

### Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input checked="" type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name City of South Haven	County VanBuren
Fiscal Year End June 30, 2007	Opinion Date October 12, 2007	Date Audit Report Submitted to State October 31, 2007	

We affirm that:

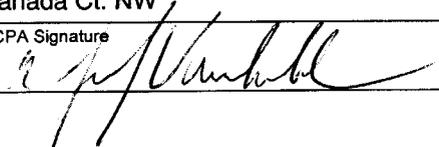
We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

- |     |    |  |
|-----|----|--|
| YES | NO | <b>Check each applicable box below.</b> (See instructions for further detail.) |
|-----|----|--|
1.   All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
  2.   There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
  3.   The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
  4.   The local unit has adopted a budget for all required funds.
  5.   A public hearing on the budget was held in accordance with State statute.
  6.   The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
  7.   The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
  8.   The local unit only holds deposits/investments that comply with statutory requirements.
  9.   The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
  10.   There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
  11.   The local unit is free of repeated comments from previous years.
  12.   The audit opinion is UNQUALIFIED.
  13.   The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
  14.   The board or council approves all invoices prior to payment as required by charter or statute.
  15.   To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)		
Financial Statements	<input checked="" type="checkbox"/>			
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>			
Other (Describe)	<input type="checkbox"/>	None		
Certified Public Accountant (Firm Name) Vredeveld Haefner LLC		Telephone Number 616-446-7474		
Street Address 4001 Granada Ct. NW		City Grand Rapids	State MI	Zip 49534
Authorizing CPA Signature 		Printed Name Douglas J. Vredeveld		License Number 21289

**CITY OF SOUTH HAVEN, MICHIGAN**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

*FOR THE YEAR ENDED JUNE 30, 2007*

*Prepared by: Finance Department*

# CITY OF SOUTH HAVEN

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# City of South Haven

City Hall • 539 Phoenix Street • South Haven, Michigan 49090-1499

Telephone (269) 637-0700 • FAX (269) 637-5319

October 12, 2007

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

The comprehensive annual financial report of the City of South Haven for the fiscal year ended June 30, 2007, is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City of South Haven. All disclosures necessary to enable the reader to gain an understanding of the City financial activities have been included.

The comprehensive annual financial report is presented in three sections: introductory, financial, and statistical. The introductory section includes this transmittal letter, the City organizational chart and a list of principal officials. The financial section includes management's discussion and analysis, the financial statements, the combining and individual fund financial statements and schedules, and supplementary information, as well as the independent auditors' report on the financial statements and schedules. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The comprehensive annual financial report complies with the reporting requirements of GASB 34.

The report includes all funds of the City of South Haven. The City provides a wide range of municipal services which include police protection; electric, water and wastewater services; the construction and maintenance of highways, streets, and other infrastructure; seasonal and transient marinas, boat launch and other recreation activities and cultural events. In addition to general City activities, the Building Authority is included in the reporting entity as a blended component unit. Component units are reported in a separate column in the financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial position and results of operations. The Downtown Development Authority, three Local Development Finance Authority Districts and a Brownfield Redevelopment Authority are reported as separately presented component units. On January 1, 1996 the City of South Haven entered into a joint venture with the Townships of Casco, Geneva, and South Haven to provide fire protection and emergency medical services. The South Haven Area Emergency Services Authority (SHAES) is a separate legal entity and prepares separate audited financial

statements. The City also collects tax revenues that are used to assist the operations of the South Haven Memorial Library, the South Haven Community Hospital and the South Haven Senior Services, all separate legal entities.

### **Government Structure, Local Economic Condition and Outlook**

The City of South Haven was incorporated as a Village in 1869 and as a City in 1902. The City is located in the southwest area of the State of Michigan where the Black River flows into Lake Michigan. The City of South Haven covers a land area of 3.5 square miles. With a 2000 Census population of 5,021, the City increases to over 15,000 during the summer boating and recreational season. In addition, the City provides electric, water and wastewater services in an area exceeding 60 square miles.

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

The State Equalized Value of real and personal property in the City has increased from \$185,928,250 in 1997 to \$450,151,500 in 2006 (fiscal year 2007). This growth trend is continuing. State Equalized Value for the year beginning July 1, 2007 has increased to \$489,419,200. The area unemployment rate in June of 2007 was 6.6 percent compared to a State of Michigan unemployment rate of 7.2 percent. Downtown Retail District storefronts have less than a 2% vacancy rate.

The City has three business/industrial parks where new businesses continue to develop and existing businesses continue to expand. Edgeworks, a manufacturer of hi-tech glass cutting tools opened a new manufacturing facility in the I-196 Business Park in FY 2007. Vanderzee Auto Sales purchased land in the I-196 Business Park and opened for business in FY 2007.

Residential development and investment remains strong. Phase 1 of Riverwatch Condos, a 30-unit condo development along the Black River was completed in fiscal 2007. Maple Gate, an 11-unit development started construction in FY 2007. Environmental cleanup of the former National Motors site is complete and residential redevelopment plans have been approved for 240 units. Woodland Harbors, a 200 unit residential development along the Black River, completed major portions of street and infrastructure construction in 2007. The Verano Place project, a mixed residential and commercial development, was built in 2007.

Menards broke ground on their new facility in the fall of 2006 and opened for business in August 2007.

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

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

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

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

### **Major Initiatives**

For the Year. In the 2006-2007 operating budget, the City established the areas of Public Works Infrastructure; Economic Development; Technology; Public Safety; Intergovernmental Relations and Parks and Recreation as priorities. These areas were addressed through attention to:

- Public Works Infrastructure – Reconstruction of a portion of Quaker Street was completed in fiscal 2007. Phase 1 of Superior Street reconstruction was completed in fiscal 2007. Major infrastructure improvement projects in the Eagle Street, Wells Street and Black River Street areas were started in 2007. Large portions of the electric system were rebuilt in FY 2007. A street condition survey was undertaken in FY 2007. The results from the survey will be used by council to determine the priority of various paving projects. A reliability study of the city's water system was completed in 2007.
- Economic Development - In fiscal 2007 the City marketed the I-196 Business Park, along with vacant buildings in the community. Edgeworks, a manufacturer of hi-tech glass cutting tools opened a new manufacturing facility in the I-196 Business Park in FY 2007. The City of South Haven took public input on the future use of the former public works property located along the Black River. The Verano Place project, a mixed residential and commercial development, was built in 2007. This development took place on the former Bohn property in the downtown.
- Public Safety - A substantial commitment of resources was directed to the support of public safety in fiscal 2007. The Police Department and Dispatch Services constituted \$1,952,586 of the General Fund budget during the year. Payment to the South Haven Area Emergency Services Authority (SHAES) for fire and emergency services totaled \$491,658 from the General Fund. In total, over 48 percent of the General Fund operating budget was devoted to police and fire protection. In addition, expenditures from the separate Narcotics Fund were in excess of \$192,000. The

Narcotics Fund financed the South Haven Police Department continued participation in the Southwest Enforcement Team (S.W.E.T.)

- Intergovernmental Relations - The City has continued to work with the Townships of Casco, South Haven and Covert to provide water and/or sewer services to the areas surrounding the City of South Haven. These expansions have been steady and ongoing since the City entered into an intergovernmental agreement for services in 1995. Negotiations were completed in fiscal 2001 for a five-year renewal (options to renew up to 25 years) of the South Haven Area Emergency Services Authority (SHAES) agreement. This agreement provides fire and emergency services for the City of South Haven and the Townships of Geneva, South Haven and Casco.
- Parks and Recreation – The City-owned portable ice rink was open during the winter months in the Huron Street Parking lot. The City of South Haven committed to advancing funds for the purchase of land for a regional recreational park to allow fund raisers time to secure private funding/donations for the purchase of the land.
- Technology Improvements - The City of South Haven improved its website to increase in usability and interactivity. Assessing records, agendas, minutes and other City records are now accessible via the Internet.

For the Future. The 2007-2008 operating budget places emphasis on Infrastructure Improvements, Capital Projects, Economic Development, Technology Improvements and Recreation.

- Infrastructure Improvements - The City will be using the City's Street millage and County Road millage to pay for extensive street improvements. Future needs of the City's water distribution and sewer collection systems will be studied in 2007-08.
- Capital Projects - The City will review proposals for the future use of City owned land along the Black River that was previously used by the Public Works Department. Engineering work will start for the construction of a new water treatment plant.
- Economic Development - The City of South Haven Brownfield Redevelopment Authority will continue working with five property owners on various grants and tax increment financing proposals in order that brownfield sites can become productive. Those sites include the Belgravia Building, the former Everett Building site, the National Motors site, all residential development projects, and two industrial projects - Albemarle and Michigan Aluminum Alloys.
- Technology Improvements - The City will work to improve on-line access to Assessing records, Tax records, Council Minutes and Agendas and other City documents. The City of South Haven will add a GIS technician to develop and maintain the City of South Haven GIS system.

- Recreation - The City will work to secure private funding for the purchase and development of a regional recreation park.

### **Financial Information**

Management of the City of South Haven is responsible for establishing and maintaining internal control designed to ensure that the assets of the City are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgements by management.

Single Audit. As a recipient of federal and state financial assistance, the City of South Haven is also responsible for ensuring that adequate internal control is in place to ensure and document compliance with applicable laws and regulations related to these programs. This internal control is subject to periodic evaluation by management staff of the City. The City was not subject to a Single Audit for the fiscal year ended June 30, 2007.

Budgetary Controls. The City maintains budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. Activities of the General Fund, Special Revenue Funds and Debt Service Funds are included in the annual appropriated budget. The level of budgetary control (i.e., the level at which expenditures cannot legally exceed the appropriated amount) is at the fund level. As demonstrated by the statements and schedules included in the financial section of this report, the government continues to meet its responsibility for sound financial management.

Debt Administration. The ratio of net general obligation debt to State Equalized Valuation and the amount of bonded debt per capita are useful indicators of the City debt position to municipal management, citizens and investors. Data for fiscal year 2006-2007 and the previous four fiscal years are as follows:

JUNE 30,	NET GENERAL OBLIGATION BONDED DEBT	RATIO OF NET BONDED DEBT TO STATE EQUALIZED VALUE (50% OF MARKET VALUE)	NET BONDED DEBT PER CAPITA (2000 CENSUS)
2007	\$12,671,169	2.81%	\$2,524
2006	11,927,743	2.84	2,376
2005	12,605,455	3.20	2,511
2004	13,244,383	3.84	2,638
2003	13,805,481	4.40	2,750

Tax supported debt remains well under 10 percent of SEV, which is often a benchmark used by credit rating agencies.

In October of 2001, Standard and Poor's gave the City of South Haven's General Obligation Debt an A- rating.

In December of 2002, Standard and Poor's and Fitch Ratings gave the City of South Haven's General Obligation Debt an A rating.

In December of 2006, Fitch Ratings gave the City of South Haven's General Obligation Debt an A+ rating.

The Rating Committee of Moody's Investors Services reviewed and assigned an A3 rating for the City of South Haven Electric Utility System Revenue bonds in December 1999.

Based on a 2006 State Equalized Value (SEV) of \$450,151,500, the legal debt margin of the City for special assessment bonds exceeds \$54,000,000 and for general obligation bonds the remaining legal debt margin is over \$32,000,000.

Cash Management. Cash temporarily idle during the year was invested in bank demand deposits, certificates of deposit, commercial paper, obligations of the U.S. Treasury, and U.S. Government agencies as permitted by State law and City policy. The maturities of investments generally range from 3 months to 10 years. The average yield on investments for the year was 4.48 percent, compared to 3.74 percent in fiscal year 2006. Investment income was \$728,283 for the year.

Risk Management. As of June 30, 2007, the City of South Haven participated in two public entity risk pools. The Michigan Municipal Risk Management Authority pool provided insurance coverage for liability, auto, crime, and property damage risks. The Michigan Municipal Liability and Property Pool provided coverage for workers' compensation.

### **Other Information**

Independent Audit. State statutes require an annual audit by independent certified public accountants. The accounting firm of Vredeveld Haefner LLC was selected by the City of South Haven to perform the June 30, 2007 audit. The auditors' report on the financial statements and combining and individual funds statements and schedules is included in the financial section of this report.

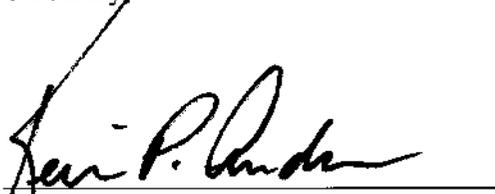
Awards. The Governmental Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended June 30, 2006. This is the eighth consecutive year the City received this award. In order to be awarded a Certificate of Achievement, the City of South Haven published an easily readable and efficiently

organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

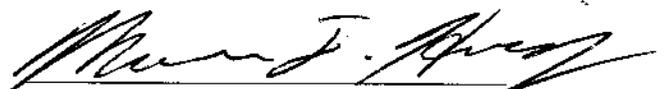
A Certificate of Achievement is valid for a period of one year only. We believe the current comprehensive annual financial report continues to meet the Certificate of Achievement program requirements and will submit it to the GFOA to determine eligibility for another certificate.

Acknowledgements. The preparation of these statements could not have been accomplished without the efficient and dedicated services of the entire staff of the City of South Haven. Credit should also be given to the South Haven City Council for their interest and support in planning and conducting the operations of the City of South Haven in a responsible and progressive manner.

Sincerely,



Kevin P. Anderson, City Manager



Marvin F. Hinga, Finance Director

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of South Haven  
Michigan

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2006

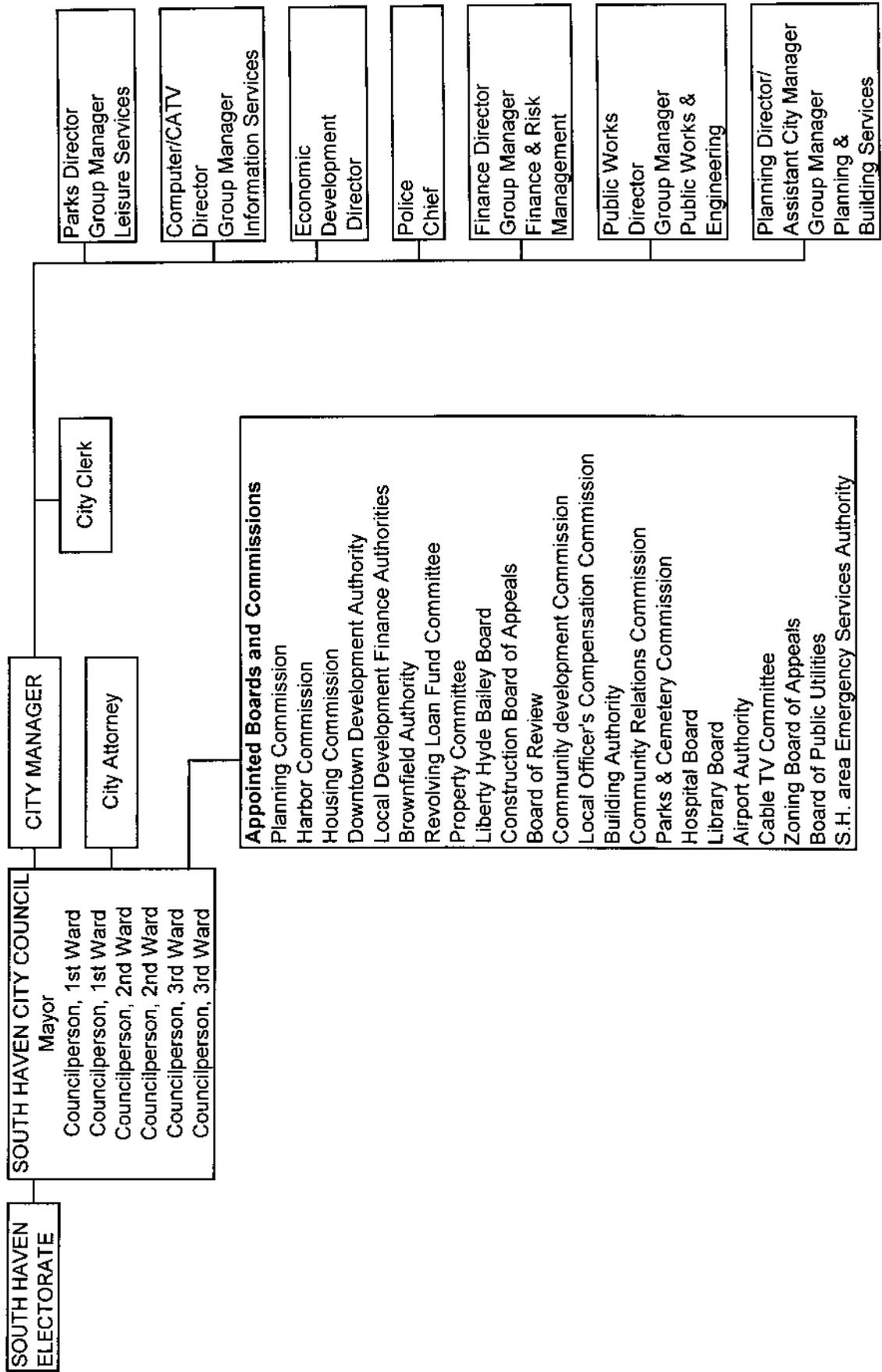
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

**CITY OF SOUTH HAVEN**  
Organizational Chart



# City of South Haven, Michigan

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## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended  
June 30, 2007

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### City Officials at June 30, 2007

**Dorothy Appleyard**  
Mayor

**Scott Smith**  
Mayor Pro-Tem

**Vikke Andersen**  
Councilmember

**William Bradley**  
Councilmember

**Janet Fahs**  
Councilmember

**David Paull**  
Councilmember

**Timothy Stegeman**  
Councilmember

**Kevin P. Anderson**  
City Manager

Prepared by  
City of South Haven  
Finance Department



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**INDEPENDENT AUDITORS' REPORT**

October 12, 2007

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of South Haven, Michigan, (the "City") as of and for the year ended June 30, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the City of South Haven, Michigan. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the Aggregate discretely presented component units, each major fund, and the aggregate remaining fund information for the City of South Haven, Michigan as of June 30, 2007, and the respective changes in financial position and, where applicable, cash flows, thereof and the respective budgetary comparisons for the general fund and street improvement fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 3-11 is not a required part of the basic financial statements but is supplementary information required by generally accepted accounting principals in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of South Haven'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 have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken 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 express no opinion on them.

*Vredeveld Haefner LLC*

## Management's Discussion and Analysis

As management of the City of South Haven, we offer readers of the City of South Haven financial statements this narrative overview and analysis of the financial activities of the City of South Haven for the fiscal year ended June 30, 2007. 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

- Reconstruction of Black River Street.
- Construction of the pavilion in Huron Street Parking Lot
- Reconstruction of infrastructure in the area of Eagle Street and Wells Street
- Rebuilding of large portions of the electric system
- Completion of phase 1 of the Superior Street project.
- Completion of phase 2 of the Quaker Street project

### Overview of the Financial Statements

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

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

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

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

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

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 funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund the Street Improvement Special Revenue Fund, and the Sewer Rehabilitation and Public Works Projects Capital Projects Funds, each of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each nonmajor governmental fund is provided in the form of *combining statements* elsewhere in this report.

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

**Proprietary funds.** The City of South Haven maintains 2 different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of South Haven uses enterprise funds to account for its electric, water and sewer utilities and its marina, parks and beach operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City of South

Haven's various functions. The City of South Haven uses internal service funds to account for its Motor Pool, Information Services, and Self-insurance operations. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the enterprise operations of which Electric, Water, and Sewer are considered to be major funds of the City of South Haven.

***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.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to the financial statements.

### **Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of South Haven, assets exceeded liabilities by \$38,813,068 at the close of the most recent fiscal year.

By far the largest portion of the City of South Haven net assets (68%) reflects its investment in capital assets (e.g., land, buildings, vehicles, equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City of South Haven uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of South Haven investment in its 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.

	<b>Net Assets</b>					
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
Current and other assets	\$ 5,004,355	\$ 5,074,560	\$ 12,472,495	\$ 12,472,495	\$ 17,476,850	\$ 17,547,055
Capital assets	<u>18,788,129</u>	<u>16,814,255</u>	<u>19,584,141</u>	<u>19,584,143</u>	<u>39,467,221</u>	<u>36,398,398</u>
<b>Total assets</b>	<b><u>23,792,484</u></b>	<b><u>21,888,815</u></b>	<b><u>32,056,636</u></b>	<b><u>32,056,638</u></b>	<b><u>56,944,071</u></b>	<b><u>53,945,453</u></b>
Long-term liabilities						
outstanding	13,230,403	13,753,197	1,665,000	1,791,036	14,895,403	15,544,233
Other liabilities	<u>849,741</u>	<u>696,903</u>	<u>2,119,041</u>	<u>2,058,444</u>	<u>2,968,782</u>	<u>2,755,347</u>
<b>Total liabilities</b>	<b><u>14,080,144</u></b>	<b><u>14,450,100</u></b>	<b><u>3,784,041</u></b>	<b><u>3,849,480</u></b>	<b><u>17,864,185</u></b>	<b><u>18,299,580</u></b>
Net assets:						
Invested in capital assets, net of related debt	5,557,726	3,061,058	19,084,482	17,899,141	24,642,208	20,960,199
Restricted	1,540,603	1,826,780	231,900	770,311	1,772,503	2,597,091
Unrestricted	<u>2,614,011</u>	<u>2,550,877</u>	<u>9,784,346</u>	<u>9,537,704</u>	<u>12,398,357</u>	<u>12,088,581</u>
<b>Total net assets</b>	<b><u>\$ 9,712,340</u></b>	<b><u>\$ 7,438,715</u></b>	<b><u>\$ 29,100,728</u></b>	<b><u>\$ 28,207,156</u></b>	<b><u>\$ 38,813,068</u></b>	<b><u>\$ 35,645,871</u></b>

An additional part of the City of South Haven's net assets (5%) represents resources that are subject to external restrictions on how they may be used. The remaining balance (\$12,398,357) may be used to meet the government's ongoing obligations to citizens and creditors.

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

The government's net assets increased by \$3,167,197 during the current fiscal year. This growth is due to property tax growth, county road millage revenue, capital asset purchases, payment on long-term debt and positive returns on enterprise fund activities.

### **Governmental activities**

Governmental activities increased the City of South Haven's net assets by \$2,273,625, thereby accounting for 72% of the total growth in the net assets of the City of South Haven. Key elements in the change of net assets are as follows:

During the year a significant portion of governmental fund resources were utilized to purchase long-term capital assets and to pay down long-term debt. These long-term investments in combination with stable depreciation expense resulted in the current year increases.

### **Business-type activities**

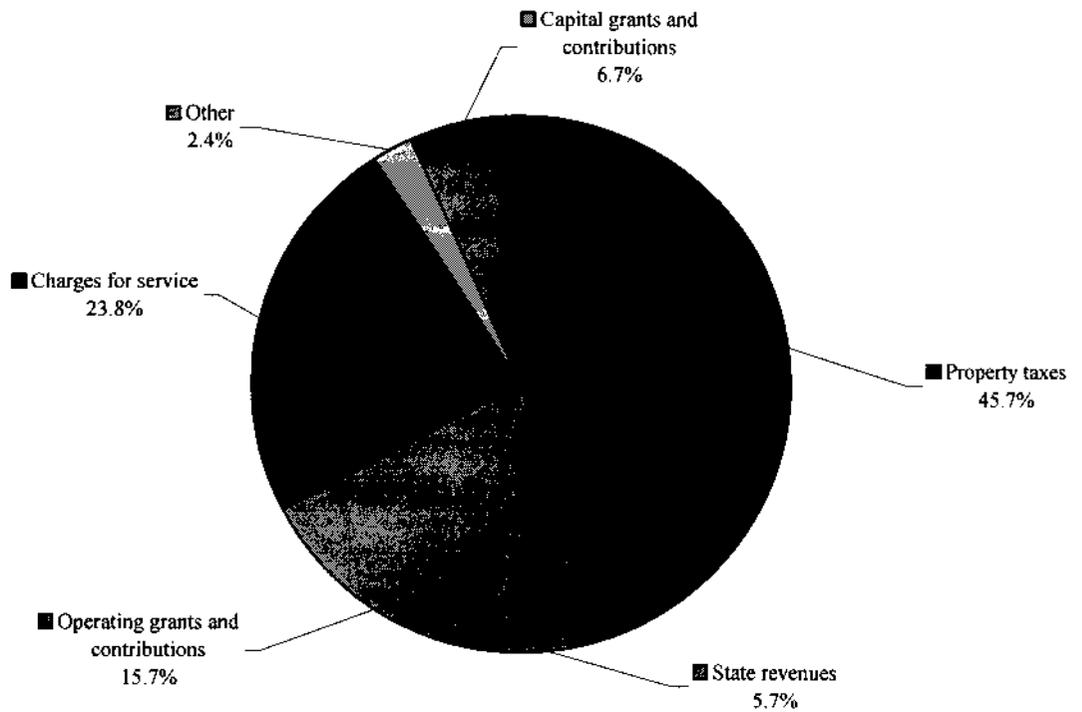
Business-type activities increased the City of South Haven's net assets by \$893,572, thereby accounting for 28% of the total growth in the net assets of the City of South Haven. The primary element of this increase is higher interest earnings and contributions to aid construction in the electric utility.

**Changes in Net Assets**

	<u>Governmental</u>		<u>Business-type</u>		<u>Total</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Revenue:						
Program revenue						
Charges for service	\$ 2,055,773	\$ 1,807,817	\$ 15,198,384	\$ 13,130,266	\$ 17,254,157	\$ 14,938,083
Operating grants and contributions	1,359,329	668,310	-	22,500	1,359,329	690,810
Capital grants and contributions	580,822	8,905	590,456	292,334	1,171,278	300,429
General revenue:						
Property taxes	3,942,969	3,748,062	-	-	3,942,969	3,748,062
State	492,291	497,039	-	-	492,291	497,039
Other	205,571	210,166	399,913	1,165,103	605,484	1,375,269
<b>Total revenue</b>	<b><u>8,636,755</u></b>	<b><u>6,939,489</u></b>	<b><u>16,188,753</u></b>	<b><u>14,610,203</u></b>	<b><u>24,825,508</u></b>	<b><u>21,549,692</u></b>
Expenses:						
General government	1,379,519	1,239,832	-	-	1,379,519	1,239,832
Public safety	2,844,831	2,689,126	-	-	2,844,831	2,689,126
Public works	1,903,245	1,247,813	-	-	1,903,245	1,247,813
Health and welfare	572,440	578,735	-	-	572,440	578,735
Culture and recreation	530,509	550,392	-	-	530,509	550,392
Interest on long-term debt	537,006	541,799	-	-	537,006	541,799
Electric utility	-	-	10,217,612	9,128,078	10,217,612	9,128,078
Water utility	-	-	1,467,184	1,583,151	1,467,184	1,583,151
Sewer utility	-	-	1,458,392	1,493,274	1,458,392	1,493,274
Nonmajor enterprise funds	-	-	747,573	810,877	747,573	810,877
<b>Total expenses</b>	<b><u>7,767,550</u></b>	<b><u>6,847,697</u></b>	<b><u>13,890,761</u></b>	<b><u>12,513,483</u></b>	<b><u>21,658,311</u></b>	<b><u>19,863,077</u></b>
Transfers –						
Internal activities	681,153	659,850	(681,153)	(659,850)	-	-
Property tax equivalents	723,267	669,553	(723,267)	(669,553)	-	-
Increase (decrease) in net assets	2,273,625	1,421,195	893,572	265,420	3,167,197	1,686,615
Net assets – beginning of year	<u>7,438,715</u>	<u>6,017,520</u>	<u>28,207,156</u>	<u>27,941,736</u>	<u>35,645,871</u>	<u>33,959,256</u>
<b>Net assets – end of year</b>	<b><u>\$ 9,712,340</u></b>	<b><u>\$ 7,438,715</u></b>	<b><u>\$ 29,100,728</u></b>	<b><u>\$ 28,207,156</u></b>	<b><u>\$ 38,813,068</u></b>	<b><u>\$ 35,645,871</u></b>

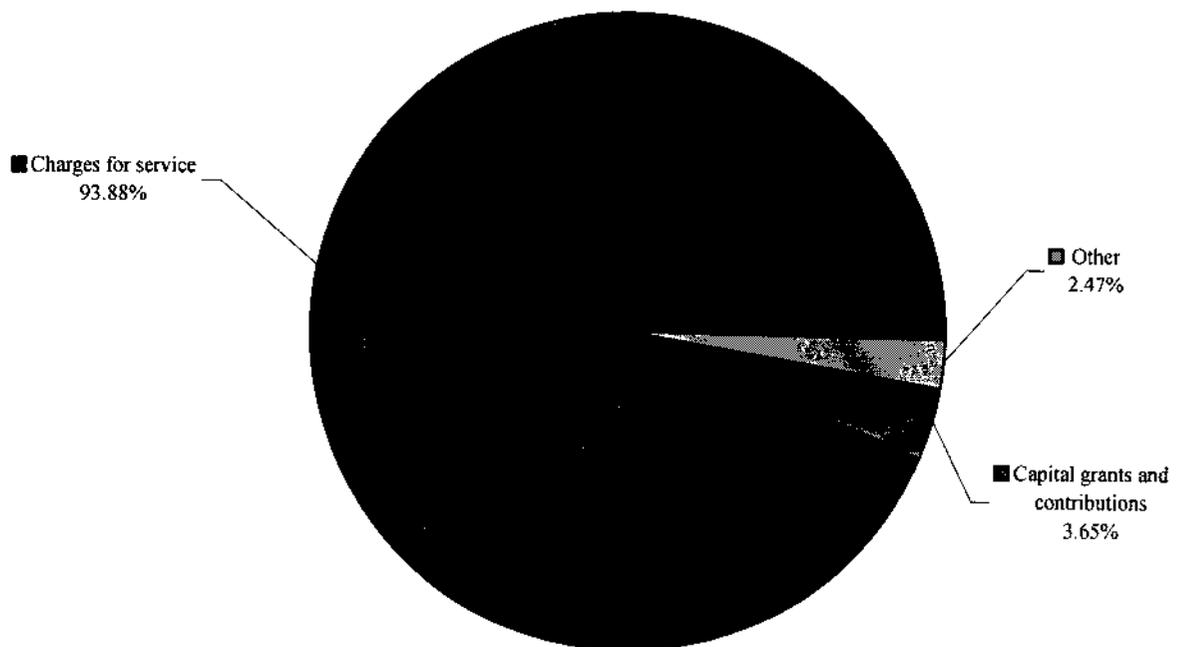
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## Revenues by Source - Governmental Activities

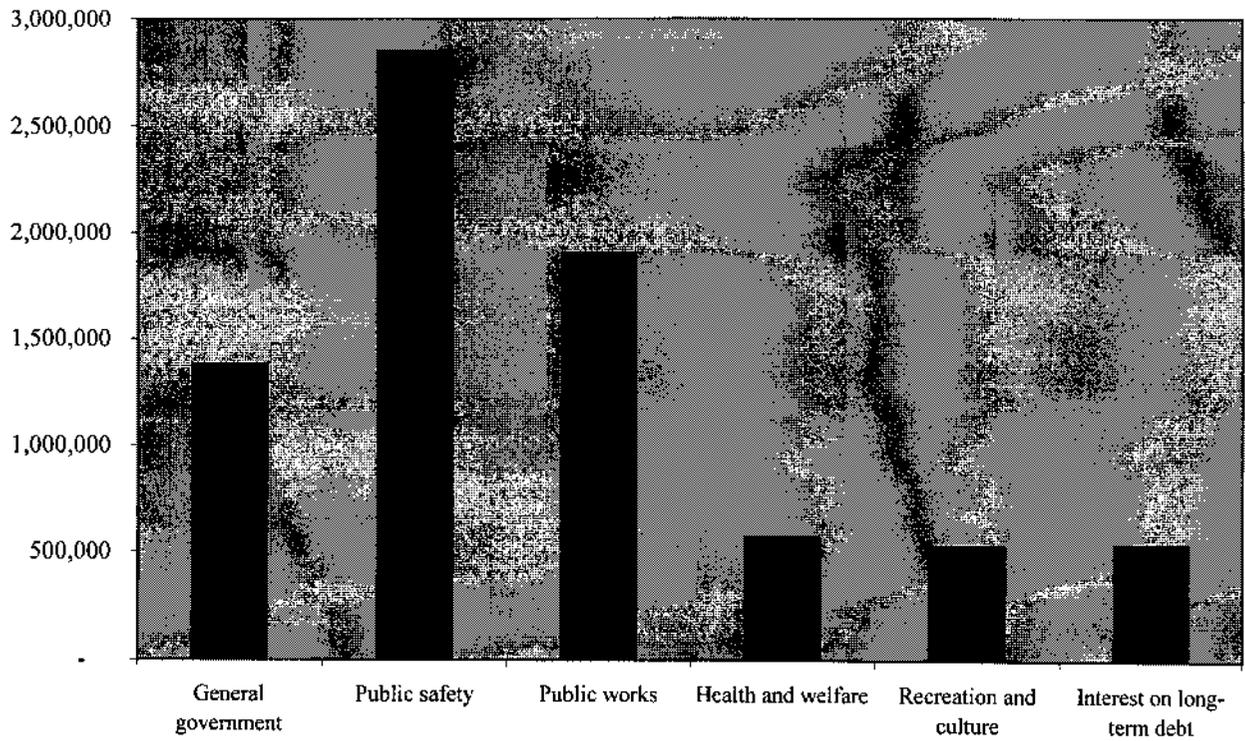


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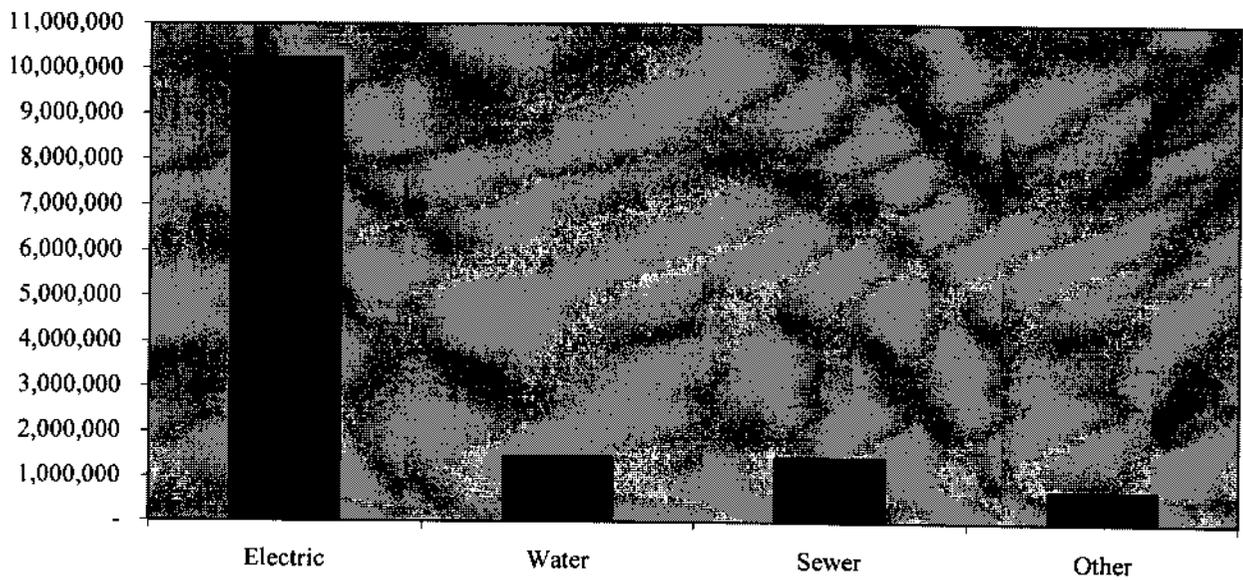
## Revenues by Source – Business-type Activities



## Expenses - Governmental Activities



## Expenses - Business-type Activities



## Financial Analysis of the Government's Funds

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

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

A surplus in the General Fund allowed money to be set aside for future capital projects. In addition, special assessment collections allowed repayment of governmental funds for previous construction projects. These factors resulted in an increase in governmental fund balances of \$754,984.

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

The proprietary fund operations resulted in an overall increase in net assets. Net assets of the proprietary funds increased \$893,572.

## General Fund Budgetary Highlights

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

## Capital Asset and Debt Administration

	<b>Capital Assets</b> (net of depreciation)					
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Land	\$ 220,295	\$ 359,490	\$ 23,062	\$ 23,062	\$ 243,357	\$ 382,552
Land improvements	400,527	519,549	2,075,022	2,124,328	2,475,549	2,643,877
Building, equipment, and infrastructure, net	<u>18,167,307</u>	<u>15,935,216</u>	<u>18,604,070</u>	<u>17,436,753</u>	<u>36,771,377</u>	<u>33,371,969</u>
<b>Total</b>	<b><u>\$ 18,788,129</u></b>	<b><u>\$ 16,814,255</u></b>	<b><u>\$ 20,702,154</u></b>	<b><u>\$ 19,584,143</u></b>	<b><u>\$ 39,490,283</u></b>	<b><u>\$ 36,398,398</u></b>

Additional information on the City of South Haven capital assets can be found in note 7 of this report.

## Long-Term Debt

	<b>City of South Haven Outstanding Debt</b>					
	<b>General Obligation and Revenue Bonds</b>					
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
General obligation bonds	\$ 12,740,000	\$ 11,980,000	\$ -	\$ -	\$ 12,740,000	\$ 11,980,000
Revenue bonds	-	-	1,665,000	1,685,000	1,665,000	1,685,000
Other debt	<u>490,403</u>	<u>669,322</u>	<u>-</u>	<u>-</u>	<u>490,403</u>	<u>669,322</u>
<b>Total</b>	<b><u>\$ 13,230,403</u></b>	<b><u>\$ 12,649,322</u></b>	<b><u>\$ 1,665,000</u></b>	<b><u>\$ 1,685,000</u></b>	<b><u>\$ 14,895,403</u></b>	<b><u>\$ 14,334,322</u></b>

The City of South Haven's most recent general obligation bond issue had a rating of A from Standard & Poor's and a rating of A+ from Fitch Rating.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10% of the State Equalized Value. The current debt limitation for the City of South Haven is \$42,050,510.

Additional information on the City of South Haven long-term debt can be found in note 9 of this report.

### Economic Factors and Next Year's Budgets and Rates

The economic factors utilized to create the 2007-2008 budget include continued strong growth in the taxable value of city property and level state funding after several years of decline. In addition, the 2007-2008 budget identifies local street paving and public safety as high priorities.

### Requests for Information

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

**CITY OF SOUTH HAVEN**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2007**

	<b>Primary Government</b>			<b>Component Units</b>
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	
<b>Assets</b>				
Cash and pooled investments	\$ 2,804,013	\$ 5,840,207	\$ 8,644,220	\$ 2,424,431
Investments	1,681,043	1,818,726	3,499,769	600,860
Accounts receivable	193,826	1,842,874	2,036,700	638
Prepaid items	62,136	128,531	190,667	-
Due from other governments	192,159	-	192,159	1,810
Due from other component units	-	-	-	225,000
Inventory	-	534,450	534,450	-
Advances to component unit	71,178	658,321	729,499	-
Special assessments receivable	-	1,127,606	1,127,606	-
Restricted cash and pooled investments	-	52,449	52,449	-
Restricted investments	-	179,451	179,451	-
Capital assets				
Land	220,295	23,062	243,357	191,453
Depreciable capital assets, net	18,567,834	20,679,092	39,246,926	-
<b>Total assets</b>	<b>23,792,484</b>	<b>32,884,769</b>	<b>56,677,253</b>	<b>3,444,192</b>
<b>Liabilities</b>				
Accounts payable	636,009	1,442,599	2,078,608	73,855
Accrued liabilities	208,614	291,447	500,061	1,988
Due to other governments	5,118	-	5,118	-
Due to other component units	-	-	-	225,000
Advances from primary government	-	-	-	729,499
Customer deposits	-	164,955	164,955	-
Unearned revenue	-	267,368	267,368	-
Noncurrent liabilities				
Discount on bonds	-	(47,328)	(47,328)	-
Due within one year	1,089,403	20,000	1,109,403	27,208
Due in more than one year	12,141,000	1,645,000	13,786,000	210,865
<b>Total liabilities</b>	<b>14,080,144</b>	<b>3,784,041</b>	<b>17,864,185</b>	<b>1,268,415</b>
<b>Net assets</b>				
Invested in capital assets, net of related debt	5,557,726	19,084,482	24,642,208	191,453
Restricted for				
Debt service	68,831	231,900	300,731	-
Streets	540,198	-	540,198	-
Garbage and refuse	79,411	-	79,411	-
Narcotics unit	61,757	-	61,757	-
Other projects	27,647	-	27,647	-
Capital projects	564,373	-	564,373	-
Permanent trust				
Cemetery - nonexpendable portion	132,245	-	132,245	-
Cemetery - expendable	66,141	-	66,141	-
Unrestricted	2,614,011	9,784,346	12,398,357	1,984,324
<b>Total net assets</b>	<b>\$ 9,712,340</b>	<b>\$ 29,100,728</b>	<b>\$ 38,813,068</b>	<b>\$ 2,175,777</b>

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

**CITY OF SOUTH HAVEN**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2007**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
<b>Primary government</b>					
Governmental activities					
General government	\$ 1,379,519	\$ 1,097,733	\$ 107,500	\$ -	\$ (174,286)
Public safety	2,844,831	428,623	28,864	-	(2,387,344)
Public works	1,903,245	477,805	672,585	522,755	(230,100)
Health and welfare	572,440	51,612	-	-	(520,828)
Culture and recreation	530,509	-	550,380	58,067	77,938
Interest on long-term debt	537,006	-	-	-	(537,006)
<b>Total governmental activities</b>	<b>7,767,550</b>	<b>2,055,773</b>	<b>1,359,329</b>	<b>580,822</b>	<b>(3,771,626)</b>
Business-type activities					
Electric utility	10,217,612	11,079,025	-	445,714	1,307,127
Water utility	1,467,184	1,465,982	-	129,485	128,283
Wastewater utility	1,458,392	1,822,157	-	5,762	369,527
Marina	445,687	521,055	-	9,495	84,863
Parks and beach	301,886	310,165	-	-	8,279
<b>Total business-type activities</b>	<b>13,890,761</b>	<b>15,198,384</b>	<b>-</b>	<b>590,456</b>	<b>1,898,079</b>
<b>Total primary government</b>	<b>\$ 21,658,311</b>	<b>\$ 17,254,157</b>	<b>\$ 1,359,329</b>	<b>\$ 1,171,278</b>	<b>\$ (1,873,547)</b>
<b>Component units</b>					
Downtown Development Authority	\$ 964,556	\$ -	\$ 117,300	\$ -	\$ (847,256)
Local Development Finance Authority #1	206,492	-	-	-	(206,492)
Local Development Finance Authority #2	18,563	-	-	-	(18,563)
Local Development Finance Authority #3	92,660	-	3,720	-	(88,940)
Brownfield Redevelopment Authority	149,750	-	35,124	-	(114,626)
<b>Total component units</b>	<b>\$ 1,432,021</b>	<b>\$ -</b>	<b>\$ 156,144</b>	<b>\$ -</b>	<b>\$ (1,275,877)</b>

(Continued)

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

**CITY OF SOUTH HAVEN**

**STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED JUNE 30, 2007**

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Changes in net assets</b>				
<b>Net (expense) revenue</b>	\$ (3,771,626)	\$ 1,898,079	\$ (1,873,547)	\$ (1,275,877)
General revenues				
Property taxes	3,942,969	-	3,942,969	1,981,841
State shared revenues	492,291	-	492,291	-
Unrestricted investment earnings	180,814	399,913	580,727	111,763
Other general revenues	24,757	-	24,757	-
Property tax equivalent payments	723,267	(723,267)	-	-
Transfers - internal activities	681,153	(681,153)	-	-
<b>Total general revenues and transfers</b>	<u>6,045,251</u>	<u>(1,004,507)</u>	<u>5,040,744</u>	<u>2,093,604</u>
Change in net assets	2,273,625	893,572	3,167,197	817,727
<b>Net assets, beginning of year, as restated</b>	<u>7,438,715</u>	<u>28,207,156</u>	<u>35,645,871</u>	<u>1,358,050</u>
<b>Net assets, end of year</b>	<u>\$ 9,712,340</u>	<u>\$ 29,100,728</u>	<u>\$ 38,813,068</u>	<u>\$ 2,175,777</u>

(Concluded)

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

**CITY OF SOUTH HAVEN**

**GOVERNMENTAL FUNDS  
BALANCE SHEET**

**JUNE 30, 2007**

	<u>General</u>	<u>Street Improvement</u>	<u>Sewer Rehabilitation</u>	<u>Public Works Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
<b>Assets</b>						
Cash and pooled investments	\$ 339,147	\$ 671,379	\$ 17	\$ 20,608	\$ 865,403	\$ 1,896,554
Investments	1,385,120	-	-	295,923	-	1,681,043
Accounts receivable	60,673	2,508	-	-	105,802	168,983
Accrued interest receivable	21,107	-	-	-	3,736	24,843
Prepaid items	62,136	-	-	-	-	62,136
Due from other funds	-	-	-	-	912,069	912,069
Due from other governments	90,914	-	-	-	101,245	192,159
<b>Total assets</b>	<b>\$ 1,959,097</b>	<b>\$ 673,887</b>	<b>\$ 17</b>	<b>\$ 316,531</b>	<b>\$ 1,988,255</b>	<b>\$ 4,937,787</b>
<b>Liabilities and fund balances</b>						
<b>Liabilities</b>						
Accounts payable	\$ 180,128	\$ 244,707	\$ -	\$ 142,106	\$ 25,164	\$ 592,105
Accrued liabilities	84,463	-	-	-	11,111	95,574
Due to other funds	-	-	825,000	-	87,069	912,069
Due to other governments	5,118	-	-	-	-	5,118
Deferred revenue	32,064	2,509	-	-	105,705	140,278
<b>Total liabilities</b>	<b>301,773</b>	<b>247,216</b>	<b>825,000</b>	<b>142,106</b>	<b>229,049</b>	<b>1,745,144</b>
<b>Fund balances (deficit)</b>						
Reserved for						
Prepaid items	62,136	-	-	-	-	62,136
Permanent fund corpus	-	-	-	-	132,245	132,245
Unreserved						
Undesignated	1,595,188	426,671	(824,983)	174,425	-	1,371,301
Undesignated reported in nonmajor						
Special revenue funds	-	-	-	-	475,444	475,444
Debt service funds	-	-	-	-	68,831	68,831
Capital projects funds	-	-	-	-	1,016,545	1,016,545
Permanent funds	-	-	-	-	66,141	66,141
<b>Total fund balances (deficit)</b>	<b>1,657,324</b>	<b>426,671</b>	<b>(824,983)</b>	<b>174,425</b>	<b>1,759,206</b>	<b>3,192,643</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,959,097</b>	<b>\$ 673,887</b>	<b>\$ 17</b>	<b>\$ 316,531</b>	<b>\$ 1,988,255</b>	<b>\$ 4,937,787</b>

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

# CITY OF SOUTH HAVEN

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

JUNE 30, 2007

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<b>Fund balances - total governmental funds</b>	<b>\$ 3,192,643</b>
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Amounts reported for *governmental activities* in the statement of net assets are different because

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.

Add - land	220,295
Add - capital assets (net of accumulated depreciation)	17,948,172

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	140,278
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Internal service funds are used by management to charge the costs of centralized services, to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities.

Add - net assets of governmental activities accounted for in the internal service funds	1,528,383
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Certain liabilities are not due and payable in the current period and therefore are not reported in the funds.

Deduct - compensated absences payable	(259,403)
Deduct - bonds payable	(12,971,000)
Deduct - accrued interest on bonds payable	<u>(87,028)</u>

<b>Net assets of governmental activities</b>	<b><u>\$ 9,712,340</u></b>
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The accompanying notes are an integral part of these financial statements.

**CITY OF SOUTH HAVEN**

**GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES**

**FOR THE YEAR ENDED JUNE 30, 2007**

	<u>General</u>	<u>Street Improvement</u>	<u>Sewer Rehabilitation</u>	<u>Public Works Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
<b>Revenues</b>						
Taxes	\$ 3,260,748	\$ 421,236	\$ -	\$ -	\$ 437,978	\$ 4,119,962
Intergovernmental revenues						
Federal	1,903	-	-	-	-	1,903
State	481,992	-	-	-	449,492	931,484
Local	-	245,675	-	-	-	245,675
Licenses and permits	326,051	-	-	-	-	326,051
Charges for services	463,057	-	-	-	-	463,057
Fines	36,835	-	-	-	-	36,835
Special assessments	-	4,219	-	-	-	4,219
Investment earnings	106,575	-	-	24,264	95,112	225,951
Miscellaneous	448,786	-	-	-	1,529,274	1,978,060
<b>Total revenues</b>	<u>5,125,947</u>	<u>671,130</u>	<u>-</u>	<u>24,264</u>	<u>2,511,856</u>	<u>8,333,197</u>
<b>Expenditures</b>						
Current						
General government	1,081,063	-	-	-	-	1,081,063
Public safety	2,648,573	-	-	-	203,495	2,852,068
Public works	534,674	1,364,683	-	1,172,764	438,563	3,510,684
Health and welfare	160,844	-	-	-	417,361	578,205
Culture and recreation	413,458	-	-	-	637,449	1,050,907
Other	139,157	-	-	-	-	139,157
Debt service						
Principal	-	-	-	-	740,000	740,000
Interest	-	-	-	-	530,549	530,549
<b>Total expenditures</b>	<u>4,977,769</u>	<u>1,364,683</u>	<u>-</u>	<u>1,172,764</u>	<u>2,967,417</u>	<u>10,482,633</u>
Revenues over (under) expenditures	<u>148,178</u>	<u>(693,553)</u>	<u>-</u>	<u>(1,148,500)</u>	<u>(455,561)</u>	<u>(2,149,436)</u>
Other financing sources (uses)						
Bond issue	-	-	-	1,500,000	-	1,500,000
Property tax equivalent payments	723,267	-	-	-	-	723,267
Transfers in	-	1,150,000	207,549	-	1,064,970	2,422,519
Transfers out	(567,185)	(273,461)	-	(177,075)	(723,645)	(1,741,366)
<b>Total other financing sources (uses)</b>	<u>156,082</u>	<u>876,539</u>	<u>207,549</u>	<u>1,322,925</u>	<u>341,325</u>	<u>2,904,420</u>
Net changes in fund balances	304,260	182,986	207,549	174,425	(114,236)	754,984
<b>Fund balances (deficit), beginning of year, as restated</b>	<u>1,353,064</u>	<u>243,685</u>	<u>(1,032,532)</u>	<u>-</u>	<u>1,873,442</u>	<u>2,437,659</u>
<b>Fund balances (deficit), end of year</b>	<u>\$ 1,657,324</u>	<u>\$ 426,671</u>	<u>\$ (824,983)</u>	<u>\$ 174,425</u>	<u>\$ 1,759,206</u>	<u>\$ 3,192,643</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, 2007

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<b>Net changes in fund balances - total governmental funds</b>	<b>\$ 754,984</b>
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Amounts reported for *governmental activities* in the statement of activities are different because

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

Deduct - sale of land	(139,195)
Add - capital outlay	3,398,984
Deduct - depreciation expense	(1,189,469)

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

Add - change in long-term receivables	44,320
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Bond or note proceeds provide current financial resources to governmental funds in the period issued, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond or note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Add - principal payments on debt	740,000
Deduct - bond issue	(1,500,000)

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	70,695
Deduct - increase in accrued interest	(6,457)

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

Add - increase in net assets from the internal service funds	<u>99,763</u>
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<b>Change in net assets of governmental activities</b>	<b><u>\$ 2,273,625</u></b>
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The accompanying notes are an integral part of these financial statements.

# CITY OF SOUTH HAVEN

## GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

**FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes				
Property taxes	\$ 3,229,577	\$ 3,233,777	\$ 3,260,748	\$ 26,971
Intergovernmental revenues				
Federal	-	-	1,903	1,903
State	498,397	498,397	481,992	(16,405)
Licenses and permits	202,100	202,100	326,051	123,951
Charges for services	455,322	455,322	463,057	7,735
Fines	19,500	24,161	36,835	12,674
Investment earnings	76,000	91,000	106,575	15,575
Miscellaneous	325,940	347,614	448,786	101,172
<b>Total revenues</b>	<u>4,806,836</u>	<u>4,852,371</u>	<u>5,125,947</u>	<u>273,576</u>
<b>Expenditures</b>				
Current				
General government	1,117,351	1,222,555	1,081,063	141,492
Public safety	2,714,219	2,697,134	2,648,573	48,561
Public works	607,268	637,268	534,674	102,594
Health and welfare	157,270	161,470	160,844	626
Culture and recreation	372,248	421,968	413,458	8,510
Other	139,562	141,962	139,157	2,805
<b>Total expenditures</b>	<u>5,107,918</u>	<u>5,282,357</u>	<u>4,977,769</u>	<u>304,588</u>
<b>Revenues over (under) expenditures</b>	<u>(301,082)</u>	<u>(429,986)</u>	<u>148,178</u>	<u>578,164</u>
Other financing sources (uses)				
Property tax equivalent payments	723,267	723,267	723,267	-
Transfers out	(422,185)	(567,185)	(567,185)	-
<b>Total other financing sources (uses)</b>	<u>301,082</u>	<u>156,082</u>	<u>156,082</u>	<u>-</u>
<b>Net changes in fund balance</b>	-	(273,904)	304,260	578,164
<b>Fund balance, beginning of year</b>	<u>1,353,064</u>	<u>1,353,064</u>	<u>1,353,064</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 1,353,064</u>	<u>\$ 1,079,160</u>	<u>\$ 1,657,324</u>	<u>\$ 578,164</u>

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

# CITY OF SOUTH HAVEN

## STREET IMPROVEMENT FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

**FOR THE YEAR ENDED JUNE 30, 2007**

	Budget Amounts		Actual Amount	Variance Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 422,619	\$ 422,619	\$ 421,236	\$ (1,383)
Intergovernmental revenues				
Local	252,650	252,650	245,675	(6,975)
Investment earnings	3,000	3,000	4,219	1,219
<b>Total revenues</b>	678,269	678,269	671,130	(7,139)
<b>Expenditures</b>				
Current				
Public works	678,289	2,078,289	1,364,683	713,606
Revenues over (under) expenditures	(20)	(1,400,020)	(693,553)	706,467
Other financing source (uses)				
Transfers in	-	1,150,000	1,150,000	-
Transfers out	-	-	(273,461)	(273,461)
<b>Total other financing sources (uses)</b>	-	1,150,000	876,539	(273,461)
Net changes in fund balance	(20)	(250,020)	182,986	433,006
<b>Fund balance, beginning of year</b>	243,685	243,685	243,685	-
<b>Fund balance, end of year</b>	\$ 243,665	\$ (6,335)	\$ 426,671	\$ 433,006

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

**CITY OF SOUTH HAVEN**

**PROPRIETARY FUNDS  
STATEMENT OF NET ASSETS**

**JUNE 30, 2007**

	Enterprise Funds				Enterprise Fund Total	Governmental
	Electric Utility	Water Utility	Sewer Utility	Nonmajor Enterprise Funds		Internal Service Funds
<b>Assets</b>						
<b>Current assets</b>						
Cash and pooled investments	\$ 3,148,409	\$ 1,200,511	\$ 657,601	\$ 833,686	\$ 5,840,207	\$ 907,459
Investments	1,481,063	-	298,385	39,278	1,818,726	-
Accounts receivable	1,383,018	199,699	228,353	-	1,811,070	-
Accrued interest receivable	21,417	4,088	5,003	1,296	31,804	-
Due from other funds	213,031	-	-	-	213,031	-
Prepaid items	60,669	35,713	32,149	-	128,531	-
Inventory	389,486	135,545	9,419	-	534,450	-
Restricted cash and pooled investments	-	52,449	-	-	52,449	-
Restricted investments	179,451	-	-	-	179,451	-
<b>Total current assets</b>	<b>6,876,544</b>	<b>1,628,005</b>	<b>1,230,910</b>	<b>874,260</b>	<b>10,609,719</b>	<b>907,459</b>
<b>Non-current assets</b>						
Special assessments receivable	-	475,696	651,910	-	1,127,606	-
Advance to component unit	528,704	-	-	129,617	658,321	71,178
<b>Capital assets</b>						
Land	1,001	9,394	7,331	5,336	23,062	-
Buildings and equipment	2,697,088	4,524,127	4,323,985	113,713	11,658,913	661,966
Vehicles	-	-	-	-	-	1,739,720
Infrastructure	9,728,726	7,851,541	6,832,138	2,855,742	27,268,147	-
Less accumulated depreciation	(4,204,738)	(6,980,321)	(6,114,914)	(947,995)	(18,247,968)	(1,782,024)
<b>Total non-current assets</b>	<b>8,750,781</b>	<b>5,880,437</b>	<b>5,700,450</b>	<b>2,156,413</b>	<b>22,488,081</b>	<b>690,840</b>
<b>Total assets</b>	<b>15,627,325</b>	<b>7,508,442</b>	<b>6,931,360</b>	<b>3,030,673</b>	<b>33,097,800</b>	<b>1,598,299</b>
<b>Liabilities</b>						
<b>Current liabilities</b>						
Accounts payable	1,119,116	150,627	150,396	22,460	1,442,599	43,904
Accrued liabilities	145,228	70,417	55,211	20,591	291,447	26,012
Due to other funds	-	-	213,031	-	213,031	-
Unearned revenue	-	-	-	267,368	267,368	-
Customer deposits	164,955	-	-	-	164,955	-
Current portion of long-term debt	-	20,000	-	-	20,000	-
<b>Total current liabilities</b>	<b>1,429,299</b>	<b>241,044</b>	<b>418,638</b>	<b>310,419</b>	<b>2,399,400</b>	<b>69,916</b>
<b>Long-term liabilities</b>						
Discount on bonds	(40,787)	(6,541)	-	-	(47,328)	-
Bonds payable, net of current portion	1,290,000	355,000	-	-	1,645,000	-
<b>Total long-term liabilities</b>	<b>1,249,213</b>	<b>348,459</b>	<b>-</b>	<b>-</b>	<b>1,597,672</b>	<b>-</b>
<b>Total liabilities</b>	<b>2,678,512</b>	<b>589,503</b>	<b>418,638</b>	<b>310,419</b>	<b>3,997,072</b>	<b>69,916</b>
<b>Net assets</b>						
Investment in capital assets net of related debt	6,972,864	5,036,282	5,048,540	2,026,796	19,084,482	619,662
<b>Restricted for:</b>						
Revenue bond retirement	179,451	52,449	-	-	231,900	-
Unrestricted (deficit)	5,796,498	1,830,208	1,464,182	693,458	9,784,346	908,721
<b>Total net assets</b>	<b>\$ 12,948,813</b>	<b>\$ 6,918,939</b>	<b>\$ 6,512,722</b>	<b>\$ 2,720,254</b>	<b>\$ 29,100,728</b>	<b>\$ 1,528,383</b>

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

**CITY OF SOUTH HAVEN**  
**PROPRIETARY FUNDS**  
**STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED JUNE 30, 2007**

	Enterprise Funds				Enterprise Fund Total	Governmental Activities
	Electric Utility	Water Utility	Sewer Utility	Nonmajor Enterprise Funds		Internal Service Funds
<b>Operating revenue</b>						
Charges for services	\$ 10,909,157	\$ 1,405,766	\$ 1,752,505	\$ 166,002	\$ 14,233,430	\$ 1,046,753
Special assessments	-	-	3,577	-	3,577	-
Dock rental	-	-	-	663,676	663,676	-
Other	169,868	177,389	69,652	11,037	427,946	8,772
<b>Total operating revenue</b>	<u>11,079,025</u>	<u>1,583,155</u>	<u>1,825,734</u>	<u>840,715</u>	<u>15,328,629</u>	<u>1,055,525</u>
<b>Operating expense</b>						
Operating costs and expenses	9,895,940	1,273,562	1,246,222	601,138	13,016,862	794,394
Depreciation	257,437	173,724	205,280	146,435	782,876	183,404
<b>Total operating expense</b>	<u>10,153,377</u>	<u>1,447,286</u>	<u>1,451,502</u>	<u>747,573</u>	<u>13,799,738</u>	<u>977,798</u>
Operating income (loss)	<u>925,648</u>	<u>135,869</u>	<u>374,232</u>	<u>93,142</u>	<u>1,528,891</u>	<u>77,727</u>
<b>Non-operating revenue (expense)</b>						
Contribution in aid of construction	445,714	12,312	2,185	-	460,211	-
Investment earnings	224,663	77,384	35,634	62,032	399,913	23,975
Interest expense	(64,235)	(19,898)	(6,890)	-	(91,023)	(1,939)
<b>Total non-operating revenue (expense)</b>	<u>606,142</u>	<u>69,798</u>	<u>31,129</u>	<u>62,032</u>	<u>769,101</u>	<u>22,036</u>
Income (loss) before transfers	<u>1,531,790</u>	<u>205,667</u>	<u>405,361</u>	<u>155,174</u>	<u>2,297,992</u>	<u>99,763</u>
<b>Transfers</b>						
Property tax equivalent payments	(530,000)	(72,000)	(80,247)	(41,020)	(723,267)	-
Transfers in	-	180,737	269,799	-	450,536	-
Transfers out	(206,845)	(89,196)	(318,353)	(517,295)	(1,131,689)	-
<b>Total transfers</b>	<u>(736,845)</u>	<u>19,541</u>	<u>(128,801)</u>	<u>(558,315)</u>	<u>(1,404,420)</u>	<u>-</u>
Changes in net assets	794,945	225,208	276,560	(403,141)	893,572	99,763
<b>Net assets, beginning of year</b>	<u>12,153,868</u>	<u>6,693,731</u>	<u>6,236,162</u>	<u>3,123,395</u>	<u>28,207,156</u>	<u>1,428,620</u>
<b>Net assets, end of year</b>	<u>\$ 12,948,813</u>	<u>\$ 6,918,939</u>	<u>\$ 6,512,722</u>	<u>\$ 2,720,254</u>	<u>\$ 29,100,728</u>	<u>\$ 1,528,383</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, 2007**

	Enterprise Funds					Governmental
	Electric Utility	Water Utility	Sewer Utility	Nonmajor Enterprise Funds	Enterprise Fund Total	Internal Service Funds
<b>Cash flows from operating activities</b>						
Receipts from internal services provided	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,156,500
Receipts from customers and users	10,971,732	1,882,154	1,953,154	859,427	15,466,467	-
Payments to employees	(940,223)	(582,330)	(397,278)	(187,248)	(2,107,079)	(134,822)
Payments to suppliers	(8,809,060)	(834,961)	(842,368)	(393,399)	(10,879,788)	(667,785)
<b>Net cash provided by (used in) operating activities</b>	<u>1,222,449</u>	<u>264,863</u>	<u>713,508</u>	<u>278,780</u>	<u>2,479,600</u>	<u>353,893</u>
<b>Cash flows from non-capital financing activities</b>						
Due to other funds	-	-	213,031	(53,000)	180,031	-
Due from other funds	(213,031)	-	-	53,000	(180,031)	-
Payments received on advance to component unit	187,022	-	-	-	187,022	70,893
Advance to component unit	-	-	-	(3,861)	(3,861)	-
Property tax equivalents	(530,000)	(72,000)	(80,247)	(41,020)	(723,267)	-
Transfers in	-	180,737	269,799	-	450,536	-
Transfers out	(206,845)	(89,196)	(318,353)	(517,295)	(1,131,689)	-
<b>Net cash provided by (used in) non-capital financing activities</b>	<u>(762,854)</u>	<u>19,541</u>	<u>84,230</u>	<u>(562,176)</u>	<u>(1,221,259)</u>	<u>70,893</u>
<b>Cash flows from capital and related financing activities</b>						
Interest expense	(59,785)	(19,428)	(6,890)	-	(86,103)	(1,939)
Contribution in aid of construction	445,714	12,312	2,185	-	460,211	-
Principal on bonds and notes	-	(20,000)	-	-	(20,000)	(100,000)
Acquisitions of capital assets	(1,140,844)	(220,175)	(548,584)	-	(1,909,603)	(86,454)
<b>Net cash provided by (used in) capital and related financing activities</b>	<u>(754,915)</u>	<u>(247,291)</u>	<u>(553,289)</u>	<u>-</u>	<u>(1,555,495)</u>	<u>(188,393)</u>
<b>Cash flows from investing activities</b>						
Interest income	203,246	73,296	30,831	62,032	369,405	23,975
Sale of investments	19,134	50,433	300,000	-	369,567	-
Purchase of investments	-	-	(298,385)	(4,278)	(302,663)	-
<b>Net cash provided by (used in) investing activities</b>	<u>222,380</u>	<u>123,729</u>	<u>32,446</u>	<u>57,754</u>	<u>436,309</u>	<u>23,975</u>
Net increase (decrease) in cash and pooled investments	(72,940)	160,842	276,895	(225,642)	139,155	260,368
<b>Cash and pooled investments, beginning of year</b>	<u>3,221,349</u>	<u>1,092,118</u>	<u>380,706</u>	<u>1,059,328</u>	<u>5,753,501</u>	<u>647,091</u>
<b>Cash and pooled investments, end of year</b>	<u>\$ 3,148,409</u>	<u>\$ 1,252,960</u>	<u>\$ 657,601</u>	<u>\$ 833,686</u>	<u>\$ 5,892,656</u>	<u>\$ 907,459</u>
<b>Cash flows from operating activities</b>						
Operating income (loss)	\$ 925,648	\$ 135,869	\$ 374,232	93,142	\$ 1,528,891	\$ 77,727
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities						
Depreciation	257,437	173,724	205,280	146,435	782,876	183,404
Change in operating assets and liabilities which provided (used) cash						
Receivables	(107,293)	98,999	127,420	958	120,084	975
Due from other governmental units	-	-	-	-	-	100,000
Prepaid expenses	11,278	7,442	5,387	4,242	28,349	1,416
Inventory	87,470	(74,626)	(4,048)	-	8,796	-
Accounts payable	32,930	(98,759)	(12,398)	9,312	(68,915)	(16,045)
Accrued liabilities	5,937	22,214	17,635	6,937	52,723	6,416
Customer deposits	9,042	-	-	-	9,042	-
Deferred revenue	-	-	-	17,754	17,754	-
<b>Net cash provided by (used in) operating activities</b>	<u>\$ 1,222,449</u>	<u>\$ 264,863</u>	<u>\$ 713,508</u>	<u>\$ 278,780</u>	<u>\$ 2,479,600</u>	<u>\$ 353,893</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, 2007

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	<u>Total</u>
<b>Assets</b>	
Cash and pooled investments	\$ 346,102
<b>Total assets</b>	<u>\$ 346,102</u>
<b>Liabilities</b>	
Accounts payable	\$ 48,569
Deposits	286,472
Due to other governmental units	<u>11,061</u>
<b>Total liabilities</b>	<u>\$ 346,102</u>

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

**CITY OF SOUTH HAVEN**  
**COMPONENT UNITS**  
**COMBINING STATEMENT OF NET ASSETS**

**JUNE 30, 2007**

	<b>Downtown Development Authority</b>	<b>Local Development Finance Authority #1</b>	<b>Local Development Finance Authority #2</b>	<b>Local Development Finance Authority #3</b>	<b>Brownfield Redevelopment Authority</b>	<b>Total</b>
<b>Assets</b>						
Cash and pooled investments	\$ 42,043	\$ 792,016	\$ 47,825	\$ 367,862	\$ 1,174,685	\$ 2,424,431
Investments	-	300,929	50,000	249,931	-	600,860
Accounts receivable	-	346	231	61	-	638
Due from other component units	-	225,000	-	-	-	225,000
Due from other governments	-	-	-	-	1,810	1,810
Capital assets not being depreciated	-	-	55,373	136,080	-	191,453
<b>Total assets</b>	<b>42,043</b>	<b>1,318,291</b>	<b>153,429</b>	<b>753,934</b>	<b>1,176,495</b>	<b>3,444,192</b>
<b>Liabilities</b>						
Accounts payable	\$ 59,500	\$ 537	-	\$ 10,736	\$ 3,082	\$ 73,855
Accrued liabilities	954	621	-	413	-	1,988
Due to other component units	-	-	-	225,000	-	225,000
Advances from primary government	729,499	-	-	-	-	729,499
Long-term debt						
Due within one year	-	-	-	27,208	-	27,208
Due in more than one year	-	-	-	210,865	-	210,865
<b>Total liabilities</b>	<b>789,953</b>	<b>1,158</b>	<b>-</b>	<b>474,222</b>	<b>3,082</b>	<b>1,268,415</b>
<b>Net assets</b>						
Invested in capital assets, net of related debt	-	-	55,373	136,080	-	191,453
Unrestricted (deficit)	(747,910)	1,317,133	98,056	143,632	1,173,413	1,984,324
<b>Total net assets (deficit)</b>	<b>\$ (747,910)</b>	<b>\$ 1,317,133</b>	<b>\$ 153,429</b>	<b>\$ 279,712</b>	<b>\$ 1,173,413</b>	<b>\$ 2,175,777</b>

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, 2007**

	<b>Downtown Development Authority</b>	<b>Local Development Finance Authority #1</b>	<b>Local Development Finance Authority #2</b>	<b>Local Development Finance Authority #3</b>	<b>Brownfield Redevelopment Authority</b>	<b>Total</b>
<b>Expenses</b>						
Community development	\$ 964,556	\$ 206,492	\$ 18,563	\$ 92,660	\$ 149,750	\$ 1,432,021
<b>Total expense</b>	<u>964,556</u>	<u>206,492</u>	<u>18,563</u>	<u>92,660</u>	<u>149,750</u>	<u>1,432,021</u>
<b>Revenues</b>						
Program revenues						
Operating grants and contributions	117,300	-	-	3,720	35,124	156,144
General revenues						
Property taxes	1,030,666	399,286	33,231	242,334	276,324	1,981,841
Unrestricted investment earnings	3,856	37,743	3,450	24,491	42,223	111,763
<b>Total revenues</b>	<u>1,151,822</u>	<u>437,029</u>	<u>36,681</u>	<u>270,545</u>	<u>353,671</u>	<u>2,249,748</u>
Change in net assets	187,266	230,537	18,118	177,885	203,921	817,727
<b>Net assets (deficit), beginning of year, as restated</b>	<u>(935,176)</u>	<u>1,086,596</u>	<u>135,311</u>	<u>101,827</u>	<u>969,492</u>	<u>1,358,050</u>
<b>Net assets (deficit), end of year</b>	<u>\$ (747,910)</u>	<u>\$ 1,317,133</u>	<u>\$ 153,429</u>	<u>\$ 279,712</u>	<u>\$ 1,173,413</u>	<u>\$ 2,175,777</u>

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

# CITY OF SOUTH HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2007

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### *Reporting Entity*

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

#### *Blended Component Unit*

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

#### *Discretely Presented Component Units*

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

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

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

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

# CITY OF SOUTH HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2007

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

### **Government-wide and Fund Financial Statements**

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

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

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

### **Measurement Focus, Basis of Accounting and Financial Statement Presentation**

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

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

# CITY OF SOUTH HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2007

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

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

The City reports the following major governmental funds:

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

The *Street Improvement Special Revenue Fund* is used to account for revenue received from a county road millage and expenditures for road projects.

The *Sewer Rehabilitation Capital Projects Fund* accounts for resources used for major infrastructure improvements related to the St. Joseph and Ravines projects.

The *Public Works Projects Capital Projects Fund* is used to account for the revenue from a 2007 bond issue and related expenditures.

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.

**CITY OF SOUTH HAVEN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2007**

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

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

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

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

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

Private-sector standards for accounting and financial reporting issued prior to December 1, 1989, generally are followed by both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

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

***Budgets and Budgetary Accounting***

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

1. Prior to the first City Council meeting in May, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget is adopted by activity.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to July 1, the budget is legally enacted through passage of a resolution.
4. Formal budgetary integration is employed for the governmental fund types as a management control device.
5. Budgets for the general, special revenue and debt service funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Annual appropriations lapse at fiscal year end.

# CITY OF SOUTH HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2007

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6. Adoption and amendments of all budgets used by the City are governed by Michigan state law. The appropriations resolution is based on the projected expenditures budget of the department heads of the City. Any amendment to the original budget must meet the requirements of Michigan law. Any revisions that alter the total expenditures of any department must be approved by the City Council. The City Manager is authorized to transfer budgeted amounts within a department subject to the condition that the total expenditures do not exceed the approved appropriations by department. Thus the legal level of budgetary control is at the department level. Supplemental appropriations were necessary during the year.

### ***Cash and Cash Equivalents***

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

### ***Investments***

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

City investment policy allows for all investment authorized by State statutes. 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 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.

# CITY OF SOUTH HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2007

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### ***Special Assessments Receivable***

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

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

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

### ***Restricted Cash and Pooled Investments and Restricted Investments***

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

### ***Capital Assets***

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

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

No interest expense has been capitalized on capital assets reported in proprietary funds.

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

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

# CITY OF SOUTH HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2007

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### **Deferred Revenue**

Funds report *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period or for resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *deferred revenue* reported in the funds were as follows:

Governmental funds	
Contributions receivable	\$ 58,067
Delinquent personal property taxes	39,918
Housing loans receivable	<u>42,293</u>
Total governmental funds	140,278
Proprietary funds	
Unearned rent	<u>267,368</u>
	<u>\$407,646</u>

### **Long-Term Obligations**

In the government-wide financial statements and proprietary fund types in the fund financial statements, the long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statements of net assets. For new bond issuances after the implementation of GASB Statement No. 34, bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method.

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

### **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 is recorded on the statement of net assets and not on the governmental fund balance sheets because the balance is not expected to be liquidated with expendable available financial resources. Amounts accumulated for proprietary funds are reported on the statements of net assets of the individual enterprise funds.

### **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.

# CITY OF SOUTH HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2007

### **Property Taxes**

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

### **Interfund Transactions**

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

### **2. DEFICIT FUND BALANCE/NET ASSETS**

At June 30, 2007 the City had deficit net assets in the Ice Rink and Pavilion capital projects fund of \$87,069.

### **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, 2007, the City incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated as follows:

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Special revenue funds</b>			
Street Improvement fund			
Transfer out	\$ -	\$273,461	\$(273,461)

**CITY OF SOUTH HAVEN**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2007**

**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	\$8,644,220	\$2,424,431	\$346,102	\$11,414,753
Investments	3,499,769	600,860	-	4,100,629
Restricted cash and pooled investment	52,449	-	-	52,449
Restricted investments	179,451	-	-	179,451
	<u>\$12,375,889</u>	<u>\$3,025,291</u>	<u>\$346,102</u>	<u>\$15,747,282</u>

The deposits are in fourteen 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, \$1,398,731 of the City's bank balance of \$11,440,727 was exposed to custodial credit risk because the balance was uninsured and uncollateralized.

**Investments**

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

	<u>Maturity</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Source</u>
Mutual fund accounts	N/A	\$426,861	Unrated	
Commercial paper				
DaimlerChrysler	7/31/07	640,924	A2P2	S&P
General Electric Capital Corporation	7/31/07	500,860	A1P1	S&P
Municipal bonds				
Genesee County Michigan	11/1/09	100,000	AAA	S&P
Kent County Michigan	3/1/10	250,000	AAA	S&P
Government Securities various call dates				
FHLB	2/15/08	9,891	AAA	S&P
FHLB	8/15/08	99,188	AAA	S&P
FHLB	7/30/07	99,875	AAA	S&P
FHLB	12/12/08	48,797	AAA	S&P
FNMA	9/29/10	24,711	AAA	S&P
FHLB	7/15/11	121,406	AAA	S&P
FNMA	12/14/12	41,449	AAA	S&P
FHLB	4/30/13	103,688	AAA	S&P
FNMA	8/25/14	59,213	AAA	S&P
FNMA	1/14/15	24,539	AAA	S&P
FNMA	2/18/15	49,391	AAA	S&P
FNMA	4/27/16	137,698	AAA	S&P

# CITY OF SOUTH HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2007

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	<u>Maturity</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Source</u>
FHLMC	3/15/18	102,970	AAA	S&P
FHLMC	4/15/18	98,030	AAA	S&P
FHLB	7/23/18	580,686	AAA	S&P
FHLB	10/30/18	98,438	AAA	S&P
FHLMC	11/19/18	73,644	AAA	S&P
FNMA	4/26/19	137,988	AAA	S&P
FHLMC	9/13/19	122,569	AAA	S&P
FHLB	6/30/08	195,584	AAA	S&P
FHLB	10/7/08	97,213	AAA	S&P
FHLMC	10/15/09	14,920	AAA	S&P
FHLB	11/18/09	19,547	AAA	S&P
		<u>\$4,280,080</u>		

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

### ***Investment and deposit risk***

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

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

***Custodial Credit Risk - Investments.*** For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State law does not require and the City does not have a policy for investment custodial credit risk. Of the above \$4,280,080 of investments, the City has a custodial credit risk of \$3,853,219 because the related securities are uninsured, unregistered and held by the government's brokerage firm which is also the counterparty for these particular securities. Of the above mutual fund investments the City's custodial credit risk exposure cannot be determined because the mutual funds do not consist of specifically identifiable securities.

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

**CITY OF SOUTH HAVEN**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2007**

**5. INTERFUND RECEIVABLES AND PAYABLES**

Interfund receivables and payables of individual funds at June 30, 2007 were as follows:

<u>Receivable fund</u>	<u>Payable fund</u>			<u>Total</u>
	<u>Sewer Rehabilitation</u>	<u>Sewer Utility</u>	<u>Nonmajor governmental funds</u>	
Electric Utility	\$ -	\$ 213,031	\$ -	\$ 213,031
Nonmajor governmental funds	825,000	-	87,069	912,069
<b>Total</b>	<b>\$825,000</b>	<b>\$213,031</b>	<b>\$87,069</b>	<b>\$1,125,100</b>

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

**6. INTERFUND TRANSACTIONS**

Transfers in and out for the year ended June 30, 2007 are as follows:

<u>Transfer out</u>	<u>Transfer in</u>					<u>Total</u>
	<u>Street Improvement</u>	<u>Sewer Rehabilitation</u>	<u>Nonmajor governmental</u>	<u>Water Utility</u>	<u>Sewer Utility</u>	
General fund	\$ -	\$ -	\$ 567,185	\$ -	\$ -	\$ 567,185
Street Improvement	-	-	-	108,476	164,985	273,461
Public Works Projects	-	-	-	72,261	104,814	177,075
Nonmajor governmental	650,000	-	73,645	-	-	723,645
Electric Utility	-	-	206,845	-	-	206,845
Water Utility	-	89,196	-	-	-	89,196
Sewer Utility	-	118,353	200,000	-	-	318,353
Nonmajor enterprise	500,000	-	17,295	-	-	517,295
<b>Total</b>	<b>\$1,150,000</b>	<b>\$207,549</b>	<b>\$1,064,970</b>	<b>\$180,737</b>	<b>\$269,799</b>	<b>\$2,873,055</b>

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

**CITY OF SOUTH HAVEN**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2007**

**7. CAPITAL ASSETS**

Capital asset activity for the year was as follows:

	<u>Balance July 1, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2007</u>
<b>Governmental Activities</b>				
<b>Capital assets, not being depreciated</b>				
Land	\$ 359,490	\$ -	\$ 139,195	\$ 220,295
Construction in Progress	-	-	-	-
Total capital assets, not being depreciated	<u>359,490</u>	<u>-</u>	<u>139,195</u>	<u>220,295</u>
<b>Capital assets, being depreciated</b>				
Land improvements	2,551,406	-	-	2,551,406
Buildings and improvements	5,995,171	464,000	-	6,459,171
Vehicles	1,768,276	72,056	100,612	1,739,720
Machinery and equipment	1,429,992	210,566	138,500	1,502,058
Infrastructure	25,423,490	2,739,320	-	28,162,810
Total capital assets, being depreciated	<u>37,168,335</u>	<u>3,485,942</u>	<u>239,112</u>	<u>40,415,165</u>
Less accumulated depreciation for				
Land improvements	2,031,857	119,022	-	2,150,879
Buildings and improvements	1,859,765	179,016	-	2,038,781
Vehicles	1,191,649	150,516	100,612	1,241,553
Machinery and equipment	1,062,961	118,331	138,500	1,042,792
Infrastructure	14,567,338	805,988	-	15,373,326
Total accumulated depreciation	<u>20,713,570</u>	<u>1,372,873</u>	<u>239,112</u>	<u>21,847,331</u>
<b>Net capital assets, being depreciated</b>	<u>16,454,765</u>	<u>2,113,069</u>	<u>-</u>	<u>18,567,834</u>
<b>Governmental Activities capital assets, net</b>	<b><u>\$16,814,255</u></b>	<b><u>\$2,113,069</u></b>	<b><u>\$ 139,195</u></b>	<b><u>\$18,788,129</u></b>
<b>Business-type Activities</b>				
<b>Capital assets, not being depreciated</b>				
Land	\$ 23,062	\$ -	\$ -	\$ 23,062
Construction in Progress	8,716	-	8,716	-
Total capital assets, not being depreciated	<u>31,778</u>	<u>-</u>	<u>8,716</u>	<u>23,062</u>
<b>Capital assets being depreciated</b>				
Land improvements	2,920,308	-	-	2,920,308
Buildings and improvements	10,571,440	-	-	10,571,440
Machinery and equipment	841,773	245,700	-	1,087,473
Utility system	22,683,936	1,663,903	-	24,347,839
Total capital assets, being depreciated	<u>37,017,457</u>	<u>1,909,603</u>	<u>-</u>	<u>38,927,060</u>
Less accumulated depreciation for				
Land improvements	804,696	140,590	-	945,286
Buildings and improvements	4,676,369	203,663	-	4,880,032
Machinery and equipment	677,646	52,550	-	730,196
Utility system	11,306,381	386,073	-	11,692,454
Total accumulated depreciation	<u>17,465,092</u>	<u>782,876</u>	<u>-</u>	<u>18,247,968</u>
<b>Net capital assets, being depreciated</b>	<u>19,552,365</u>	<u>1,126,727</u>	<u>-</u>	<u>20,679,092</u>
<b>Business-type Activities capital assets, net</b>	<b><u>\$19,584,143</u></b>	<b><u>\$1,126,727</u></b>	<b><u>\$ 8,716</u></b>	<b><u>\$20,702,154</u></b>

**CITY OF SOUTH HAVEN**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Balance</u> <u>July 1,</u> <u>2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30,</u> <u>2007</u>
<b>Component units</b>				
Local Development Finance Authority #2				
Capital assets not being depreciated				
Land	\$55,373	\$ -	\$ -	\$55,373
<hr/>				
Local Development Finance Authority #3				
Capital assets not being depreciated				
Land	\$136,080	\$ -	\$ -	\$136,080
<hr/>				

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

<b>Governmental Activities</b>		
General government		\$ 82,766
Public safety		64,382
Public works		914,271
Health and welfare		4,113
Culture and recreation		123,937
Capital assets held by the governments internal service funds are charged to the various functions based on their usage of the assets		183,404
		<hr/>
<b>Total depreciation expense - governmental activities</b>		<b>\$1,372,873</b>
<b>Business-type Activities</b>		
Electric		\$ 257,437
Water		173,724
Sewer		205,280
Nonmajor enterprise funds		146,435
		<hr/>
<b>Total depreciation expense - business- type activities</b>		<b>\$ 782,876</b>

**8. PENSION PLANS**

**Defined Contribution Pension Plan**

The City of South Haven provides a defined contribution plan pension plan, which provides pension benefits to select employees by contract. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The City's contribution for employees eligible to participate vests 100% upon employment. The City contributes 15% of participant's base salary to the plan. The plan provisions and contribution amounts were established by City Council and may be amended by City Council. The plan is administered by the ICMA. The City's contribution of \$14,141 was calculated using the base salary amount of \$94,271.

# CITY OF SOUTH HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED JUNE 30, 2007**

### Defined Benefit Plan

#### *Plan Description*

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

The City is required to contribute at an actuarially determined rate, which for the current year was from 0% to 1.08% of annual covered payroll depending on position. Participating employees are required to contribute from 0% to 9% percent of gross wages to the Plan based on position. The contribution requirements of the City are established and may be amended by the MERS Retirement Board. The contribution requirements of employees are established and may be amended by labor agreements.

For the year ended June 30, 2007, the City's annual pension cost of \$13,238 for MERS was equal to the City's required and actual contributions. The required contribution was determined as part of the December 31, 2005 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included: (a) a rate of return on the investment of present and future assets of eight (8.0) percent; and (b) projected salary increases of four and one-half (4.5) percent per year compounded annually based on inflation, plus from 0% to 8.4% based on an age-related scale to reflect merit, longevity and promotional salary increases. The actuarial value of MERS assets was determined on the basis of a valuation method that assumes the fund earns the expected rate of return and includes an adjustment to reflect fair value. The City's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2006, the date of the latest actuarial valuation, was 30 years.

#### Three-Year Trend Information

Fiscal Year <u>Ending</u>	Annual Pension <u>Cost (APC)</u>	Percentage of APC <u>Contributed</u>	Net Pension <u>Obligation</u>
6/30/05	\$ -	100%	\$ -
6/30/06	-	100%	-
6/30/07	13,238	100%	-

#### Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio Total	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
12/31/04	\$19,219,750	\$14,902,201	\$(4,317,549)	129%	\$3,239,607	(133)%
12/31/05	19,688,262	16,377,250	(3,311,012)	120%	3,401,815	(97)%
12/31/06	20,471,936	17,490,900	(2,981,036)	117%	3,577,067	(83)%

# CITY OF SOUTH HAVEN

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2007

#### 9. LONG-TERM DEBT

The following is a summary of the debt transactions of the City for the year ended June 30, 2007:

	<u>Balance July 1, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2007</u>	<u>Due Within One Year</u>
<b>Governmental Activities</b>					
Building Authority Bonds, Series 1996 Limited Tax General Obligation, due in annual installments of \$95,000 to \$245,000 through June 2010, plus interest at 4.10% to 5.40%	\$ 850,000	\$ -	\$ 205,000	\$ 645,000	\$ 200,000
Building Authority Bonds, Series 2001 Limited Tax General Obligation, due in annual installments of \$125,000 to \$275,000 through November 2021, plus interest at 3.25% to 4.50%	3,170,000	-	140,000	3,030,000	145,000
2003 Limited Tax General Obligation Capital Improvement Bonds, due in annual installments of \$150,000 to \$380,000 through May 2027, plus interest at 2.50% to 4.625%	5,230,000	-	160,000	5,070,000	165,000
2007 General Obligation Capital Improvement Bonds, due in annual installments of \$50,000 to \$105,000 through November 2027, plus interest at 3.75% to 4.15%	-	1,500,000	-	1,500,000	50,000
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%	2,730,000	-	235,000	2,495,000	270,000
DEQ Brownfield loan due in annual installments of \$25,212 beginning in 2010 through April 2019, including interest at 2.0%	231,000	-	-	231,000	-
Installment note payable for fire truck, payable in semi-annual installments of \$50,000 plus interest at 3.90% through April 2007 (paid by motor pool internal service fund)	100,000	-	100,000	-	-
<b>Total</b>	<b>12,311,000</b>	<b>1,500,000</b>	<b>840,000</b>	<b>12,971,000</b>	<b>830,000</b>
Accrued employee benefits	338,322	259,403	338,322	259,403	259,403
<b>Total Governmental Activities</b>	<b>\$12,649,322</b>	<b>\$1,759,403</b>	<b>\$1,178,322</b>	<b>\$13,230,403</b>	<b>\$1,089,403</b>

**CITY OF SOUTH HAVEN**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Balance July 1, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2007</u>	<u>Due Within One Year</u>
<b>Business-type Activities</b>					
Electric Utility System Revenue Bonds, series 1996, due in annual installments of \$65,000 to \$180,000 through October, 2016; plus interest at 4.25% to 7.25%. (these bonds were partially called in previous years)	\$1,290,000	\$ -	\$ -	\$1,290,000	\$ -
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%	395,000	-	20,000	375,000	20,000
<b>Total Business-type Activities</b>	<b>\$1,685,000</b>	<b>\$ -</b>	<b>\$ 20,000</b>	<b>\$1,665,000</b>	<b>\$ 20,000</b>
<b>Component Unit - Local Development Finance Authority #3</b>					
2004 MEDC/CDBG Loan Repayment, payable in quarterly installments of \$6,802, through April 2016, non-interest bearing	\$ 265,281	\$ -	\$ 27,208	\$ 238,073	\$ 27,208

The annual requirements to amortize all debt outstanding (excluding accrued employee benefits) as of June 30, 2007 are as follows:

<u>Year Ending 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>
2008	\$ 830,000	\$ 536,751	\$ 20,000	\$ 83,033	\$ 27,208	\$ -
2009	860,000	504,219	130,000	79,258	27,208	-
2010	955,212	469,426	140,000	72,223	27,208	-
2011	731,097	434,500	145,000	64,646	27,208	-
2012	756,518	406,240	160,000	56,575	27,208	-
2013-2017	3,549,222	1,547,241	935,000	150,541	102,033	-
2018-2022	3,058,951	877,539	135,000	18,408	-	-
2023-2027	2,230,000	301,135	-	-	-	-
<b>Total</b>	<b>\$12,791,000</b>	<b>\$5,077,051</b>	<b>\$1,665,000</b>	<b>\$524,684</b>	<b>\$237,873</b>	<b>\$ -</b>

The Downtown Development Authority has pledged future tax increment revenue for the payment of the City Downtown Development Refunding Bonds series 2001. At June 30, 2007 remaining principal and interest on the bonds was \$3,007,693 payable through 2015. During the current year tax increment revenue of approximately \$349,000 of the \$416,000 tax increment revenue available was captured to make payment of principal and interest payments of approximately \$357,000.

**CITY OF SOUTH HAVEN**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2007**

**10. ADVANCES BETWEEN FUNDS AND COMPONENT UNITS**

Advances receivables and payables at June 30, 2007 were as follows:

<u>Receivable fund</u>	<u>Payable component unit</u>	
	<u>Downtown Development Authority</u>	<u>Total</u>
Electric Utility	\$528,704	\$528,704
Nonmajor enterprise funds	129,617	129,617
Internal service funds	71,178	71,178
<b>Total</b>	<b>\$729,499</b>	<b>\$729,499</b>

Advances represent long-term loans between the City funds and component units primarily to provide cash flow for projects which will be repaid with future revenues.

**11. 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. Statement No. 10 of the Governmental Accounting Standards Board requires that a liability for claims be reported if it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated. Liabilities for claims and claims incurred but not reported have been recorded on the financial statements as a reduction of available member retention balances included in the various funds.

Settled claims have not exceeded commercial insurance coverage in any of the past three fiscal years. There were no changes in insurance coverage from the prior year. The changes in the claims liability for the years ended June 30, 2007 and 2006 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>
2006	\$53,716	\$(23,440)	\$15,997	\$14,279
2007	14,279	50,731	23,901	41,109

**CITY OF SOUTH HAVEN**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2007**

**12. OTHER POST EMPLOYMENT BENEFITS**

The City provides one half of the required monthly premium for single subscriber health insurance coverage under the group insurance plan for retirees not eligible for Medicare who elect to continue participation in the plan. Currently there are 7 retirees participating in the plan. The city recognized the cost of the post employment health care benefits when the payments are made. During 2007, the amount expended for post employment benefits was \$19,945.

**13. 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 \$494,035 for the aforementioned services. During the most recent fiscal year SHAES reporting an increase in net assets of \$263,701

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

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

**14. RESTATEMENTS**

Beginning net assets of the city and the Downtown Development Authority component units have been restated to properly reflect the affect of the following:

	<b>City Governmental Activities</b>	<b>Component Unit Downtown Development Authority</b>
To reclassify the balance of downtown development bonds from the DDA component unit to the City's governmental activities	\$ (2,730,000)	\$ 2,730,000
To reclassify accrued interest on the downtown development bonds from the DDA component unit to the City's governmental activities	(19,003)	19,003
To reclassify the downtown development bonds debt service fund excluding advances paid from the DDA component unit to the City governmental activities	(67,025)	67,025
To remove capital assets from the Downtown Development Authority which were properly accounted for as capital assets of the City's governmental activities	4,166,681	(4,166,681)
To recognize capital assets not previously reported	203,959	-
To remove incorrectly recorded equity interest in joint venture	(1,018,351)	-
<b>Total</b>	<b>\$ 536,261</b>	<b>\$(1,350,653)</b>

Beginning fund balance of the governmental funds was reduced by \$67,025 to reclassify the downtown development bonds debt service fund to the primary government from the Downtown Development Authority component unit.

# CITY OF SOUTH HAVEN

## GENERAL FUND SCHEDULE OF REVENUES BUDGET AND ACTUAL

**FOR THE YEAR ENDED JUNE 30, 2007**

	Budget Amounts		Actual Amount	Variance Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes				
Real and personal property tax	\$ 3,070,977	\$ 3,075,177	\$ 3,080,130	\$ 4,953
Payments in lieu of tax	5,600	5,600	4,663	(937)
Collection fees	153,000	153,000	175,955	22,955
<b>Total taxes</b>	<u>3,229,577</u>	<u>3,233,777</u>	<u>3,260,748</u>	<u>26,971</u>
Licenses and permits				
Business	60,000	60,000	94,969	34,969
Nonbusiness	133,100	133,100	220,783	87,683
Liquor license fees	9,000	9,000	10,299	1,299
<b>Total licenses and permits</b>	<u>202,100</u>	<u>202,100</u>	<u>326,051</u>	<u>123,951</u>
Intergovernmental - federal	-	-	1,903	1,903
Intergovernmental - state				
State-shared revenue	498,397	498,397	481,992	(16,405)
Charges for services				
Planning and zoning fees	43,000	43,000	41,645	(1,355)
Foundations - cemetery	11,056	11,056	11,632	576
Grave openings	16,000	16,000	23,075	7,075
Cemetery lot use	22,500	22,500	23,940	1,440
Other charges for services	362,766	362,766	362,765	(1)
<b>Total charges for services</b>	<u>455,322</u>	<u>455,322</u>	<u>463,057</u>	<u>7,735</u>
Fines				
Ordinance fines	15,000	15,000	30,508	15,508
Other fines	4,500	9,161	6,327	(2,834)
<b>Total fines</b>	<u>19,500</u>	<u>24,161</u>	<u>36,835</u>	<u>12,674</u>
Interest and rentals	76,000	91,000	106,575	15,575
Other revenue	325,940	347,614	448,786	101,172
<b>Total revenues</b>	<u>4,806,836</u>	<u>4,852,371</u>	<u>5,125,947</u>	<u>273,576</u>
<b>Other financing source</b>				
Property tax equivalent payments	723,267	723,267	723,267	-
<b>Total revenues and other financing source</b>	<u>\$ 5,530,103</u>	<u>\$ 5,575,638</u>	<u>\$ 5,849,214</u>	<u>\$ 273,576</u>

**CITY OF SOUTH HAVEN**

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

**FOR THE YEAR ENDED JUNE 30, 2007**

Expenditures	Budget Amounts		Actual Amount	Variance Positive (Negative)
	Original	Final		
<b>Current</b>				
General government				
City Council	\$ 39,486	\$ 41,986	\$ 41,709	\$ 277
City Managers Office	181,280	184,825	177,082	7,743
Elections	21,705	21,705	18,396	3,309
Finance Department	177,507	177,507	161,658	15,849
City Assessor	112,419	122,319	117,915	4,404
Legal Counsel	115,000	150,000	118,695	31,305
City Clerk	22,687	22,687	21,666	1,021
Treasurer	41,400	49,419	48,627	792
City hall and grounds	193,544	239,784	179,400	60,384
Cemetery	95,524	95,524	90,691	4,833
Cable TV broadcasting	21,595	21,595	20,620	975
Other personnel activities	37,204	37,204	35,821	1,383
Insurance and bonds	58,000	58,000	48,783	9,217
	<u>1,117,351</u>	<u>1,222,555</u>	<u>1,081,063</u>	<u>141,492</u>
Public safety				
Police Department	1,617,283	1,640,198	1,630,492	9,706
Dispatch Department	312,388	312,388	301,405	10,983
Fire Authority	532,179	492,179	491,658	521
Building Inspections	252,369	252,369	225,018	27,351
	<u>2,714,219</u>	<u>2,697,134</u>	<u>2,648,573</u>	<u>48,561</u>
Public works				
City Engineer	83,578	83,578	61,916	21,662
Highways and streets	431,051	461,051	384,939	76,112
Drains	22,639	22,639	17,819	4,820
Street lighting	70,000	70,000	70,000	-
	<u>607,268</u>	<u>637,268</u>	<u>534,674</u>	<u>102,594</u>
Health and welfare				
Animal Control	7,000	7,000	7,000	-
Hospital	90,117	90,117	89,847	270
Senior Services	60,153	64,353	63,997	356
	<u>157,270</u>	<u>161,470</u>	<u>160,844</u>	<u>626</u>
Culture and recreation				
Parks	194,652	205,652	198,854	6,798
Library	154,325	154,325	153,592	733
Youth recreation	10,000	15,000	15,000	-
Museums	13,271	46,991	46,012	979
	<u>372,248</u>	<u>421,968</u>	<u>413,458</u>	<u>8,510</u>
Other				
Airport	75,836	76,836	76,445	391
Economic development	43,590	44,990	44,246	744
Miscellaneous	20,136	20,136	18,466	1,670
	<u>139,562</u>	<u>141,962</u>	<u>139,157</u>	<u>2,805</u>
<b>Total expenditures</b>	<b>\$ 5,107,918</b>	<b>\$ 5,282,357</b>	<b>\$ 4,977,769</b>	<b>\$ 304,588</b>

## 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 *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 *Site Reclamation Fund* accounts for a State of Michigan Department of Environmental Quality Grant for the specific purpose of site reclamation of the Belgravia/Hamlin Overton Brownfield site.

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

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

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

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

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

## DEBT SERVICE FUNDS

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

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

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

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

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

## CAPITAL PROJECTS FUNDS

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

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

The *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.

## 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.

## COMPONENT UNITS

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

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

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

**CITY OF SOUTH HAVEN**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET**

JUNE 30, 2007

	Special Revenue							
	Major Streets	Local Streets	Garbage and Refuse	Site Reclamation	Narcotics Unit	Police Training	Community Development Block Grant	River Maintenance
<b>Assets</b>								
Cash and pooled investments	\$ 31,970	\$ 4,397	\$ 79,411	\$ -	\$ 73,532	\$ 1,492	\$ 26,187	\$ 92,789
Accounts receivable	-	-	3,336	-	2,092	-	42,293	-
Accrued interest	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-
Due from other governments	84,672	16,573	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 116,642</b>	<b>\$ 20,970</b>	<b>\$ 82,747</b>	<b>\$ -</b>	<b>\$ 75,624</b>	<b>\$ 1,492</b>	<b>\$ 68,480</b>	<b>\$ 92,789</b>
<b>Liabilities and fund balances</b>								
<b>Liabilities</b>								
Accounts payable	\$ 15,860	\$ 2,086	\$ -	\$ -	\$ 8,886	\$ 32	\$ -	\$ -
Accrued liabilities	2,954	3,185	-	-	4,972	-	-	-
Due to other funds	-	-	-	-	-	-	-	-
Deferred revenue	-	-	3,336	-	2,009	-	42,293	-
<b>Total liabilities</b>	<b>18,814</b>	<b>5,271</b>	<b>3,336</b>	<b>-</b>	<b>13,867</b>	<b>32</b>	<b>42,293</b>	<b>-</b>
<b>Fund balances</b>								
Reserved								
Permanent fund corpus	-	-	-	-	-	-	-	-
Unreserved								
Undesignated	97,828	15,699	79,411	-	61,757	1,460	26,187	92,789
<b>Total fund balances</b>	<b>97,828</b>	<b>15,699</b>	<b>79,411</b>	<b>-</b>	<b>61,757</b>	<b>1,460</b>	<b>26,187</b>	<b>92,789</b>
<b>Total liabilities and fund balances</b>	<b>\$ 116,642</b>	<b>\$ 20,970</b>	<b>\$ 82,747</b>	<b>\$ -</b>	<b>\$ 75,624</b>	<b>\$ 1,492</b>	<b>\$ 68,480</b>	<b>\$ 92,789</b>

Sick Pay Reserve	Debt Service					Capital Projects		Permanent		Total
	Building Authority #1	Building Authority #2	Capital Improvement Bonds 2003	Downtown Development Bonds	Capital Improvement Bonds 2007	Cemetery Improvement	Ice Rink and Pavilion	Capital Projects	Cemetery Trust	
\$ 100,299	\$ 36,711	\$ 18,536	\$ 13,720	\$ -	\$ 164	\$ 142,065	\$ -	\$ 46,570	\$ 197,560	\$ 865,403
14	-	-	-	-	-	-	58,067	-	-	105,802
-	-	-	-	-	-	2,910	-	-	826	3,736
-	-	-	-	-	-	87,069	-	825,000	-	912,069
-	-	-	-	-	-	-	-	-	-	101,245
<u>\$ 100,313</u>	<u>\$ 36,711</u>	<u>\$ 18,536</u>	<u>\$ 13,720</u>	<u>\$ -</u>	<u>\$ 164</u>	<u>\$ 232,044</u>	<u>\$ 58,067</u>	<u>\$ 871,570</u>	<u>\$ 198,386</u>	<u>\$ 1,988,255</u>
\$ -	\$ 300	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,164
-	-	-	-	-	-	-	-	-	-	11,111
-	-	-	-	-	-	-	87,069	-	-	87,069
-	-	-	-	-	-	-	58,067	-	-	105,705
-	<u>300</u>	-	-	-	-	-	<u>145,136</u>	-	-	<u>229,048</u>
-	-	-	-	-	-	-	-	-	132,245	132,245
<u>100,313</u>	<u>36,411</u>	<u>18,536</u>	<u>13,720</u>	<u>-</u>	<u>164</u>	<u>232,044</u>	<u>(87,069)</u>	<u>871,570</u>	<u>86,141</u>	<u>1,826,961</u>
<u>100,313</u>	<u>36,411</u>	<u>18,536</u>	<u>13,720</u>	<u>-</u>	<u>164</u>	<u>232,044</u>	<u>(87,069)</u>	<u>871,570</u>	<u>198,386</u>	<u>1,759,206</u>
<u>\$ 100,313</u>	<u>\$ 36,711</u>	<u>\$ 18,536</u>	<u>\$ 13,720</u>	<u>\$ -</u>	<u>\$ 164</u>	<u>\$ 232,044</u>	<u>\$ 58,067</u>	<u>\$ 871,570</u>	<u>\$ 198,386</u>	<u>\$ 1,988,255</u>

**CITY OF SOUTH HAVEN**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2007**

	Special Revenue							
	Major Streets	Local Streets	Garbage and Refuse	Site Reclamation	Narcotics Unit	Police Training	Community Development Block Grant	River Maintenance
<b>Revenues</b>								
Taxes	\$ -	\$ -	\$ 256,793	\$ -	\$ 181,185	\$ -	\$ -	\$ -
Intergovernmental revenues								
State	339,694	100,932	-	-	-	8,866	-	-
Investment earnings	162	-	8,534	-	5,308	-	1,594	2,276
Miscellaneous	-	-	-	2,424	18,060	-	27,734	-
<b>Total revenues</b>	<u>339,856</u>	<u>100,932</u>	<u>265,327</u>	<u>2,424</u>	<u>204,551</u>	<u>8,866</u>	<u>29,328</u>	<u>2,276</u>
<b>Expenditures</b>								
Current								
Public safety	-	-	-	-	192,254	11,241	-	-
Public works	250,863	187,700	-	-	-	-	-	-
Health and welfare	-	-	298,125	-	-	-	118,621	615
Culture and recreation	-	-	-	-	-	-	-	-
Debt service								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
<b>Total expenditures</b>	<u>250,863</u>	<u>187,700</u>	<u>298,125</u>	<u>-</u>	<u>192,254</u>	<u>11,241</u>	<u>118,621</u>	<u>615</u>
Revenues over (under) expenditures	<u>88,993</u>	<u>(86,768)</u>	<u>(32,798)</u>	<u>2,424</u>	<u>12,297</u>	<u>(2,375)</u>	<u>(89,293)</u>	<u>1,661</u>
Other financing sources (uses)								
Transfers in	-	74,556	-	-	-	-	-	17,295
Transfers out	(73,645)	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>(73,645)</u>	<u>74,556</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,295</u>
Net changes in fund balances	15,348	(12,212)	(32,798)	2,424	12,297	(2,375)	(89,293)	18,956
Fund balances (deficit), beginning of year, as restated	<u>82,480</u>	<u>27,911</u>	<u>112,209</u>	<u>(2,424)</u>	<u>49,460</u>	<u>3,835</u>	<u>115,480</u>	<u>73,833</u>
<b>Fund balances (deficit), end of year</b>	<u>\$ 97,828</u>	<u>\$ 15,699</u>	<u>\$ 79,411</u>	<u>\$ -</u>	<u>\$ 61,757</u>	<u>\$ 1,460</u>	<u>\$ 26,187</u>	<u>\$ 92,789</u>

Sick Pay Reserve	Debt Service					Capital Projects		Permanent		Total
	Building Authority #1	Building Authority #2	Capital Improvement Bonds 2003	Downtown Development Bonds	Capital Improvement Bonds 2007	Cemetery Improvement	Ice Rink and Pavilion	Capital Projects	Cemetery Trust	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 437,978
-	-	-	-	-	-	-	-	-	-	449,492
5,089	5,816	3,622	7,331	10,524	164	12,127	-	22,807	9,760	95,112
-	249,685	64,689	176,000	414,017	15,455	10,830	550,380	-	-	1,529,274
5,089	255,501	68,311	183,331	424,541	15,619	22,957	550,380	22,807	9,760	2,511,856
-	-	-	-	-	-	-	-	-	-	203,495
-	-	-	-	-	-	-	-	-	-	438,563
-	-	-	-	-	-	-	-	-	-	417,361
-	-	-	-	-	-	-	637,449	-	-	637,449
-	205,000	140,000	160,000	235,000	-	-	-	-	-	740,000
-	44,985	131,548	216,045	122,516	15,455	-	-	-	-	530,549
-	249,985	271,548	376,045	357,518	15,455	-	637,449	-	-	2,967,417
5,089	5,516	(203,237)	(192,714)	67,025	164	22,957	(87,069)	22,807	9,760	(455,561)
-	-	206,845	200,000	-	-	-	-	550,724	15,550	1,064,970
-	-	-	-	-	-	-	-	(650,000)	-	(723,645)
-	-	206,845	200,000	-	-	-	-	(99,276)	15,550	341,325
5,089	5,516	3,608	7,286	67,025	164	22,957	(87,069)	(76,489)	25,310	(114,236)
95,224	30,885	14,928	6,434	(67,025)	-	209,087	-	948,039	173,076	1,873,442
\$ 100,313	\$ 36,411	\$ 18,536	\$ 13,720	\$ -	\$ 164	\$ 232,044	\$ (87,069)	\$ 871,570	\$ 198,386	\$ 1,759,206

**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, 2007**

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues				
State	327,186	356,386	339,694	(16,692)
Investment earnings	10,000	10,000	162	(9,838)
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<u>337,186</u>	<u>366,386</u>	<u>339,856</u>	<u>(26,530)</u>
<b>Expenditures</b>				
Current				
Public safety	-	-	-	-
Public works	226,545	268,745	250,863	17,882
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
<b>Total expenditures</b>	<u>226,545</u>	<u>268,745</u>	<u>250,863</u>	<u>17,882</u>
Revenues over (under) expenditures	<u>110,641</u>	<u>97,641</u>	<u>88,993</u>	<u>(8,648)</u>
Other financing sources				
Transfers in	-	-	-	-
Transfers out	(75,000)	(75,000)	(73,645)	1,355
<b>Total other financing sources (uses)</b>	<u>(75,000)</u>	<u>(75,000)</u>	<u>(73,645)</u>	<u>1,355</u>
Net changes in fund balance	35,641	22,641	15,348	(7,293)
<b>Fund balance, beginning of year</b>	<u>82,480</u>	<u>82,480</u>	<u>82,480</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 118,121</u>	<u>\$ 105,121</u>	<u>\$ 97,828</u>	<u>\$ (7,293)</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, 2007**

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues				
State	106,000	106,000	100,932	(5,068)
Investment earnings	450	450	-	(450)
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<u>106,450</u>	<u>106,450</u>	<u>100,932</u>	<u>(5,518)</u>
<b>Expenditures</b>				
Current				
Public safety	-	-	-	-
Public works	175,575	206,575	187,700	18,875
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
<b>Total expenditures</b>	<u>175,575</u>	<u>206,575</u>	<u>187,700</u>	<u>18,875</u>
Revenues over (under) expenditures	<u>(69,125)</u>	<u>(100,125)</u>	<u>(86,768)</u>	<u>13,357</u>
Other financing source (uses)				
Transfers in	75,461	75,461	74,556	(905)
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>75,461</u>	<u>75,461</u>	<u>74,556</u>	<u>(905)</u>
Net changes in fund balance	6,336	(24,664)	(12,212)	12,452
<b>Fund balance, beginning of year</b>	<u>27,911</u>	<u>27,911</u>	<u>27,911</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 34,247</u>	<u>\$ 3,247</u>	<u>\$ 15,699</u>	<u>\$ 12,452</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, 2007**

	Budget Amounts		Actual Amount	Variance Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 258,122	\$ 258,122	\$ 256,793	\$ (1,329)
Intergovernmental revenues				
State	-	-	-	-
Investment earnings	6,000	6,000	8,534	2,534
Miscellaneous	-	-	-	-
<b>Total Revenues</b>	<u>264,122</u>	<u>264,122</u>	<u>265,327</u>	<u>1,205</u>
<b>Expenditures</b>				
Current				
Public safety	-	-	-	-
Highways and streets	-	-	-	-
Health and welfare	270,000	308,000	298,125	9,875
Culture and recreation	-	-	-	-
<b>Total expenditures</b>	<u>270,000</u>	<u>308,000</u>	<u>298,125</u>	<u>9,875</u>
Revenues over (under) expenditures	<u>(5,878)</u>	<u>(43,878)</u>	<u>(32,798)</u>	<u>11,080</u>
Other financing source (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balance	(5,878)	(43,878)	(32,798)	11,080
<b>Fund balance, beginning of year</b>	<u>112,209</u>	<u>112,209</u>	<u>112,209</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 106,331</u>	<u>\$ 68,331</u>	<u>\$ 79,411</u>	<u>\$ 11,080</u>

**CITY OF SOUTH HAVEN**

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

**FOR THE YEAR ENDED JUNE 30, 2007**

	Budget Amounts		Actual Amount	Variance Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues				
State	-	-	-	-
Investment earnings	-	-	-	-
Miscellaneous	-	-	2,424	2,424
<b>Total revenues</b>	-	-	2,424	2,424
<b>Expenditures</b>				
Current				
Public safety	-	-	-	-
Highways and streets	-	-	-	-
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
<b>Total expenditures</b>	-	-	-	-
Revenues over (under) expenditures	-	-	2,424	2,424
Other financing source (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net changes in fund balance	-	-	2,424	2,424
<b>Fund balance, beginning of year</b>	(2,424)	(2,424)	(2,424)	-
<b>Fund balance, end of year</b>	\$ (2,424)	\$ (2,424)	\$ -	\$ 2,424

# 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, 2007**

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 182,084	\$ 182,084	\$ 181,185	\$ (899)
Intergovernmental revenues				
State	-	-	-	-
Investment earnings	3,200	3,200	5,306	2,106
Miscellaneous	7,480	7,480	18,060	10,580
<b>Total revenues</b>	<u>192,764</u>	<u>192,764</u>	<u>204,551</u>	<u>11,787</u>
<b>Expenditures</b>				
Current				
Public safety	208,488	208,488	192,254	16,234
Highways and streets	-	-	-	-
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
<b>Total expenditures</b>	<u>208,488</u>	<u>208,488</u>	<u>192,254</u>	<u>16,234</u>
Revenues over (under) expenditures	<u>(15,724)</u>	<u>(15,724)</u>	<u>12,297</u>	<u>28,021</u>
Other financing source (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balance	(15,724)	(15,724)	12,297	28,021
<b>Fund balance, beginning of year</b>	<u>49,460</u>	<u>49,460</u>	<u>49,460</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 33,736</u>	<u>\$ 33,736</u>	<u>\$ 61,757</u>	<u>\$ 28,021</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, 2007**

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues				
State	7,000	9,000	8,866	(134)
Investment earnings	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total Revenues</b>	<u>7,000</u>	<u>9,000</u>	<u>8,866</u>	<u>(134)</u>
<b>Expenditures</b>				
Current				
Public safety	7,000	13,400	11,241	2,159
Highways and streets	-	-	-	-
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
<b>Total expenditures</b>	<u>7,000</u>	<u>13,400</u>	<u>11,241</u>	<u>2,159</u>
Revenues over (under) expenditures	<u>-</u>	<u>(4,400)</u>	<u>(2,375)</u>	<u>2,025</u>
Other financing source (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balance	-	(4,400)	(2,375)	2,025
<b>Fund balance, beginning of year</b>	<u>3,835</u>	<u>3,835</u>	<u>3,835</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 3,835</u>	<u>\$ (565)</u>	<u>\$ 1,460</u>	<u>\$ 2,025</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, 2007**

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues				
State	-	-	-	-
Investment earnings	1,000	1,000	1,594	594
Miscellaneous	12,709	12,709	27,734	15,025
<b>Total Revenues</b>	<u>13,709</u>	<u>13,709</u>	<u>29,328</u>	<u>15,619</u>
<b>Expenditures</b>				
Current				
Public safety	-	-	-	-
Highways and streets	-	-	-	-
Health and welfare	85,168	157,168	118,621	38,547
Culture and recreation	-	-	-	-
<b>Total expenditures</b>	<u>85,168</u>	<u>157,168</u>	<u>118,621</u>	<u>38,547</u>
Revenues over (under) expenditures	<u>(71,459)</u>	<u>(143,459)</u>	<u>(89,293)</u>	<u>54,166</u>
Other financing source (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balance	(71,459)	(143,459)	(89,293)	54,166
<b>Fund balance, beginning of year</b>	<u>115,480</u>	<u>115,480</u>	<u>115,480</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 44,021</u>	<u>\$ (27,979)</u>	<u>\$ 26,187</u>	<u>\$ 54,166</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, 2007**

	Budget Amounts		Actual Amount	Variance Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues				
State	-	-	-	-
Investment earnings	3,000	3,000	2,276	(724)
Miscellaneous	-	-	-	-
<b>Total Revenues</b>	<u>3,000</u>	<u>3,000</u>	<u>2,276</u>	<u>(724)</u>
<b>Expenditures</b>				
Current				
Public safety	-	-	-	-
Highways and streets	-	-	-	-
Health and welfare	-	1,000	615	385
Culture and recreation	-	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>1,000</u>	<u>615</u>	<u>385</u>
Revenues over (under) expenditures	<u>3,000</u>	<u>2,000</u>	<u>1,661</u>	<u>(339)</u>
Other financing source (uses)				
Transfers in	17,295	17,295	17,295	-
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>17,295</u>	<u>17,295</u>	<u>17,295</u>	<u>-</u>
Net changes in fund balance	20,295	19,295	18,956	(339)
<b>Fund balance, beginning of year</b>	<u>73,833</u>	<u>73,833</u>	<u>73,833</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 94,128</u>	<u>\$ 93,128</u>	<u>\$ 92,789</u>	<u>\$ (339)</u>

**CITY OF SOUTH HAVEN**

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

**FOR THE YEAR ENDED JUNE 30, 2007**

	Budget Amounts		Actual Amount	Variance Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues				
State	-	-	-	-
Investment earnings	4,000	4,000	5,089	1,089
Miscellaneous	-	-	-	-
<b>Total Revenues</b>	<u>4,000</u>	<u>4,000</u>	<u>5,089</u>	<u>1,089</u>
<b>Expenditures</b>				
Current				
Public safety	-	-	-	-
Highways and streets	-	-	-	-
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures	<u>4,000</u>	<u>4,000</u>	<u>5,089</u>	<u>1,089</u>
Other financing source (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balance	4,000	4,000	5,089	1,089
<b>Fund balance, beginning of year</b>	<u>95,224</u>	<u>95,224</u>	<u>95,224</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 99,224</u>	<u>\$ 99,224</u>	<u>\$ 100,313</u>	<u>\$ 1,089</u>

**CITY OF SOUTH HAVEN**

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

**FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues				
State	-	-	-	-
Investment earnings	3,000	3,000	5,816	2,816
Miscellaneous	249,685	249,685	249,685	-
<b>Total Revenues</b>	<u>252,685</u>	<u>252,685</u>	<u>255,501</u>	<u>2,816</u>
<b>Expenditures</b>				
Debt service				
Principal	205,000	205,000	205,000	-
Interest	44,985	44,985	44,985	-
<b>Total expenditures</b>	<u>249,985</u>	<u>249,985</u>	<u>249,985</u>	<u>-</u>
Revenues over (under) expenditures	<u>2,700</u>	<u>2,700</u>	<u>5,516</u>	<u>2,816</u>
Other financing source (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balance	2,700	2,700	5,516	2,816
<b>Fund balance, beginning of year</b>	<u>30,895</u>	<u>30,895</u>	<u>30,895</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 33,595</u>	<u>\$ 33,595</u>	<u>\$ 36,411</u>	<u>\$ 2,816</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, 2007**

	Budget Amounts		Actual Amount	Variance Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues				
State	-	-	-	-
Investment earnings	5,000	5,000	3,622	(1,378)
Miscellaneous	64,689	64,689	64,689	-
<b>Expenditures</b>				
Debt service				
Principal	140,000	140,000	140,000	-
Interest	131,548	131,548	131,548	-
<b>Total expenditures</b>	<u>271,548</u>	<u>271,548</u>	<u>271,548</u>	<u>-</u>
Revenues over (under) expenditures	<u>(201,859)</u>	<u>(201,859)</u>	<u>(203,237)</u>	<u>(1,378)</u>
Other financing source (uses)				
Transfers in	206,845	206,845	206,845	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>206,845</u>	<u>206,845</u>	<u>206,845</u>	<u>-</u>
Net changes in fund balance	4,986	4,986	3,608	(1,378)
Fund balance, beginning of year	<u>14,928</u>	<u>14,928</u>	<u>14,928</u>	<u>-</u>
Fund balance, end of year	<u>\$ 19,914</u>	<u>\$ 19,914</u>	<u>\$ 18,536</u>	<u>\$ (1,378)</u>

**CITY OF SOUTH HAVEN**

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

**FOR THE YEAR ENDED JUNE 30, 2007**

	Budget Amounts		Actual Amount	Variance Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues				
State	-	-	-	-
Investment earnings	4,500	4,500	7,331	2,831
Miscellaneous	176,000	176,000	176,000	-
<b>Total Revenues</b>	<u>180,500</u>	<u>180,500</u>	<u>183,331</u>	<u>2,831</u>
<b>Expenditures</b>				
Debt service				
Principal	160,000	160,000	160,000	-
Interest	216,045	216,045	216,045	-
<b>Total expenditures</b>	<u>376,045</u>	<u>376,045</u>	<u>376,045</u>	<u>-</u>
Revenues over (under) expenditures	<u>(195,545)</u>	<u>(195,545)</u>	<u>(192,714)</u>	<u>2,831</u>
Other financing source (uses)				
Transfers in	200,000	200,000	200,000	-
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>-</u>
Net changes in fund balance	4,455	4,455	7,286	2,831
<b>Fund balance, beginning of year</b>	<u>6,434</u>	<u>6,434</u>	<u>6,434</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 10,889</u>	<u>\$ 10,889</u>	<u>\$ 13,720</u>	<u>\$ 2,831</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, 2007**

	Budget Amounts		Actual Amount	Variance Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues				
State	-	-	-	-
Investment earnings	3,600	3,600	10,524	6,924
Miscellaneous	414,017	414,017	414,017	-
<b>Total Revenues</b>	<u>417,617</u>	<u>417,617</u>	<u>424,541</u>	<u>6,924</u>
<b>Expenditures</b>				
Debt service				
Principal	294,956	294,956	235,000	59,956
Interest	122,661	122,661	122,516	145
<b>Total expenditures</b>	<u>417,617</u>	<u>417,617</u>	<u>357,516</u>	<u>60,101</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>67,025</u>	<u>67,025</u>
Other financing source (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balance	-	-	67,025	67,025
<b>Fund balance (deficit), beginning of year, as restated</b>	<u>(67,025)</u>	<u>(67,025)</u>	<u>(67,025)</u>	<u>-</u>
<b>Fund balance (deficit), end of year</b>	<u>\$ (67,025)</u>	<u>\$ (67,025)</u>	<u>\$ -</u>	<u>\$ 67,025</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, 2007**

	Budget Amounts		Actual Amount	Variance Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues				
State	-	-	-	-
Investment earnings	-	-	164	164
Miscellaneous	-	15,455	15,455	-
<b>Total Revenues</b>	-	15,455	15,619	164
<b>Expenditures</b>				
Debt service				
Principal	-	-	-	-
Interest	-	15,455	15,455	-
<b>Total expenditures</b>	-	15,455	15,455	-
Revenues over (under) expenditures	-	-	164	164
Other financing source (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net changes in fund balance	-	-	164	164
<b>Fund balance, beginning of year</b>	-	-	-	-
<b>Fund balance, end of year</b>	\$ -	\$ -	\$ 164	\$ 164

**CITY OF SOUTH HAVEN**

**NONMAJOR ENTERPRISE FUNDS  
COMBINING STATEMENT OF NET ASSETS**

**JUNE 30, 2007**

<b>Assets</b>	<b>Beach Fund</b>	<b>Black River Park</b>	<b>Marina Fund</b>	<b>Total</b>
Current assets				
Cash and pooled investments	\$ 185,581	\$ 15,222	\$ 632,883	\$ 833,686
Investments	-	-	39,278	39,278
Accrued interest receivable	-	-	1,296	1,296
<b>Total current assets</b>	<u>185,581</u>	<u>15,222</u>	<u>673,457</u>	<u>874,260</u>
Non-current assets				
Advance to component unit	-	-	129,617	129,617
Capital assets				
Land	-	2,333	3,003	5,336
Buildings and equipment	-	58,729	54,984	113,713
Infrastructure	-	935,467	1,920,275	2,855,742
Less accumulated depreciation	-	(265,288)	(682,707)	(947,995)
<b>Total non-current assets</b>	<u>-</u>	<u>731,241</u>	<u>1,425,172</u>	<u>2,156,413</u>
<b>Total assets</b>	<u>185,581</u>	<u>746,463</u>	<u>2,098,629</u>	<u>3,030,673</u>
<b>Liabilities</b>				
Current liabilities				
Accounts payable	10,584	2,162	9,714	22,460
Accrued liabilities	4,684	4,707	11,200	20,591
Unearned revenue	7,500	54,210	205,658	267,368
<b>Total liabilities</b>	<u>22,768</u>	<u>61,079</u>	<u>226,572</u>	<u>310,419</u>
<b>Net assets</b>				
Investment in capital assets net of related debt	-	731,241	1,295,555	2,026,796
Unrestricted (deficit)	162,813	(45,857)	576,502	693,458
<b>Total net assets</b>	<u>\$ 162,813</u>	<u>\$ 685,384</u>	<u>\$ 1,872,057</u>	<u>\$ 2,720,254</u>

# CITY OF SOUTH HAVEN

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

**FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Beach Fund</u>	<u>Black River Park</u>	<u>Marina Fund</u>	<u>Total</u>
<b>Operating revenue</b>				
Charges for services	\$ 159,731	\$ -	\$ 6,271	\$ 166,002
Dock rental	-	149,636	514,040	663,676
Other	-	798	10,239	11,037
<b>Total operating revenue</b>	<u>159,731</u>	<u>150,434</u>	<u>530,550</u>	<u>840,715</u>
<b>Operating expense</b>				
Operating costs and expenses	169,217	83,493	348,428	601,138
Depreciation	-	49,176	97,259	146,435
<b>Total operating expense</b>	<u>169,217</u>	<u>132,669</u>	<u>445,687</u>	<u>747,573</u>
Operating income (loss)	(9,486)	17,765	84,863	93,142
Non-operating revenue (expense)				
Investment earnings	11,472	2,686	47,874	62,032
Income (loss) before transfers	<u>1,986</u>	<u>20,451</u>	<u>132,737</u>	<u>155,174</u>
Transfers				
Property tax equivalent payments	(8,700)	(6,920)	(25,400)	(41,020)
Transfers out	-	(4,095)	(513,200)	(517,295)
Total transfers	<u>(8,700)</u>	<u>(11,015)</u>	<u>(538,600)</u>	<u>(558,315)</u>
Changes in net assets	(6,714)	9,436	(405,863)	(403,141)
<b>Net assets, beginning of year</b>	<u>169,527</u>	<u>675,948</u>	<u>2,277,920</u>	<u>3,123,395</u>
<b>Net assets, end of year</b>	<u>\$ 162,813</u>	<u>\$ 685,384</u>	<u>\$ 1,872,057</u>	<u>\$ 2,720,254</u>

**CITY OF SOUTH HAVEN**  
**NONMAJOR ENTERPRISE FUNDS**  
**COMBINING STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Beach Fund</u>	<u>Black River Park</u>	<u>Marina Fund</u>	<u>Total</u>
<b>Cash flows from operating activities</b>				
Receipts from customers and users	\$ 159,774	\$ 158,802	\$ 540,851	\$ 859,427
Payments to employees	(55,414)	(48,751)	(83,083)	(187,248)
Payments to suppliers	(95,913)	(35,449)	(262,037)	(393,399)
<b>Net cash provided by (used in) operating activities</b>	<u>8,447</u>	<u>74,602</u>	<u>195,731</u>	<u>278,780</u>
<b>Cash flows from non-capital financing activities</b>				
Due to other funds	-	(53,000)	-	(53,000)
Due from other funds	-	-	53,000	53,000
Advance to component unit	-	-	(3,861)	(3,861)
Property tax equivalents	(8,700)	(6,920)	(25,400)	(41,020)
Transfers out	-	(4,095)	(513,200)	(517,295)
<b>Net cash provided by (used in) non-capital financing activities</b>	<u>(8,700)</u>	<u>(64,015)</u>	<u>(489,461)</u>	<u>(562,176)</u>
<b>Cash flows from investing activities</b>				
Interest income	11,472	2,686	47,874	62,032
Purchase of investments	-	-	(4,278)	(4,278)
<b>Net cash provided by (used in) investing activities</b>	<u>11,472</u>	<u>2,686</u>	<u>43,596</u>	<u>57,754</u>
Net increase (decrease) in cash and pooled investments	11,219	13,273	(250,134)	(225,642)
<b>Cash and pooled investments, beginning of year</b>	<u>174,362</u>	<u>1,949</u>	<u>883,017</u>	<u>1,059,328</u>
<b>Cash and pooled investments, end of year</b>	<u>\$ 185,581</u>	<u>\$ 15,222</u>	<u>\$ 632,883</u>	<u>\$ 833,686</u>
<b>Cash flows from operating activities</b>				
Operating income (loss)	\$ (9,486)	\$ 17,765	\$ 84,863	\$ 93,142
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation	-	49,176	97,259	146,435
Change in operating assets and liabilities which provided (used) cash				
Accounts receivable	43	-	915	958
Prepaid expenses	415	1,896	1,931	4,242
Accounts payable	17,158	(4,838)	(3,008)	9,312
Accrued liabilities	317	2,235	4,385	6,937
Deferred revenue	-	8,368	9,386	17,754
<b>Net cash provided by (used in) operating activities</b>	<u>\$ 8,447</u>	<u>\$ 74,602</u>	<u>\$ 195,731</u>	<u>\$ 278,780</u>

**CITY OF SOUTH HAVEN**

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

**JUNE 30, 2007**

<b>Assets</b>	<b>Motor Pool</b>	<b>Information Services</b>	<b>Self Insurance</b>	<b>Total</b>
Current assets				
Cash and pooled investments	\$ 584,291	\$ 21,573	\$ 301,595	\$ 907,459
Non-current assets				
Advance to component unit	71,178	-	-	71,178
Capital assets				
Buildings and equipment	614,641	47,325	-	661,966
Vehicles	1,739,720	-	-	1,739,720
Less accumulated depreciation	<u>(1,770,706)</u>	<u>(11,318)</u>	-	<u>(1,782,024)</u>
Total non-current assets	<u>654,833</u>	<u>36,007</u>	-	<u>690,840</u>
<b>Total assets</b>	<u>1,239,124</u>	<u>57,580</u>	<u>301,595</u>	<u>1,598,299</u>
<b>Liabilities</b>				
Current liabilities				
Accounts payable	19,606	2,351	21,947	43,904
Accrued liabilities	<u>9,454</u>	<u>16,558</u>	-	<u>26,012</u>
<b>Total liabilities</b>	<u>29,060</u>	<u>18,909</u>	<u>21,947</u>	<u>69,916</u>
<b>Net assets</b>				
Investment in capital assets net of related debt	583,655	36,007	-	619,662
Unrestricted	<u>626,409</u>	<u>2,664</u>	<u>279,648</u>	<u>908,721</u>
<b>Total net assets</b>	<u>\$ 1,210,064</u>	<u>\$ 38,671</u>	<u>\$ 279,648</u>	<u>\$ 1,528,383</u>

**CITY OF SOUTH HAVEN**

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

**FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Motor Pool</u>	<u>Information Services</u>	<u>Self Insurance</u>	<u>Total</u>
<b>Operating revenue</b>				
Charges for services	\$ 702,591	\$ 145,375	\$ 198,787	\$ 1,046,753
Other	<u>8,772</u>	<u>-</u>	<u>-</u>	<u>8,772</u>
<b>Total operating revenue</b>	<u>711,363</u>	<u>145,375</u>	<u>198,787</u>	<u>1,055,525</u>
<b>Operating expense</b>				
Operating costs and expenses	456,854	166,517	171,023	794,394
Depreciation	<u>175,379</u>	<u>8,025</u>	<u>-</u>	<u>183,404</u>
<b>Total operating expense</b>	<u>632,233</u>	<u>174,542</u>	<u>171,023</u>	<u>977,798</u>
Operating income (loss)	<u>79,130</u>	<u>(29,167)</u>	<u>27,764</u>	<u>77,727</u>
<b>Non-operating revenue (expense)</b>				
Interest income	16,421	532	7,022	23,975
Interest expense	<u>(1,939)</u>	<u>-</u>	<u>-</u>	<u>(1,939)</u>
<b>Total non-operating revenue (expense)</b>	<u>14,482</u>	<u>532</u>	<u>7,022</u>	<u>22,036</u>
Changes in net assets	93,612	(28,635)	34,786	99,763
<b>Net assets, beginning of year</b>	<u>1,116,452</u>	<u>67,306</u>	<u>244,862</u>	<u>1,428,620</u>
<b>Net assets, end of year</b>	<u>\$ 1,210,064</u>	<u>\$ 38,671</u>	<u>\$ 279,648</u>	<u>\$ 1,528,383</u>

**CITY OF SOUTH HAVEN**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2007**

	<b>Motor Pool</b>	<b>Information Services</b>	<b>Self Insurance</b>	<b>Total</b>
<b>Cash flows from operating activities</b>				
Receipts from internal services provided	\$ 812,338	\$ 145,375	\$ 198,787	\$ 1,156,500
Payments to employees	(77,736)	(57,086)	-	(134,822)
Payments to suppliers	(386,333)	(105,104)	(176,348)	(667,785)
<b>Net cash provided by (used in) operating activities</b>	<u>348,269</u>	<u>(16,815)</u>	<u>22,439</u>	<u>353,893</u>
<b>Cash flows from non-capital financing activities</b>				
Payments received on advance to component unit	<u>70,893</u>	-	-	<u>70,893</u>
<b>Cash flows from capital and related financing activities</b>				
Interest expense	(1,939)	-	-	(1,939)
Principal payment on installment note	(100,000)	-	-	(100,000)
Acquisitions of capital assets	(72,055)	(14,399)	-	(86,454)
<b>Net cash provided by (used in) capital and related financing activities</b>	<u>(173,994)</u>	<u>(14,399)</u>	<u>-</u>	<u>(188,393)</u>
<b>Cash flows from investing activities</b>				
Interest income	<u>16,421</u>	<u>532</u>	<u>7,022</u>	<u>23,975</u>
Net increase (decrease) in cash and pooled investments	261,589	(30,682)	29,461	260,368
<b>Cash and pooled investments, beginning of year</b>	<u>322,702</u>	<u>52,255</u>	<u>272,134</u>	<u>647,091</u>
<b>Cash and pooled investments, end of year</b>	<u>\$ 584,291</u>	<u>\$ 21,573</u>	<u>\$ 301,595</u>	<u>\$ 907,459</u>
<b>Cash flows from operating activities</b>				
Operating income (loss)	\$ 79,130	\$ (29,167)	\$ 27,764	\$ 77,727
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation	175,379	8,025	-	183,404
Change in operating assets and liabilities which provided (used) cash				
Accounts receivable	975	-	-	975
Due from other governmental units	100,000	-	-	100,000
Prepaid expenses	1,248	168	-	1,416
Accounts payable	(10,552)	(5,493)	-	(16,045)
Accrued liabilities	2,089	9,652	(5,325)	6,416
<b>Net cash provided by (used in) operating activities</b>	<u>\$ 348,269</u>	<u>\$ (16,815)</u>	<u>\$ 22,439</u>	<u>\$ 353,893</u>

# CITY OF SOUTH HAVEN

## AGENCY FUNDS COMBINING STATEMENT OF ASSETS AND LIABILITIES

JUNE 30, 2007

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	<u>Payroll tax Collection</u>	<u>Current tax Fund</u>	<u>Trust and Agency</u>	<u>Total</u>
<b>Assets</b>				
Cash and pooled investments	\$ 43,725	\$ -	\$ 302,377	\$ 346,102
<b>Total assets</b>	<u>\$ 43,725</u>	<u>\$ -</u>	<u>\$ 302,377</u>	<u>\$ 346,102</u>
<b>Liabilities</b>				
Accounts payable	\$ 32,664	\$ -	\$ 15,905	\$ 48,569
Deposits	-	-	286,472	286,472
Due to other governmental units	<u>11,061</u>	<u>-</u>	<u>-</u>	<u>11,061</u>
<b>Total liabilities</b>	<u>\$ 43,725</u>	<u>\$ -</u>	<u>\$ 302,377</u>	<u>\$ 346,102</u>

**CITY OF SOUTH HAVEN**

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

**FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Balance</u> <u>July 1, 2006</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2007</u>
<b><u>Payroll Tax Collection Fund</u></b>				
<b>Assets</b>				
Cash and pooled investments	\$ 39,960	\$ 485,599	\$ 481,834	\$ 43,725
<b>Liabilities</b>				
Accounts payable	\$ 9,910	\$ 545,769	\$ 523,015	\$ 32,664
Due to other governmental units	30,050	1,130,829	1,149,818	11,061
<b>Total liabilities</b>	<b>\$ 39,960</b>	<b>\$ 1,676,598</b>	<b>\$ 1,672,833</b>	<b>\$ 43,725</b>
<b><u>Current Tax Collection Fund</u></b>				
<b>Assets</b>				
Cash and pooled investments	\$ -	\$ 14,751,512	\$ 14,751,512	\$ -
<b>Liabilities</b>				
Due to other funds	\$ -	\$ 4,070,711	\$ 4,070,711	\$ -
Due to other governmental units	-	10,680,801	10,680,801	-
<b>Total liabilities</b>	<b>\$ -</b>	<b>\$ 14,751,512</b>	<b>\$ 14,751,512</b>	<b>\$ -</b>
<b><u>Trust and Agency Fund</u></b>				
<b>Assets</b>				
Cash and pooled investments	\$ 394,526	\$ 362,140	\$ 454,288	\$ 302,377
<b>Liabilities</b>				
Accounts payable	\$ 35,698	\$ -	\$ 19,793	\$ 15,905
Deposits	358,828	362,140	434,496	286,472
<b>Total liabilities</b>	<b>\$ 394,526</b>	<b>\$ 362,140</b>	<b>\$ 454,289</b>	<b>\$ 302,377</b>
<b><u>Total - All Agency Funds</u></b>				
<b>Assets</b>				
Cash and pooled investments	\$ 434,486	\$ 15,599,251	\$ 15,687,634	\$ 346,102
<b>Liabilities</b>				
Accounts payable	\$ 45,608	\$ 545,769	\$ 542,808	\$ 48,569
Due to other funds	-	4,070,711	4,070,711	-
Deposits	358,828	362,140	434,496	286,472
Due to other governmental units	30,050	11,811,630	11,830,619	11,061
<b>Total liabilities</b>	<b>\$ 434,486</b>	<b>\$ 16,790,250</b>	<b>\$ 16,878,634</b>	<b>\$ 346,102</b>

**CITY OF SOUTH HAVEN**

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

**JUNE 30, 2007**

	<u>Governmental Fund Type</u>		<u>Statement of Net Assets</u>
	<u>General Fund</u>	<u>Adjustments</u>	
<b>Assets</b>			
Cash and pooled investments	\$ 42,043	\$ -	\$ 42,043
Investments	-	-	-
Capital assets not being depreciated	-	-	-
Capital assets being depreciated, net	-	-	-
<b>Total assets</b>	<u>\$ 42,043</u>	<u>-</u>	<u>42,043</u>
 <b>Liabilities and fund balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ 59,500	-	59,500
Accrued liabilities	954	-	954
Advances from primary government	729,499	-	729,499
Noncurrent liabilities			
Due within one year	-	-	-
Due in more than one year	-	-	-
<b>Total liabilities</b>	789,953	<u>-</u>	<u>789,953</u>
 <b>Fund balances (deficit)</b>			
Unreserved			
Undesignated	<u>(747,910)</u>	<u>747,910</u>	
<b>Total liabilities and fund balances</b>	<u>\$ 42,043</u>		
 <b>Net assets (deficit)</b>			
Unrestricted (deficit)		<u>\$ (747,910)</u>	<u>\$ (747,910)</u>

# CITY OF SOUTH HAVEN

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

FOR THE YEAR ENDED JUNE 30, 2007

	<u>Governmental Fund Type</u>		<u>Statement of Net Assets</u>
	<u>General Fund</u>	<u>Adjustments</u>	
<b>Revenues</b>			
Taxes	\$ 1,030,666	\$ -	\$ 1,030,666
Investment earnings	3,856	-	3,856
Miscellaneous	<u>117,300</u>	<u>-</u>	<u>117,300</u>
	<u>1,151,822</u>	<u>-</u>	<u>1,151,822</u>
<b>Expenditures</b>			
Community development	964,556	-	964,556
Debt Service			
Principal	-	-	-
Interest	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total expenditures</b>	<u>964,556</u>	<u>-</u>	<u>964,556</u>
Revenues over (under) expenditures	<u>187,266</u>	<u>-</u>	<u>187,266</u>
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	187,266	(187,266)	
Change in net assets		187,266	187,266
<b>Fund balances/net assets (deficit), beginning of year, as restated</b>	<u>(935,176)</u>		<u>(935,176)</u>
<b>Fund balances/net assets (deficit), end of year</b>	<u>\$ (747,910)</u>		<u>\$ (747,910)</u>

**CITY OF SOUTH HAVEN**

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

**JUNE 30, 2007**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Assets</u>
<b>Assets</b>			
Cash and pooled investments	\$ 792,016	\$ -	\$ 792,016
Investments	300,929	-	300,929
Accounts receivable	346	-	346
Due from other component units	<u>225,000</u>	<u>-</u>	<u>225,000</u>
<b>Total assets</b>	<u>\$ 1,318,291</u>	<u>-</u>	<u>1,318,291</u>
 <b>Liabilities and fund balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ 537	-	537
Accrued liabilities	621	-	621
Advances from primary government	-	-	-
Noncurrent liabilities			
Due within one year	-	-	-
Due in more than one year	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total liabilities</b>	1,158	<u>-</u>	<u>1,158</u>
 <b>Fund balances</b>			
Unreserved			
Undesignated	<u>1,317,133</u>	<u>(1,317,133)</u>	
<b>Total liabilities and fund balances</b>	<u>\$ 1,318,291</u>		
 <b>Net assets</b>			
Unrestricted		<u>\$ 1,317,133</u>	<u>\$ 1,317,133</u>

# CITY OF SOUTH HAVEN

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

**FOR THE YEAR ENDED JUNE 30, 2007**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Assets</u>
<b>Revenues</b>			
Taxes	\$ 399,286	\$ -	\$ 399,286
Investment earnings	37,743	-	37,743
Miscellaneous	-	-	-
	<u>437,029</u>	<u>-</u>	<u>437,029</u>
<b>Expenditures</b>			
Community development	206,492	-	206,492
Debt Service			
Principal	-	-	-
Interest	-	-	-
	<u>206,492</u>	<u>-</u>	<u>206,492</u>
<b>Total expenditures</b>	<u>206,492</u>	<u>-</u>	<u>206,492</u>
Revenues over (under) expenditures	<u>230,537</u>	<u>-</u>	<u>230,537</u>
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	230,537	(230,537)	
Change in net assets		230,537	230,537
<b>Fund balances/net assets, beginning of year</b>	<u>1,086,596</u>		<u>1,086,596</u>
<b>Fund balances/net assets, end of year</b>	<u>\$ 1,317,133</u>		<u>\$ 1,317,133</u>

**CITY OF SOUTH HAVEN**

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

**JUNE 30, 2007**

	<b>General Fund</b>	<b>Adjustments</b>	<b>Statement of Net Assets</b>
<b>Assets</b>			
Cash and pooled investments	\$ 47,825	\$ -	\$ 47,825
Investments	50,000	-	50,000
Accounts receivable	231	-	231
Capital assets not being depreciated	<u>-</u>	<u>55,373</u>	<u>55,373</u>
<b>Total assets</b>	<b><u>\$ 98,056</u></b>	<b><u>55,373</u></b>	<b><u>153,429</u></b>
 <b>Liabilities and fund balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ -	-	-
Accrued liabilities	-	-	-
Advances from primary government	-	-	-
Noncurrent liabilities			
Due within one year	-	-	-
Due in more than one year	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total liabilities</b>	<b>-</b>	<b><u>-</u></b>	<b><u>-</u></b>
 <b>Fund balances</b>			
Unreserved			
Undesignated	<u>98,056</u>	<u>(98,056)</u>	
<b>Total liabilities and fund balances</b>	<b><u>\$ 98,056</u></b>		
 <b>Net assets</b>			
Invested in capital assets, net of related debt		55,373	55,373
Unrestricted		<u>98,056</u>	<u>98,056</u>
<b>Total net assets</b>		<b><u>\$ 153,429</u></b>	<b><u>\$ 153,429</u></b>

**CITY OF SOUTH HAVEN**

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

**FOR THE YEAR ENDED JUNE 30, 2007**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Assets</u>
<b>Revenues</b>			
Taxes	\$ 33,231	\$ -	\$ 33,231
Investment earnings	3,450	-	3,450
Miscellaneous	-	-	-
	<u>36,681</u>	<u>-</u>	<u>36,681</u>
<b>Expenditures</b>			
Community development	18,563	-	18,563
Debt Service			
Principal	-	-	-
Interest	-	-	-
	<u>18,563</u>	<u>-</u>	<u>18,563</u>
<b>Total expenditures</b>			
	<u>18,563</u>	<u>-</u>	<u>18,563</u>
Revenues over (under) expenditures	<u>18,118</u>	<u>-</u>	<u>18,118</u>
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	18,118	(18,118)	
Change in net assets		18,118	18,118
<b>Fund balances/net assets, beginning of year</b>	<u>79,938</u>		<u>135,311</u>
<b>Fund balances/net assets, end of year</b>	<u>\$ 98,056</u>		<u>\$ 153,429</u>

**CITY OF SOUTH HAVEN**

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

**JUNE 30, 2007**

	<b>General Fund</b>	<b>Adjustments</b>	<b>Statement of Net Assets</b>
<b>Assets</b>			
Cash and pooled investments	\$ 367,862	\$ -	\$ 367,862
Investments	249,931	-	249,931
Accounts receivable	61	-	61
Capital assets not being depreciated	<u>-</u>	<u>136,080</u>	<u>136,080</u>
<b>Total assets</b>	<b><u>\$ 617,854</u></b>	<b><u>136,080</u></b>	<b><u>753,934</u></b>
 <b>Liabilities and fund balances</b>			
<b>Liabilities</b>			
Accounts payable and accrued liabilities	\$ 10,736	-	10,736
Accrued liabilities	413	-	413
Due to other component units	225,000	-	225,000
Noncurrent liabilities			
Due within one year	-	27,208	27,208
Due in more than one year	<u>-</u>	<u>210,865</u>	<u>210,865</u>
<b>Total liabilities</b>	236,149	<u>238,073</u>	<u>474,222</u>
 <b>Fund balances</b>			
Unreserved			
Undesignated	<u>381,705</u>	<u>(381,705)</u>	
<b>Total liabilities and fund balances</b>	<b><u>\$ 617,854</u></b>		
 <b>Net assets</b>			
Invested in capital assets, net of related debt		136,080	136,080
Unrestricted		<u>143,632</u>	<u>143,632</u>
<b>Total net assets</b>		<b><u>\$ 279,712</u></b>	<b><u>\$ 279,712</u></b>

# CITY OF SOUTH HAVEN

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

**FOR THE YEAR ENDED JUNE 30, 2007**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Assets</u>
<b>Revenues</b>			
Taxes	\$ 242,334	\$ -	\$ 242,334
Investment earnings	24,491	-	24,491
Miscellaneous	<u>3,720</u>	<u>-</u>	<u>3,720</u>
	<u>270,545</u>	<u>-</u>	<u>270,545</u>
<b>Expenditures</b>			
Community development	92,660	-	92,660
Debt Service			
Principal	27,208	(27,208)	-
Interest	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total expenditures</b>	<u>119,868</u>	<u>(27,208)</u>	<u>92,660</u>
Revenues over (under) expenditures	<u>150,677</u>	<u>(27,208)</u>	<u>177,885</u>
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	150,677	(150,677)	
Change in net assets		177,885	177,885
<b>Fund balances/net assets, beginning of year</b>	<u>231,028</u>		<u>101,827</u>
<b>Fund balances/net assets, end of year</b>	<u>\$ 381,705</u>		<u>\$ 279,712</u>

**CITY OF SOUTH HAVEN**

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

**JUNE 30, 2007**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Assets</u>
<b>Assets</b>			
Cash and pooled investments	\$ 1,174,685	\$ -	\$ 1,174,685
Investments	-	-	-
Accounts receivable	-	-	-
Due from other governmental units	<u>1,810</u>	<u>-</u>	<u>1,810</u>
<b>Total assets</b>	<u>\$ 1,176,495</u>	<u>-</u>	<u>1,176,495</u>
 <b>Liabilities and fund balances</b>			
<b>Liabilities</b>			
Accounts payable and accrued liabilities	\$ 3,082	-	3,082
Accrued liabilities	-	-	-
Advances from primary government	-	-	-
Noncurrent liabilities			
Due within one year	-	-	-
Due in more than one year	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total liabilities</b>	3,082	<u>-</u>	<u>3,082</u>
 <b>Fund balances</b>			
Unreserved			
Undesignated	<u>1,173,413</u>	<u>(1,173,413)</u>	
<b>Total liabilities and fund balances</b>	<u>\$ 1,176,495</u>		
 <b>Net assets</b>			
Unrestricted		<u>\$ 1,173,413</u>	<u>\$ 1,173,413</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, 2007**

	<b>General Fund</b>	<b>Adjustments</b>	<b>Statement of Net Assets</b>
<b>Revenues</b>			
Taxes	\$ 276,324	\$ -	\$ 276,324
Intergovernmental - state	35,124	-	35,124
Investment earnings	42,223	-	42,223
Miscellaneous	-	-	-
	<u>353,671</u>	<u>-</u>	<u>353,671</u>
<b>Expenditures</b>			
Community development	149,750	-	149,750
Debt Service			
Principal	-	-	-
Interest	-	-	-
	<u>149,750</u>	<u>-</u>	<u>149,750</u>
<b>Total expenditures</b>	<u>149,750</u>	<u>-</u>	<u>149,750</u>
Revenues over (under) expenditures	<u>203,921</u>	<u>-</u>	<u>203,921</u>
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	203,921	(203,921)	
Change in net assets		203,921	203,921
<b>Fund balances/net assets, beginning of year</b>	<u>969,492</u>		<u>969,492</u>
<b>Fund balances/net assets, end of year</b>	<u>\$ 1,173,413</u>		<u>\$ 1,173,413</u>

# CITY OF SOUTH HAVEN

## STATISTICAL SECTION

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

<b><u>Contents</u></b>	<b><u>Schedule</u></b>
<b>Financial Trends</b>	
These schedules contain trend information to help the reader understand how the city's financial performance and well-being have changed over time.	1 to 4
<b>Revenue Capacity</b>	
These schedules contain information to help the reader assess the city's most significant local revenue source, the property tax.	5 to 8
<b>Debt Capacity</b>	
These schedules present information to help the reader assess the affordability of the city's current levels of outstanding debt and the city's ability to issue additional debt in the future.	9 to 13
<b>Demographic and Economic Information</b>	
These schedules offer demographic and economic indicators to help the reader understand the environment in which the city's financial activities take place.	14 to 15
<b>Operating Information</b>	
These schedules contain service and infrastructure data to help the reader understand how the information in the city's financial report relates to the services the city provides and the activities it performs.	16 to 18

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

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

	<b>Fiscal Year</b>				
	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
<b>Governmental activities</b>					
Invested in capital assets, net of related debt	\$ 5,557,726	\$ 3,061,058	\$ 2,225,731	\$ 1,172,825	\$ 3,022,895
Restricted	1,540,603	1,826,780	849,964	486,230	465,980
Unrestricted	2,614,011	2,550,877	2,406,064	3,376,649	3,373,655
<b>Total governmental activities net assets</b>	<u>\$ 9,712,340</u>	<u>\$ 7,438,715</u>	<u>\$ 5,481,759</u>	<u>\$ 5,035,704</u>	<u>\$ 6,862,530</u>
<b>Business-type activities</b>					
Invested in capital assets, net of related debt	\$19,084,482	\$17,899,141	\$17,402,624	\$17,186,046	\$13,501,558
Restricted	231,900	770,311	294,997	241,761	633,944
Unrestricted	9,784,346	9,537,704	10,244,115	9,624,766	7,124,441
<b>Total business-type activities net assets</b>	<u>\$29,100,728</u>	<u>\$28,207,156</u>	<u>\$27,941,736</u>	<u>\$27,052,573</u>	<u>\$21,259,943</u>
<b>Primary government</b>					
Invested in capital assets, net of related debt	\$24,642,208	\$20,960,199	\$19,628,355	\$18,358,871	\$16,524,453
Restricted	1,772,503	2,597,091	1,144,961	727,991	1,099,924
Unrestricted	12,398,357	12,088,581	12,650,179	13,001,415	10,498,096
<b>Total primary government net assets</b>	<u>\$38,813,068</u>	<u>\$35,645,871</u>	<u>\$33,423,495</u>	<u>\$32,088,277</u>	<u>\$28,122,473</u>

no discreetly presented component units shown

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

	Fiscal Year				
	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
<b>Expenses</b>					
Governmental activities:					
General government	\$ 1,379,519	\$ 1,239,832	\$ 1,228,829	\$ 1,123,354	\$ 873,531
Public safety	2,844,831	2,689,126	2,953,261	2,887,402	2,836,035
Public works	1,903,245	1,247,813	1,318,248	1,639,589	1,247,726
Health and welfare	572,440	578,735	581,107	440,932	422,070
Culture and recreation	530,509	550,392	573,844	994,019	587,415
Interest on long-term debt	537,006	541,799	478,856	439,299	299,583
Total governmental activities expenses	<u>7,767,550</u>	<u>6,847,697</u>	<u>7,134,145</u>	<u>7,524,595</u>	<u>6,266,360</u>
Business-type activities					
Electric utility	10,217,612	9,608,078	8,856,995	8,912,236	8,606,946
Water utility	1,467,184	1,653,571	1,482,354	1,397,570	1,363,519
Sewer utility	1,458,392	1,571,794	1,390,204	1,298,007	1,243,519
Other enterprise funds	747,573	851,490	783,930	736,018	677,578
Total business-type activities expenses	<u>13,890,761</u>	<u>13,684,933</u>	<u>12,513,483</u>	<u>12,343,831</u>	<u>11,891,562</u>
Total primary government expenses	<u>21,658,311</u>	<u>20,532,630</u>	<u>19,647,628</u>	<u>19,868,426</u>	<u>18,157,922</u>
<b>Program Revenues</b>					
Governmental activities:					
Charges for services:					
General government	1,097,733	760,207	980,656	881,824	724,351
Public safety	428,623	77,525	9,456	14,875	14,853
Public works	477,805	246,950	245,808	245,194	48,114
Highways and streets	-	466,114	429,603	443,207	416,937
Health and welfare	51,612	-	-	-	-
Culture and recreation	-	257,021	289,263	293,570	255,743
Interest expense	-	-	-	-	-
Operating grants and contributions	1,359,329	668,310	220,636	216,170	210,712
Capital grants and contributions	580,822	8,095	11,743	987,152	144,647
Total governmental activities program revenues	<u>3,995,924</u>	<u>2,484,222</u>	<u>2,187,165</u>	<u>3,081,992</u>	<u>1,815,357</u>
Business-type activities:					
Charges for services:					
Electric utility	11,079,025	9,541,512	9,204,854	9,054,203	9,537,165
Water utility	1,465,982	1,186,093	1,059,948	1,018,882	961,319
Sewer utility	1,822,157	1,587,779	1,524,636	1,509,432	1,438,125
Other	831,220	814,882	779,277	740,255	735,784
Operating grants and contributions	-	22,500	7,500	-	-
Capital grants and contributions	590,456	292,334	15,190	658,774	1,339,458
Total business-type activities program revenues	<u>15,788,840</u>	<u>13,445,100</u>	<u>12,591,405</u>	<u>12,981,546</u>	<u>14,011,851</u>
Total primary government program revenues	<u>19,784,764</u>	<u>15,929,322</u>	<u>14,778,570</u>	<u>16,063,538</u>	<u>15,827,208</u>
<b>Net(Expenses)/Revenues</b>					
Governmental activities	(3,771,626)	(4,363,475)	(4,946,980)	(4,442,603)	(4,451,003)
Business-type activities	1,898,079	(239,833)	77,922	637,715	2,120,289
Total primary government net expense	<u>\$ (1,873,547)</u>	<u>\$ (4,603,308)</u>	<u>\$ (4,869,058)</u>	<u>\$ (3,804,888)</u>	<u>\$ (2,330,714)</u>

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

	Fiscal Year				
	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
<b>General Revenues and Other Changes in Net Assets</b>					
<b>Governmental activities:</b>					
Property taxes	\$ 3,942,969	\$ 4,417,615	\$ 4,446,071	\$ 4,109,683	\$ 3,646,893
State revenues - unrestricted	492,291	497,039	500,862	508,779	564,291
Interest earnings	180,814	180,013	128,300	200,435	159,779
Other grants and contributions not restricted to specific programs	24,757	30,153	-	-	15,188
Transfers - internal activities	1,404,420	659,850	503,775	(2,203,120)	431,091
<b>Total governmental activities</b>	<b>6,045,251</b>	<b>5,784,670</b>	<b>5,579,008</b>	<b>2,615,777</b>	<b>4,817,242</b>
<b>Business-type activities:</b>					
Interest earnings	399,913	375,020	255,407	149,212	152,896
Other grants and contributions not restricted to specific programs	-	790,083	1,059,610	2,802,583	881,716
Transfers - internal activities	(1,404,420)	(659,850)	(503,775)	2,203,120	(431,091)
<b>Total business-type activities</b>	<b>(1,004,507)</b>	<b>505,253</b>	<b>811,242</b>	<b>5,154,915</b>	<b>603,521</b>
<b>Total primary government</b>	<b>5,040,744</b>	<b>6,289,923</b>	<b>6,390,250</b>	<b>7,770,692</b>	<b>5,420,763</b>
<b>Changes in Net Assets</b>					
Governmental activities	2,273,625	1,421,195	632,028	(1,826,826)	366,239
Business-type activities	893,572	265,420	889,164	5,792,630	2,723,810
<b>Total primary government</b>	<b>\$ 3,167,197</b>	<b>\$ 1,686,615</b>	<b>\$ 1,521,192</b>	<b>\$ 3,965,804</b>	<b>\$ 3,090,049</b>

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

	Fiscal Year					
	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
General Fund						
Reserved	\$ 62,136	\$ 101,847	\$ 74,525	\$ 38,543	\$ 38,543	\$ 89,537
Unreserved						
Designated for subsequent year					80,501	76,938
Undesignated	1,595,188	1,251,217	1,143,168	1,197,258	1,260,063	922,017
Total General Fund	<u>1,657,324</u>	<u>1,353,064</u>	<u>1,217,693</u>	<u>1,235,801</u>	<u>1,379,107</u>	<u>1,088,492</u>
All Other Governmental Funds						
Reserved	132,245	7,415	1,360,123	562,452	5,751,333	1,918,208
Unreserved, reported in:						
Designated for subsequent year					10,993	11,060
Special revenue funds	902,115	794,278	740,460	592,365	625,489	477,385
Capital projects funds	365,987	124,594	(1,209,269)	170,353	177,325	104,210
Debt service funds	68,831	52,257				3,331
Permanent funds	66,141	173,076	24,831	9,014	121,040	
Total all other governmental funds	<u>1,535,319</u>	<u>1,151,620</u>	<u>916,145</u>	<u>1,334,184</u>	<u>6,686,180</u>	<u>2,514,194</u>
Total governmental funds	<u>\$ 3,192,643</u>	<u>\$ 2,504,684</u>	<u>\$ 2,133,838</u>	<u>\$ 2,569,985</u>	<u>\$ 8,065,287</u>	<u>\$ 3,602,686</u>

Information for the years 1998 to 2001 is not available

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

	Fiscal Year					
	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
<b>Revenues</b>						
Property taxes	\$ 4,119,962	\$ 4,581,281	\$ 4,596,361	\$ 4,244,497	\$ 3,766,618	\$ 3,520,901
Special assessments	4,219	-	-	274	8,002	16,330
Licenses and permits	326,051	216,121	200,283	236,824	170,568	143,436
Intergovernmental	1,179,062	1,269,219	948,231	1,446,941	1,130,003	1,279,902
Charges for services	463,057	432,922	421,837	393,918	391,995	349,281
Fines and forfeits	36,835	30,133	22,319	25,635	22,460	17,679
Interest and rents	225,951	380,197	329,479	390,991	379,317	351,982
Other	1,978,060	671,839	746,631	1,161,809	347,721	256,012
Total revenues	<u>8,333,197</u>	<u>7,581,712</u>	<u>7,265,141</u>	<u>7,900,889</u>	<u>6,216,684</u>	<u>5,935,523</u>
<b>Expenditures</b>						
General government	1,081,063	1,053,478	967,420	917,662	923,387	913,585
Public safety	2,852,068	2,870,261	2,862,693	2,783,710	2,653,486	2,688,544
Public works	3,510,684	2,001,171	942,020	1,114,773	999,095	807,392
Health and welfare	578,205	857,289	536,352	875,958	521,218	484,164
Culture and recreation	1,050,907	-	341,145	312,214	308,349	312,193
Other	139,157	122,179	119,780	115,011	105,777	142,964
Debt service						
Principal retirement	740,000	455,000	450,000	415,000	370,000	285,000
Interest and fiscal charges	530,549	408,703	425,511	439,299	404,583	210,228
Capital outlay	-	52,635	1,590,141	4,212,122	1,823,238	2,468,556
Total expenditures	<u>10,482,633</u>	<u>7,820,716</u>	<u>8,235,062</u>	<u>11,185,749</u>	<u>8,109,133</u>	<u>8,292,626</u>
Excess of revenues over (under) expenditures	<u>(2,149,436)</u>	<u>(239,004)</u>	<u>(969,921)</u>	<u>(3,284,860)</u>	<u>(1,892,449)</u>	<u>(2,357,103)</u>
<b>Other Financing Sources (Uses)</b>						
Transfers in	2,422,519	1,021,474	1,819,222	2,331,059	511,897	578,799
Transfers out	(1,741,366)	(411,624)	(1,285,447)	(4,539,179)	(114,200)	(689,020)
Tax equivalent payments (A)	723,267	-	-	-	-	-
Issuance of bonds	1,500,000	-	-	-	5,800,000	3,700,000
Total other financing sources (uses)	<u>2,904,420</u>	<u>609,850</u>	<u>533,775</u>	<u>(2,208,120)</u>	<u>6,197,697</u>	<u>3,589,779</u>
Net change in fund balance	<u>\$ 754,984</u>	<u>\$ 370,846</u>	<u>\$ (436,146)</u>	<u>\$ (5,492,980)</u>	<u>\$ 4,305,248</u>	<u>\$ 1,232,676</u>
Debt service as a percentage of noncapital expenditures	12.1%	11.1%	13.2%	12.3%	12.3%	8.5%

(A) - tax equivalent payments are transfers from enterprise funds in lieu of property taxes and were reported as property taxes in previous years

Information for the years 1998 to 2001 is not available

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

Fiscal Year Ended June 30,	Residential Property	Commercial Property	Industrial Property	Agricultural Property	Personal Property Valuation	Total Taxable Assessed Valuation	Total Direct Tax Rate	Estimated Actual Value	Assessed Value as a Percentage of Actual Value
1998	\$124,041,056.00	\$31,439,861.00	\$9,634,800.00	\$178,580.00	\$20,633,959.00	\$185,928,256	15.4817	\$371,856,512	50.0%
1999	138,038,928	31,917,563	11,338,370	182,980	24,396,741	205,874,582	15.5806	411,749,164	50.0%
2000	149,822,386	35,792,763	14,237,450	183,164	26,556,381	226,592,144	15.5871	453,184,288	50.0%
2001	167,054,957	38,674,604	14,570,994	183,164	31,106,015	251,589,734	15.1405	503,179,468	50.0%
2002	181,035,400	43,033,000	18,347,800	183,400	37,190,200	279,789,800	14.9160	559,579,600	50.0%
2003	202,251,900	49,847,400	21,023,500	184,500	40,736,800	314,044,100	14.6935	628,088,200	50.0%
2004	227,102,000	54,761,600	21,640,600	144,700	40,933,100	344,582,000	16.1097	689,164,000	50.0%
2005	262,567,900	71,807,600	19,514,100	144,700	40,286,800	394,321,100	15.8281	788,642,200	50.0%
2006	288,381,800	72,648,000	18,775,200	144,700	40,555,400	420,505,100	15.4639	841,010,200	50.0%
2007	318,269,400	76,849,400	18,725,600	144,700	36,162,400	450,151,500	15.2044	900,303,000	50.0%

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

Source - City assessor

**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
1998	1997	12.4305	3.0512	15.4817	6.7200	20.5996	6.0000	-	6.6079	55.4092
1999	1998	12.2378	3.3428	15.5806	6.7071	20.2664	6.0000	-	6.5907	55.1448
2000	1999	12.0824	3.5047	15.5871	6.6520	20.1059	6.0000	-	6.5371	54.8821
2001	2000	11.7960	3.3445	15.1405	6.5993	19.7371	6.0000	-	6.4754	53.9523
2002	2001	11.5954	3.3206	14.9160	6.5641	20.6300	6.0000	-	6.4390	54.5491
2003	2002	11.3808	3.3127	14.6935	6.5138	21.6119	6.0000	1.8416	6.3558	57.0166
2004	2003	11.1190	4.9907	16.1097	6.4264	22.4256	5.0000	1.8209	6.2641	58.0467
2005	2004	11.0044	4.8237	15.8281	7.1039	21.9000	6.0000	1.8174	6.2012	58.8506
2006	2005	10.8118	4.6521	15.4639	7.0348	21.7000	6.0000	1.8060	6.1309	58.1356
2007	2006	10.6744	4.5300	15.2044	6.9726	21.5200	6.0000	1.7916	6.0339	57.5225

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

(2) Non homestead rate

Source - City assessor

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

Taxpayer	2007			2001		
	Total Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Total Assessed Valuation	Rank	Percentage of Total Assessed Valuation
DSM. Inc.	\$14,666,800	1	3.26%	\$14,086,088	1	5.60%
Pullman Industries	14,463,400	2	3.21%	8,561,475	2	3.40%
Wal Mart	8,114,300	3	1.80%	2,467,848	4	0.98%
River Ridge Retirement Village	2,139,800	4	0.48%			
CCG Properties	2,136,700	5	0.47%	1,490,427	6	0.59%
Shree Shiv Hospitality	2,071,200	6	0.46%	1,011,297	7	0.40%
Yale-South Haven	1,670,000	7	0.37%	1,556,208	5	0.62%
BRG Brothers	1,545,600	8	0.34%			
Randall Locker	1,515,400	9	0.34%			
American Twisting	1,454,500	10	0.32%			
Double J Molding				4,445,254	3	1.77%
Maple Glen Apartments				1,363,267	8	0.54%
Murk Properties				970,411	9	0.39%
Webster Valley LLC				858,510	10	0.34%

Information from nine years ago is not available  
Source - City assessor

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

<b>Taxes Levied July 1,</b>	<b>Fiscal Year Ended</b>	<b>Taxes Levied for the Fiscal Year</b>	<b>Tax Collection for the Fiscal Year</b>	<b>Percent of Levy Collected</b>
1997	6/30/1998	\$2,297,659	\$2,288,143	99.59%
1998	6/30/1999	2,645,966	2,639,901	99.77%
1999	6/30/2000	2,841,871	2,834,429	99.74%
2000	6/30/2001	3,017,302	3,009,487	99.74%
2001	6/30/2002	3,273,823	3,258,611	99.54%
2002	6/30/2003	3,541,194	3,518,955	99.37%
2003	6/30/2004	4,141,938	4,138,570	99.92%
2004	6/30/2005	4,360,881	4,356,038	99.89%
2005	6/30/2006	4,566,837	4,563,102	99.92%
2006	6/30/2007	4,802,217	4,794,815	99.85%

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

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

Fiscal Year	Governmental Activities				Business-Type Activities						Total Primary Government	Percentage of Personal Income	Per Capita	Personal Income*	Population*
	General Obligation Bonds	Lease Purchases	Loans		General Obligation Bonds	Revenue Bonds	Lease Purchases	Loans							
1998	\$ 4,057,950	\$ -	\$ 515,300		\$ -	\$ 3,460,000	\$ -	\$ 36,428		\$ 8,099,678	N/A	\$ 1,456	N/A	5,563	
1999	3,742,431	-	515,300		-	3,300,000	-	-		7,557,731	N/A	1,359	N/A	5,563	
2000	3,387,195	-	299,820		-	3,130,000	-	162,414		6,979,429	7.17%	1,390	97,387,316	5,021	
2001	3,002,834	-	274,820		-	3,415,000	-	125,017		6,817,671	7.00%	1,358	97,387,316	5,021	
2002	8,510,000	-	274,820		-	3,205,000	-	587,620		12,577,440	12.91%	2,505	97,387,316	5,021	
2003	13,840,000	-	235,460		-	2,205,000	-	400,000		16,680,460	17.13%	3,322	97,387,316	5,021	
2004	13,280,000	-	-		-	2,105,000	-	300,000		15,685,000	16.11%	3,124	97,387,316	5,021	
2005	12,645,000	-	231,000		-	1,700,000	-	200,000		14,776,000	15.17%	2,943	97,387,316	5,021	
2006	11,980,000	-	231,000		-	1,685,000	-	100,000		13,996,000	14.37%	2,787	97,387,316	5,021	
2007	12,740,000	-	231,000		-	1,665,000	-	-		14,636,000	15.03%	2,915	97,387,316	5,021	

\* Per decennial census by the U.S. Census Bureau.

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

Fiscal Year Ended 30-Jun	Population(1)	SEV Value(3)	Gross Bonded Debt(2)	Debt Service Monies Available	Debt Payable From Enterprise Revenues & Special Assessments	Net Bonded Debt	Ratio of Net Bonded Debt to SEV Value	Net Bonded Debt per Capita
1998	5,563	\$185,628,250	\$7,547,950	\$109,695	\$3,460,000	\$3,978,255	2.14%	\$715
1999	5,563	205,874,580	7,042,431	135,002	3,300,000	3,607,429	1.75%	648
2000	5,021	226,592,140	6,517,195	117,771	3,130,000	3,269,424	1.44%	651
2001	5,021	253,207,300	6,417,834	91,542	3,415,000	2,911,292	1.15%	580
2002	5,021	277,898,000	11,715,000	33,368	3,205,000	8,476,632	3.05%	1,688
2003	5,021	314,044,100	16,045,000	34,519	2,205,000	13,805,481	4.40%	2,750
2004	5,021	344,582,000	15,385,000	35,617	2,105,000	13,244,383	3.84%	2,638
2005	5,021	394,321,100	14,345,000	39,545	1,700,000	12,605,455	3.20%	2,511
2006	5,021	420,505,100	13,665,000	52,257	1,685,000	11,927,743	2.84%	2,376
2007	5,021	450,151,500	14,405,000	68,831	1,665,000	12,671,169	2.81%	2,524

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

**Schedule 11  
City of South Haven  
Direct and Overlapping Governmental Activities Debt  
As of June 30, 2007**

<b>Name of Governmental Unit</b>	<b>General Obligation Bonded Debt Outstanding</b>	<b>% Applicable to City</b>	<b>Amount Applicable to City</b>
Direct - City	\$ 12,740,000 (1)	100.00%	<u>\$ 12,740,000</u>
Overlapping			
South Haven Public Schools	34,002,000	50.02%	\$ 17,007,800
Allegan County	10,009,845	0.09%	9,009
Van Buren County	2,757,112	11.78%	<u>324,788</u>
Total Overlapping Debt			<u>17,341,597</u>
Total Direct and Overlapping Debt			<u>\$ 30,081,597</u>

(1) Excluding general obligation bonds reported in the enterprise funds, special assessment debt with government commitment and amount available for repayment in the debt service fund.

Source - Municipal Advisory Council

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

Legal Debt Margin Calculation for Fiscal Year 2007

Assessed value, real and personal property	\$ 450,151,500
Legal debt margin	
Debt limitation - 10 percent of total valuation	\$ 45,015,150
Debt applicable to limit	12,740,000
General obligation bonds	68,831
Less: Amount available for repayment of bonds	
Total net debt applicable to limit	12,671,169
Legal debt margin	\$ 32,343,981

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Debt limit	\$18,562,825	\$20,587,458	\$22,659,214	\$25,320,730	\$27,769,800	\$31,404,410	\$34,458,200	\$39,432,110	\$42,050,510	\$ 45,015,150
Total net debt applicable to limit	4,776,646	4,095,835	3,663,030	3,285,970	8,476,617	14,246,365	13,627,409	12,931,994	11,927,743	12,671,169
Legal debt margin	\$13,786,179	\$16,491,623	\$18,996,184	\$22,034,760	\$19,313,183	\$17,158,045	\$20,830,791	\$26,500,116	\$30,122,767	\$32,343,981

Total net debt applicable to the limit	25.73%	19.89%	16.17%	12.98%	30.50%	45.36%	39.55%	32.80%	28.37%	28.15%
as a percentage of debt limit										

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

Fiscal Year Ended 30-Jun	Gross Revenue	Direct Operating Expenses(1)_	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage (2)
				Principal	Interest	Total	
<b>Electric Utility Revenue Bonds</b>							
1998	\$ 8,069,133	\$ 7,362,374	\$ 706,759	\$ 65,000	\$ 127,638	\$ 192,638	3.67
1999	9,496,155	7,999,885	1,496,270	65,000	123,004	188,004	7.96
2000	9,399,172	8,028,854	1,370,318	70,000	117,991	187,991	7.29
2001	9,516,255	7,575,493	1,940,762	75,000	112,204	187,204	10.37
2002	9,045,029	8,189,678	855,351	80,000	106,585	186,585	4.58
2003	10,079,126	8,305,669	1,773,457	80,000	100,805	180,805	9.81
2004	9,472,686	8,611,407	861,279	85,000	94,804	179,804	4.79
2005	9,602,023	8,993,967	608,056	390,000	83,979	473,979	1.28
2006	10,238,245	9,319,810	918,435	-	68,685	68,685	13.37
2007	11,749,399	10,697,019	1,052,380	-	68,685	68,685	15.32
<b>Water Utility Revenue Bonds</b>							
2001	\$ 1,032,247	\$ 874,736	\$ 157,511	\$ -	\$ -	\$ -	0.00
2002	1,194,673	906,035	288,638	15,000	20,730	35,730	8.08
2003	1,289,701	1,190,183	99,518	15,000	22,045	37,045	2.69
2004	2,233,347	1,200,839	1,032,508	15,000	21,460	36,460	28.32
2005	1,751,019	1,412,083	338,936	15,000	20,860	35,860	9.45
2006	1,632,066	1,473,275	158,791	15,000	20,253	35,253	4.50
2007	1,853,590	1,454,415	399,175	20,000	19,898	39,898	10.00
<b>Sewer Utility Revenue Bonds - Called May 2003</b>							
1998	\$ 1,023,366	\$ 840,945	\$ 182,421	\$ 90,000	\$ 97,933	\$ 187,933	0.97
1999	1,286,347	815,054	471,293	95,000	92,112	187,112	2.52
2000	1,383,236	987,872	395,364	100,000	82,653	182,653	2.16
2001	1,134,789	939,782	195,007	110,000	73,785	183,785	1.06
2002	1,350,063	978,433	371,630	115,000	65,865	180,865	2.05
2003	1,548,840	1,272,637	276,203	905,000	55,692	960,692	0.29

(1) Operating expenses less depreciation.

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

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

<b>Year</b>	<b>Population(1)</b>	<b>Personal Income(2)</b>	<b>Per capita Personal Income(2)</b>	<b>Median Age(2)</b>	<b>Public School Enrollment(3)</b>	<b>Unemployment % Rate(4)</b>	<b>Labor Force(4)</b>
1998	5,563	N/A	N/A	N/A	2,809	4.50%	36,578
1999	5,563	N/A	N/A	N/A	2,719	4.00%	37,153
2000	5,021	\$ 97,387,316	\$ 19,396	42.10	2,628	4.00%	39,619
2001	5,021	97,387,316	19,396	42.10	2,397	4.90%	39,656
2002	5,021	97,387,316	19,396	42.10	2,435	6.40%	39,152
2003	5,021	97,387,316	19,396	42.10	2,466	7.30%	39,496
2004	5,021	97,387,316	19,396	42.10	2,355	6.60%	40,235
2005	5,021	97,387,316	19,396	42.10	2,333	6.40%	40,849
2006	5,021	97,387,316	19,396	42.10	2,332	6.50%	41,472
2007	5,021	97,387,316	19,396	42.10	2,187	6.60%	41,008

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

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

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

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

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

		<u>2007</u>		<u>1998</u>	
<u>Employer</u>	<u>Principal Product/Service</u>	<u>Employees</u>	<u>Rank</u>	<u>Employees</u>	<u>Rank</u>
Nobel Industries	Auto Parts	611	1		
South Haven Community Hospital	Health Care	367	2	263	3
Wal-Mart Stores	Retail	327	3		
South Haven Schools	Education	284	4	330	2
Trelleborg, Inc.	Auto Parts	145	5		
Village Market	Retail	129	6		
Albemarle	Pharmaceuticals	123	7	100	6
Countryside	Nursing Home	114	8		
City of South Haven	Municipal Government	70	9	74	10
Do-It Corporation	Plastic Hang Tabs	69	10		
Bohn Piston Facility	Aluminum Piston castings			470	1
Controlled Rubber Products	Molded Mechanical Rubber Products			120	4
Double J Molding	Plastic Injection Molding			110	5
Shoreline Bank	Banking			95	6
Yale - South Haven	Thermoplastic Products			90	8
Scott Aviation	Gas Masks, Safety Equipment			75	9

Source: City of South Haven

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

**Schedule 16  
City of South Haven  
City Employees by Function/Program  
Last Six Fiscal Years**

<b>Function</b>	<b>Full-time Equivalent Employees as of June 30,</b>					
	<b><u>2002</u></b>	<b><u>2003</u></b>	<b><u>2004</u></b>	<b><u>2005</u></b>	<b><u>2006</u></b>	<b><u>2007</u></b>
General Government						
City Council	7.00	7.00	7.00	7.00	7.00	7.00
City Manager	1.75	1.50	1.50	1.50	1.50	1.50
City Clerk	0.75	0.75	0.75	1.00	0.75	1.00
City Treasurer	3.00	2.50	2.25	2.50	2.50	2.50
City Assessor	1.00	1.00	1.00	1.25	1.00	1.00
Building Services	3.00	3.00	2.00	2.00	2.25	2.00
Development	-	0.50	1.00	1.25	1.25	1.25
Computer Services	1.00	1.00	1.00	1.00	1.00	1.00
Public Safety						
Police/Dispatch	32.50	31.00	31.00	30.25	31.00	31.00
Public Works						
Public Works	12.00	11.00	10.00	9.50	8.75	9.50
Cemetery	2.00	2.25	1.75	2.00	1.75	2.00
Parks and Recreation	13.50	12.50	13.00	12.75	12.50	11.75
Public Utilities	27.50	27.00	27.50	26.50	28.75	32.25
<b>Total Full-Time Equivalents</b>	<b>105.00</b>	<b>101.00</b>	<b>99.75</b>	<b>98.50</b>	<b>100.00</b>	<b>103.75</b>

SOURCE: City of South Haven payroll records

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

Function	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<b>General Government</b>										
Population	5563	5563	5021	5021	5021	5021	5021	5021	5021	5021
Area - square miles	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5
<b>Building and zoning</b>										
Number of construction permits (Calendar year)	450	421	453	407	409	380	468	395	325	(a)
Value of permits (Calendar year)	\$10,321,888	\$11,690,790	\$14,799,769	\$11,619,737	\$16,679,143	\$23,155,722	\$15,810,261	\$12,586,428	\$19,988,103	(a)
<b>Police (1)</b>										
Number of Criminal Offenses Reported	1967	2152	2032	1803	1814	1695	1412	1649	(a)	(a)
Number of Arrests	403	437	372	338	484	619	586	768	(a)	(a)
<b>Public Works (2)</b>										
Miles of local streets maintained	21.84	21.84	21.84	21.84	21.84	21.84	21.84	21.84	21.84	21.84
Miles of major streets maintained	14.87	14.87	14.87	14.87	14.87	14.87	14.87	14.87	14.87	14.87
<b>Public Utilities (2)</b>										
Miles of sanitary sewers	37	37	37	37	37	37	37	37	37	37
Sewer treatment capacity in gallons	2,190,000	2,190,000	2,190,000	2,190,000	2,190,000	2,190,000	2,190,000	2,190,000	2,190,000	2,190,000
Sewer System Connections	(a)	(a)	3025	3106	3308	3412	3524	3665	3823	(a)
Miles of storm sewers	(a)	13.6	13.6	13.6	13.6	13.6	13.6	13.6	13.6	13.6
Water plant daily capacity in gallons	4,200,000	4,200,000	4,200,000	4,200,000	4,200,000	4,200,000	4,200,000	4,200,000	4,200,000	4,200,000
Miles of water mains	54	54	54	54	54	54	54	54	54	54
Water towers	3	3	3	3	3	3	3	3	3	3
Water system connections	(a)	(a)	3300	3669	3930	4146	4402	4620	4855	(a)
Number of fire hydrants	(a)	406	406	406	406	406	406	406	406	406
Miles of electric lines	(a)	112	112	112	112	112	115	115	115	115
Number of electric connections	(a)	(a)	7000	7187	7380	7533	7534	7675	7743	(a)
Number of distribution stations	2	2	2	2	2	2	2	2	2	2

(a) Data not available

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

2 Source: City of South Haven

**Schedule 18**  
**City of South Haven**  
**Operating Indicators by Function/Program**  
**Last Ten Fiscal Years**

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<b>Police</b>										
Stations	1	1	1	1	1	1	1	1	1	1
Substations	1	1	1	1	1	1	1	1	1	1
Vehicles	10	11	11	11	11	11	11	11	11	11
Holding Cells	4	4	4	4	4	4	4	4	4	4
Canine Units	0	0	0	0	1	1	1	1	1	1
<b>Public Works</b>										
Miles of local streets	21.71	21.71	21.71	21.71	21.71	21.84	21.84	21.84	21.84	21.84
Miles of major streets	14.87	14.87	14.87	14.87	14.87	14.87	14.87	14.87	14.87	14.87
<b>Parks &amp; Recreation</b>										
Parks	10	10	10	10	10	11	11	11	11	11
Skate parks	0	0	0	1	1	1	1	1	1	1
Parks acreage	39.5	39.5	39.5	39.5	39.5	39.7	39.7	39.7	39.7	39.7
Municipal cemeteries	1	1	1	1	1	1	1	1	1	1
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	8	8	9	9	9	9	9	10	10	10
Feet of broadside dockage	500	500	500	500	500	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



## *Vredeveld Haefner LLC*

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**Peter S. Haefner, CPA**  
(616) 460-9388

October 12, 2007

To the City Council  
City of South Haven  
South Haven, Michigan

In planning and performing our audit of the financial statements of the City of South Haven (the City), for the year ended June 30, 2007, we noted certain matters involving internal control and/or operations which we would like to bring to your attention. These matters were reviewed with management and we will review these matters during future audits.

### ACCOUNTING AND FINANCIAL REPORTING

During our audit we noted that the City was accounting for various fund raising and asset acquisition activities within an agency fund. Activities accounted for in agency funds should be restricted to those instances when the City is holding assets on behalf of outside parties. We suggest the City account for fund raising and capital asset acquisition activities in the City's governmental funds.

During our audit we noted that the control totals produced by the various cash registers located at marinas and park facilities were not always being received with deposit information by the finance department. An important control in the cash receipting process is matching these cash register totals with actual deposits. We suggest that deposit information provided to the finance department by each cash collection point include original or copies of daily control total information.

### POLICIES AND PROCEDURES

New auditing procedures issued and effective for your 2008 audit require additional documentation and review of internal control. These new auditing requirements emphasize that having well documented policies for all of the City operations is important to ensuring appropriate internal control and consistent treatment of accounting transactions. We recommend the City document and periodically update the policies and procedures for all City activities. We further recommend the City Management and Council review these policies and procedures periodically to ensure the City Management and Council approves of the ways in which the City conducts its business.

- During our audit we noted that the City has not adopted formal policies and procedures regarding capital asset capitalization, classification, depreciation and disposal. We suggest that the City develop, document, approve, and implement comprehensive capital asset policies and procedures.

- During our audit we noted that the City has not adopted policies and procedures regarding material and supply inventory maintenance, accounting and valuation. We suggest that the City develop, document, approve, and implement comprehensive inventory policies and procedures.
- During our audit we noted that there were no formally documented policies and procedures for cash collections at the various marinas and parks throughout the City. We suggest the City develop, document, approve, and implement comprehensive cash collection policies and procedures.

#### NEW ACCOUNTING STANDARDS

The Governmental Accounting Standards Board recently issued Statement No. 45 *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Statement No. 45 will become effective for the City for the 2009 fiscal year and will require additional disclosure, an evaluation of those employee benefits granted to retirees, and additional expenditure recognition in the government-wide financial statements. We have discussed this statement with your staff and they are working toward implementation of this new standard.

This report is intended solely for the information and use of the City Council and Management of the City, and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

*Wendell Haefner LLC*