 36,220 |
| 2013 | 4,403 | 183,164,800 | 41,600 | 50.20 | 2,223 | 10.80% | 36,139 |
| 2014 | 4,403 | 183,164,800 | 41,600 | 50.20 | 2,242 | 7.90% | 36,273 |
| 2015 | 4,403 | 183,164,800 | 41,600 | 50.20 | 2,138 | 6.30% | 36,141 |

(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 2011-2015.

(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**

| Employer | Principal Product/Service | 2015 | | 2006 | |
|--------------------------------|----------------------------------|------------------|-------------|------------------|-------------|
| | | Employees | Rank | Employees | Rank |
| South Haven Community Hospital | Health Care | 228 | 1 | 221 | 2 |
| Meijer Stores | Retail | 207 | 2 | | |
| South Haven Schools | Education | 204 | 3 | 425 | 1 |
| Albemarle | Pharmaceuticals | 130 | 4 | | |
| Trelleborg, Inc | Auto Parts | 125 | 5 | 140 | 7 |
| Village Market | Retail | 115 | 6 | | |
| Walmart Stores | Retail | 110 | 7 | 180 | 4 |
| City of South Haven | Municipal Government | 106 | 8 | 91 | 9 |
| Do-It Corporation | Plastic Hang Tabs | 68 | 9 | 72 | 10 |
| Countryside | Nursing Home | 65 | 10 | 115 | 8 |
| Pullman Industries | Auto Parts | | | 215 | 3 |
| Clarion, Inc | Auto Parts | | | 143 | 6 |
| DSM Catalytica | Pharmaceuticals | | | 175 | 5 |
| | | <u>1,358</u> | | <u>1,777</u> | |

Source: City of South Haven

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

| | FISCAL YEAR | | | | | | | | | |
|------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| <u>Function</u> | | | | | | | | | | |
| 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 | 1.75 | 1.75 | 2.25 | 2.25 | 2.25 | 2.25 | 2.25 | 2.25 |
| City Clerk | 0.75 | 1.00 | 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 | 2.75 | 2.75 | 2.75 | 2.75 | 2.75 | 2.75 |
| City Assessor | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Building Services | 2.25 | 2.00 | 1.50 | 1.50 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 |
| Development | 1.25 | 1.25 | 1.00 | 1.00 | 1.50 | 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 | 31.00 | 31.00 | 31.25 | 31.25 | 31.00 | 30.00 | 30.00 | 30.00 | 30.00 | 30.00 |
| Public Works | | | | | | | | | | |
| Public Works | 8.75 | 9.50 | 10.50 | 10.50 | 11.25 | 11.25 | 11.25 | 11.25 | 11.25 | 11.25 |
| Cemetery | 1.75 | 2.00 | 2.25 | 2.25 | 2.25 | 2.25 | 2.25 | 2.25 | 2.25 | 2.25 |
| Parks and Recreation | 12.50 | 11.75 | 13.00 | 13.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 |
| Public Utilities | 28.75 | 32.25 | 32.50 | 32.50 | 33.00 | 33.00 | 33.00 | 32.00 | 32.00 | 32.00 |
| Total Full-Time Equivalents | 100.00 | 103.75 | 106.25 | 106.25 | 108.00 | 107.00 | 107.00 | 106.00 | 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 | FISCAL YEAR | | | | | | | | | |
|---|--------------|--------------|-------------|--------------|-------------|-------------|-------------|-------------|--------------|-----------|
| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| General Government | | | | | | | | | | |
| Population | 5,021 | 5,021 | 5,021 | 5,021 | 5,021 | 4,403 | 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) | 325 | 320 | 223 | 58 | 17 | 47 | 18 | 20 | 212 | (a) |
| Value of permits (Calendar year) | \$19,988,103 | \$18,455,567 | \$7,235,964 | \$16,658,735 | \$2,296,750 | \$1,294,050 | \$1,620,920 | \$2,156,882 | \$10,120,884 | (a) |
| Police (1) | | | | | | | | | | |
| Number of Criminal Offenses Reported | 2,593 | 1,521 | 1,312 | 1,303 | 1,148 | 911 | 851 | 154 | 959 | (a) |
| Number of Arrests | 718 | 954 | 640 | 642 | 606 | 437 | 328 | 78 | 245 | (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 | 37.5 | 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 | 3,823 | 3,894 | 3,969 | 4,030 | 4,048 | 4,052 | 4,081 | 4,084 | 4,102 | 4,298 |
| Miles of storm sewers | 23.6 | 23.6 | 26 | 27 | 29 | 30 | 30 | 31.3 | 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 | 5,400,000 | 5,400,000 | 5,400,000 | 5,400,000 |
| Miles of water mains | 44 | 44 | 44 | 44 | 44 | 44 | 44 | 44.7 | 44.7 | 44.7 |
| Water towers | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Water system connections | 4,855 | 4,982 | 5,115 | 5,224 | 5,250 | 5,276 | 5,225 | 5,266 | 5,289 | 5,261 |
| Number of fire hydrants | 406 | 406 | 425 | 425 | 425 | 425 | 425 | 434 | 434 | 434 |
| Miles of electric lines | 115 | 115 | 121 | 121 | 121 | 121 | 121 | 121 | 121 | 121 |
| Number of electric connections | 7,743 | 7,815 | 8,040 | 8,081 | 8,073 | 8,100 | 8,099 | 8,121 | 8,174 | 8,187 |
| 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 the calendar year.

(2) Source: City of South Haven

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

| | FISCAL YEAR | | | | | | | | | |
|-------------------------------|--------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| Police | | | | | | | | | | |
| Stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Substations | 1 | 0 | 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

**INTERNAL CONTROL
AND
COMPLIANCE SECTION**



Vredeveld Haefner LLC

CPA's and Consultants

4001 Granada Ct.

Grand Rapids, MI 49534

FAX (616) 828-0307

Douglas J. Vredeveld, CPA

(616) 446-7474

Peter S. Haefner, CPA

(616) 460-9388

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

November 25, 2015

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, 2015, 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 November 25, 2015.

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*.

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.

Wendyold Haefner LLC