

CITY OF HOLLAND
HOLLAND, MICHIGAN

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2009

Prepared by:
Finance Office
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CITY OF HOLLAND

CITY OF HOLLAND

TABLE OF CONTENTS

<u>Exhibit</u>	INTRODUCTORY SECTION:	<u>Page</u>
	Title Page	i
	Table of Contents	iii-vi
	Letter of Transmittal	vii-xxviii
	Principal City Officials	xxix
	Certificate of Achievement	xxx
	Organizational Chart	xxxix
	FINANCIAL SECTION	
	Independent Auditors' Report	1-2
	Management's Discussion and Analysis	3-13
	Basic Financial Statements:	
	Government-wide Financial Statements:	
	Statement of Net Assets	15
	Statement of Activities	16-17
	Fund Financial Statements:	
	Balance Sheet – Governmental Funds	18
	Reconciliation of Fund Balances on the Balance Sheet for Governmental Funds to the Net Assets of Governmental Activities on the Statement of Net Assets	19
	Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	20
	Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	21
	Statement of Revenues, Expenditures and Changes in Fund Balances – Budget (Modified Accrual Basis) and Actual - General Fund	22
	Statement of Fund Net Assets – Proprietary Funds	24-25
	Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds	26-27
	Statement of Cash Flows – Proprietary Funds	28-31
	Statement of Fiduciary Assets and Liabilities – Agency Funds	32
	Notes to Financial Statements	33-64
	Required Supplemental Information	65
	Supplemental Information – Combining and Individual Fund Financial Statements and Schedules	
	General Fund	
A-1	Balance Sheet	68
A-2	Schedule of Revenues – Budget (Modified Accrual Basis) and Actual	69
A-3	Schedule of Expenditures – Budget (Modified Accrual Basis) and Actual	70-71
A-4	Schedule of Transfers– Budget (Modified Accrual Basis) and Actual	72

(Continued)

CITY OF HOLLAND
TABLE OF CONTENTS (CONTINUED)

<u>Exhibit</u>		<u>Page</u>
Supplemental Information – Combining and Individual Fund Financial Statements and Schedules (Continued)		
Nonmajor Governmental Funds		
B-1	Combining Balance Sheet	88-95
B-2	Combining Statement of Revenues, Expenditures and Changes in Fund Balances	96-103
	Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Modified Accrual Basis) and Actual:	
B-3	Major Street Fund	104
B-4	Local Street Fund	105
B-5	Allegan County Road Tax Fund	106
B-6	Street Improvements Reserve Fund	107
B-7	Public Parking System Fund	108
B-8	Snowmelt Operating System Fund	109
B-9	Principal Shopping District Fund	110
B-10	Contested Assessments Defense Fund	111
B-11	CATV – (Public Access Channels) Fund	112
B-12	Revolving Cash Assistance Fund	113
B-13	Specified Donations Fund	114
B-14	Dangerous Structures Fund	115
B-15	Employees Benefit Fund	116
B-16	Property Acquisition Fund	117
B-17	Environmental Cleanup Fund	118
B-18	Airport Donations Fund	119
B-19	Police Criminal Justice Training Fund	120
B-20	Ottawa County Batmobile Grant Fund	121
B-21	Anti-Drug Abuse Act Grant - "W.E.M.E.T." Fund	122
B-22	Office of Highway Safety Planning (OHSP) Grant Fund	123
B-23	Law Enforcement Block Grants Fund	124
B-24	Federal Emergency Management Agency (FEMA) Grant Fund	125
B-25	Palm Live Scan Grant Fund	126
B-26	Food Stamp Nutrition Education Grant Fund	127
B-27	District Library Taxation Fund	128
B-28	Bicentennial Celebration Fund	129
B-29	M.S.H.D.A. Grants Fund	130
B-30	Community Development Block Grant (CDBG) Grants Fund	131
B-31	Neighborhood Impact Program (NIP) Grant Fund	132
B-32	Budget Stabilization Fund	133
B-33	Cemetery Perpetual Care Fund	134

(Continued)

CITY OF HOLLAND
TABLE OF CONTENTS (CONTINUED)

Exhibit		Page
Supplemental Information – Combining and Individual Fund Financial Statements and Schedules (Concluded)		
Nonmajor Enterprise Funds		
C-1	Combining Statement of Fund Net Assets	138-139
C-2	Combining Statement of Revenues, Expenses and Changes in Fund Net Assets	140-141
C-3	Combining Statement of Cash Flows	142-145
Internal Service Funds		
D-1	Combining Statement of Fund Net Assets	152-154
D-2	Combining Statement of Revenues, Expenses and Changes in Fund Net Assets	156-158
D-3	Combining Statement of Cash Flows	160-162
Fiduciary Funds		
Agency Funds:		
E-1	Combining Statement of Fiduciary Assets and Liabilities	164
E-2	Combining Statement of Changes in Fiduciary Assets and Liabilities	165-166
Component Units		
Downtown Development Authority:		
F-1	Balance Sheet	169
F-2	Reconciliation of Fund Balances on the Balance Sheet for the Downtown Development Authority to Net Assets of Governmental Activities on the Statement of Net Assets	170
F-3	Statement of Revenues, Expenditures and Changes in Fund Balances	171
F-4	Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of the Downtown Development Authority to the Statement of Activities	172
F-5	Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (Modified Accrual Basis) and Actual	173
Brownfield Redevelopment Authority:		
G-1	Balance Sheet	174
G-2	Statement of Revenues, Expenditures and Changes in Fund Balances	175
G-3	Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (Modified Accrual Basis) and Actual	176

(Continued)

CITY OF HOLLAND
TABLE OF CONTENTS (CONCLUDED)

<u>Exhibit</u>	<u>Statistical Section (Unaudited)</u>	<u>Page</u>
	Statistical Section Table of Contents	177
	Financial Trends Information	
H-1	Net Assets by Component	178
H-2	Changes in Net Assets	179-180
H-3	Fund Balances for Governmental Funds	181
H-4	Changes in Fund Balances for Governmental Funds	182-183
	Revenue Capacity Information	
I-1	Actual Value of Taxable Property	184
I-2	Direct and Overlapping Property Tax Rates	186-187
I-3	Principal Property Tax Payers	188
I-4	Property Tax Levies and Collections	189
	Debt Capacity Information	
J-1	Ratios of Outstanding Debt by Type	190-191
J-2	Ratios of General Bonded Debt Outstanding	192
J-3	Direct and Overlapping Governmental Activities Debt	193
J-4	Legal Debt Margin Information	194-195
J-5	Pledged-Revenue Coverage	196-198
	Demographic and Economic Information	
K-1	Demographic and Economic Statistics	199
K-2	Principal Employers	200
	Operating Information	
L-1	Full-time Equivalent City Government Employees by Function	201
L-2	Operating Indicators by Function	202-203
L-3	Capital Asset Statistics by Function	204

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December 14, 2009

TO CITY OF HOLLAND CITIZENS AND OTHER INTERESTED PERSONS:

The *Comprehensive Annual Financial Report of the City of Holland (CAFR)* for the fiscal year ended June 30, 2009, is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with City management. To the best of our knowledge and belief, the data as presented is accurate in all material respects and reported in a manner that fairly sets forth the financial position and results of operations of the various funds of the City. All disclosures considered necessary to enable the reader to gain an understanding of the City's financial activities are included. We believe that internal control procedures and policies currently in place provide reasonable assurance for proper recording of financial transactions and asset accountability. While a rigorous system of internal controls has been implemented over the years, these controls are continually reviewed and enhanced due to the inherent limitations of any system.

This report is prepared in accordance with Section 9.11 of the City Charter which requires that an independent audit shall be performed at least annually. The top levels of City management have indicated that integrity and legal compliance are a top priority for this organization.

Best use of this report should include a review of the Management's Discussion and Analysis (MD&A) which can be found in the Financial Section. Readers will also find many summarized and informative presentations in the Statistical Section which includes tables that reflect economic and financial data and trends, together with the current fiscal capacity of the City.

After nine years in a row of lowering or maintaining its overall tax millage rate in conformance with the established financial policy to maintain the lowest millage rate possible, the City had a 0.1 mill increase. Ending combined fund equity balances in the General Fund and the Budget Stabilization Fund, at 17.8% of the ensuing year's General Fund appropriations, exceed conformance with the City's financial policy to maintain a 7.5%-15% balance across both funds.

PROFILE OF THE GOVERNMENT

The City of Holland is located in the western portion of the state, five miles from Lake Michigan and approximately 90 miles north of the Michigan-Indiana border. The corporate boundaries of the City lie within portions of Ottawa County and Allegan County. The U.S. Census Bureau's final adjusted 2000 census indicates a population of 35,048 with a median age of 29.2 years. The 2008 population estimate is 34,076, representing a 2.8% decrease. At June 30, 2009 the City included an area of 17.35 square miles, 148.55 miles of major and local streets and 11.20 miles of state trunkline highways. Holland is situated within the rapidly urbanizing metro tri-plex of Holland, greater Grand Rapids and Muskegon with a total population of over one million.

The present City charter was adopted in 1950, under authority and provisions established by the State of Michigan Home Rule City Act. There have been various voter-approved amendments to the charter over the years. The charter mandates a Council-Manager form of government. The Council is comprised of nine members including an elected Mayor, two council members elected at-large, and six members elected by ward. The City Manager is responsible to implement and administer policies and programs outlined in the annual budget and by various actions of the Council. An organization chart is included to better comprehend the total governmental structure.

PROFILE OF THE GOVERNMENT

(Continued from Previous Page)

The City Charter requires a *Holland Board of Public Works (HBPW)* appointed by the City Council to manage and operate municipally-owned utilities (electric, fiber-optics, water, and wastewater). The HBPW is administered and operates under separate management, financial administration, and operating staff. Financial administration of general government services and activities are performed by the *City Finance Office*. This report includes the funds and financial information of both offices.

The City provides the full range of municipal services normally associated with a municipality including police and fire, environmental health, housing and building inspections, animal control, street construction and maintenance, planning & zoning, recreation programs, several municipal parks, cemetery facilities, an out-of-doors farmers market and various other cultural activities. The City also operates business-type activities for an electric and fiber optics utility, sanitary sewer utility, water supply utility, residential refuse/recycling curbside pickup program, and a Dutch theme tourist park attraction. Public library buildings are owned by the City of Holland Building Authority and leased to the Herrick District Library which is financially supported by the City of Holland together with three surrounding townships. A combination fixed route and personalized bus/van transportation service, which leases the City owned transportation center (depot) also servicing the railroad, is operated and taxed by a separate transportation authority including the City and Holland Township. A City owned airport facility is leased to an airport authority which includes the City of Zeeland and Park Township.

The City enjoys a well-diversified property tax base mix of residential (50.0%), commercial (24.7%), industrial (24.7%), and all other (0.6%). The industrial sector includes a diversification of manufacturing, including office systems & furniture, auto and truck parts, boats, aluminum extrusion, pickle & cucumber products, soft drinks, and several other small industrial firms.

The annual budgeting process is conducted in accordance with *State of Michigan Act 2 of 1968*, as amended through *Act 493 of 2000*, together with *Sections 9.4 and 9.5 of the City Charter*. Formal budgets are established for the General, Permanent and Special Revenue funds. Informal budgets are established for the Debt Service, Enterprise and Internal Service Funds, and Component Units. Informal budgets for Capital Projects are also approved through the annual budgeting process and, in many instances, individually by the City Council throughout the fiscal year.

Financial planning and control is provided through the annual budget process which is supplemented by ongoing management review and adjustment, as needed, throughout the year. The formalized annual process begins in January when the City Council meets with the citizens of Holland to obtain input into the upcoming budget process. The City Council next meets to prioritize the upcoming budget issues. In mid-February department managers submit budget requests to the City Manager. A detailed review, analysis and revision to the departmental requests is performed by the City Manager in March. At the first council meeting in April the City Manager's overall budget request is submitted to the City Council and citizens. Later in April a series of budget study meetings are held by the City Council. At the first council meeting in May a public hearing is held on the proposed annual budget followed by adoption of a final budget resolution including establishment of property tax millage rates.

The City government's employed staff includes 405 filled full-time positions, and approximately 600 part-time positions. The full-time workforce is composed of a base of non-union plus four organized labor bargaining units as follows:

Employee Group	Affiliation	Members
Utility Workers	Service Employees International Union AFL-CIO, Local 568	95
Utility Clerical	Service Employees International Union AFL-CIO, Local 568	14
Police Officers	Fraternal Order of Police, Holland Police Officers Division	58
Firefighters	International Association of Firefighters, Local 759	25
Non-Union	None	213

THE FINANCIAL REPORTING ENTITY

Governmental Accounting Standards Board (GASB) issues authoritative statements and pronouncements that require compliance for acceptable government financial reporting. *GASB Statement No. 14* provides definition for *The Financial Reporting Entity* to include all funds, agencies, boards, commissions, and authorities that are controlled by or dependent upon the primary government unit for their on-going existence. *The Financial Reporting Entity* is composed of the:

- *primary government* (together with *blended component units* that, although legally separate, are so tightly intertwined with the primary government that they are, in essence, the same as the primary government)
- *discretely presented component units*.

Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The requirements of *GASB Statement No. 14*, and the further amendments to this statement made by *GASB Statement No. 39*, are addressed in this report. Component units that require discrete reporting presentation are the *Downtown Development Authority*, the *Economic Development Corporation (no activity in current year)*, the *Holland Historical Trust* and the *Brownfield Redevelopment Authority*. These four component units are legally separate organizations for which the Holland City Council is financially accountable; and/or for which the nature and significance of their relationship with the City are such that exclusion would cause the financial statements to be misleading or incomplete. The Holland Building Authority has been blended into the City's financial statements and is not presented discretely. The component units are further identified in Note 1 of the *Notes to Financial Statements*.

The *CAFR* for the City of Holland is prepared in conformance with the requirements delineated by *GASB Statement No. 34* which established new financial reporting requirements for state and local governments.

ECONOMIC CONDITIONS OF THE COMMUNITY

The City of Holland enjoyed sustained growth of its business community throughout the decades of the 1970's and 1980's and into the 1990's, both in terms of increases in property tax base and the overall employment environment. Because of the diversity of the business community within the City of Holland, economic downturns have not been as severe in the past as in several other areas of the State whose economies are centered around one large type of industry, such as automotive.

The local West Michigan area has been impacted by the national economic downturn which began in 2001. The following table of comparative unemployment rates paints a vivid picture reflecting 2003 as the first peak of the downturn and 2008's second peak downturn following suit with national and state trends. Approximately 38% of the City of Holland's tax base is in Allegan County and 62% is in Ottawa County.

Comparative Unemployment Rates

Annual Average	City of Holland	Holland/Grand Haven Metro Area	County of Ottawa	County of Allegan	State of Michigan	United States
<u>2009 to date</u>	<u>16.2</u>	<u>12.7</u>	<u>12.7</u>	<u>13.0</u>	<u>14.0</u>	<u>9.1</u>
2008	9.2	7.0	7.0	7.7	8.4	7.2
2007	7.3	5.6	5.6	6.3	7.2	4.6
2006	6.9	5.2	5.2	6.0	6.9	4.6
2005	6.8	5.1	5.1	6.2	6.8	5.1
2004	7.3	5.5	5.5	6.6	7.0	5.5
<u>2003</u>	<u>7.8</u>	<u>5.9</u>	<u>5.9</u>	<u>6.6</u>	<u>7.1</u>	<u>6.0</u>
2002	7.0	5.4	5.4	5.6	6.2	5.8
2001	5.3	4.1	4.1	4.2	5.2	4.7
2000	3.5	2.7	2.6	2.8	3.7	4.0

ECONOMIC CONDITIONS OF THE COMMUNITY

(Continued from Previous Page)

The unemployment figures should be reviewed in tandem with the labor force figures which, prior to 2007, indicated positive growth since the low point in 2002. Ottawa County continues to experience an increase in population and diversified labor force and is one of the fastest growing counties in the Midwest. Between 2002 and 2007 total employment in Ottawa County grew by 5,536 jobs overall, but 2009 has shown a decrease of 16,708 jobs from 2007, with a 12,893 job loss just since 2008. Between 2006 and 2009 total employment in the City of Holland fell by 2,301 jobs compared to a statewide loss of 542,897 jobs. Lakeshore Advantage, which provides regional economic development services for the Holland, Zeeland and Saugatuck area, indicates that "since 1990 the area's population has grown over 30% making it one of the most attractive places to live and work in the Midwest". The cities in the Lakeshore Advantage area of West Michigan are experiencing either very modest increases or slight declines in population, but the area townships have doubled in population since 2000.

City of Holland Labor Force

	<u>Employed</u>	<u>Unemployed</u>	<u>Labor Force / % Change</u>	
2009 to date	15,044	2,907	17,951	-1.16%
2008	16,491	1,671	18,162	-1.25%
2007	17,042	1,350	18,392	-1.30%
2006	17,345	1,290	18,635	+1.71%
2005	17,071	1,250	18,321	+2.09%
2004	16,629	1,317	17,946	+1.30%
2003	16,334	1,381	17,715	+0.44%
2002	16,398	1,240	17,638	-3.11%
2001	17,232	972	18,204	-0.15%
2000	17,595	636	18,231	

The W.E. Upjohn Institute for Employment Research Business Outlook for West Michigan September 2009 publication stated that "employers in Ottawa County have been shedding workers at a faster pace than in any other part of West Michigan and losses last quarter were felt across every sector of the economy". The Manpower Employment Outlook Survey for the Holland-Grand Haven area indicates a slightly worsening job market and hiring at an unsteady pace. Media announcements of local planned layoffs seem to have tapered off, evidenced by initial claims for unemployment insurance falling by more than one-third during the last quarter. The Holland area downturn has been worse than seen elsewhere in West Michigan. The goods producing sector has been the hardest hit, especially the automotive equipment and furniture sectors. Some recent positive announcements that affect the Holland area include:

- Massive layoffs have occurred at Magna Donnelly, Johnson Controls, SAF-Holland (formerly Holland Hitch), Herman Miller and Gentex over the last few years. Randy Thelen, president of Lakeshore Advantage, reports that Johnson Controls, Magna Donnelly and Gentex have been quietly pulling back some employees in very recent months.
- Over the coming year Haworth anticipates creating more than 500 jobs due to consolidation of its Canadian manufacturing operations in Holland. Much of the hiring is anticipated to occur by the end of calendar year 2009. Haworth's chief financial officer John Mooney has indicated the company feels very good about the work force in western Michigan and that available workers was one of several factors involved in the decision.

ECONOMIC CONDITIONS OF THE COMMUNITY

(Continued from Previous Page)

- Johnson Controls – SAFT (JCS) estimates it will create 300 new full-time jobs within the first 3 years and 550 new jobs within 5 years of the start-up of its recently approved advanced hybrid electric vehicle battery plant in the City of Holland.
- Energetx Composites LLC of Holland announced expansion plans in June anticipated to create 1,068 new jobs. Their technology will design, engineer and manufacture turbine blades for utility-scale turbines.

The three major Ottawa County auto industry tier one suppliers which are the most vulnerable to the Big Three automakers restructuring are Johnson Controls Interiors (JCI), Gentex Corporation and Magna Donnelly. Across the county, but not solely within the City of Holland, these three local companies employ about 6,000 workers currently compared to 8,600 in 2004, or a 30% reduction. Major cutbacks for any of these companies has a major impact on the City's overall economy. Fortunately there is much other diversity in furniture, boatbuilding, the food industry and new technologies.

Since 2004 Holland's largest employer Johnson Controls Interiors (JCI) has outsourced or eliminated about 2,600 jobs in the City of Holland. In April 2007 operational management of the JCI Southview plant was taken over by Plastech, but in 2008 Plastech workers were reverted to JCI management control. The combined workforce has made a 22.7% gain over the past year from a low of 1,869 up to 2,293. In August 2009 it was announced that JCI had been awarded a \$299 million grant by the U.S. Department of Energy in order to produce advanced batteries for hybrid electric vehicles and lithium-ion cells. The State of Michigan has awarded \$145 million in tax credit incentives to JCI to produce these batteries. JCI has chosen its existing Meadowbrook site in the City as the location for this venture anticipated to create 550 new jobs within 5 years. JCI is partnering with Saft, a French manufacturer of high-tech batteries to create Johnson Controls-Saft (JCS) and hopes to begin production before the end of 2010. The batteries will be built for Ford Motor Company plug-in hybrid vehicles.

The City is anxiously awaiting a decision by Compact Power Inc., a subsidiary of South Korean based LG Chem Ltd., on whether Holland will be their choice of a Michigan location to build a \$303 million lithium-ion plant to produce battery packs used in the Chevrolet Volt. Other Michigan communities in the running include Pontiac and St. Clair. The plant is to be completed by the end of June 2013 after construction begins next July.

LeanLogistics, Inc. is relocating its existing 105 workers and equipment from its City of Zeeland facility to the City of Holland. They anticipate adding 580 additional jobs and \$11 million in new equipment over the next five years. LeanLogistics, a logistical optimization center, is a global leader in innovative on-demand transportation technology and supply chain services. These white collar jobs will be a very positive addition to the local workforce. Also awaiting formal approval is a NOVO 1 Call Center which expects to hire 114 employees by the end of 2010 and 341 more by the end of 2014 and invest \$1.2 million mainly in equipment. December 2009 MEDC approval is anticipated.

Haworth, Inc., the fourth largest furniture maker and Holland's second largest employer, posted \$1.65 billion in sales (12% growth) for 2008 as the company has transitioned into a multinational business with much activity in the Asian and Indian markets. Locally in Holland, Haworth employment levels have dropped to 1,699 employees which is a reduction of 155 below the prior year. Their \$40 million Holland world headquarters reconstruction and \$47 million equipment and machinery expansion completed in 2008, signals a significant commitment to Holland as their overseas markets continue to use the services (finance, customer service, sales, design) of their Holland world

ECONOMIC CONDITIONS OF THE COMMUNITY

(Continued from Previous Page)

headquarters. Consolidation of their Canadian manufacturing operations to Holland over the next year should boost employment levels back up to 2004 levels. In 2008, Haworth celebrated its 60th anniversary and is committed to being a leader in the design and construction of more sustainable buildings and workspaces. Haworth has 7,500 employees worldwide.

Holland Community Hospital maintained status quo staffing levels in 2009 and currently employees 1,304 full-time equivalent plus another 496 part-time. The hospital anticipates their work force to remain stable over the coming year. In 2007 they completed a three year \$45 million expansion project. This year the inpatient behavioral health unit was expanded to 209 beds. In 2009 the hospital completed renovations creating an Endoscopy Center. Brick upgrades to the external hospital façade and installation of energy efficient windows were recently completed. In 2008 Holland Hospital was named one of the “100 Best Places to Work in Healthcare” by the magazine Modern Healthcare. Holland has become known as a popular retirement spot and was cited in a 2006 issue of Money magazine among the top five retirement places in the United States. The local healthcare industry, and other service and professional sectors of the Holland economy, should continue to benefit from this demographic trend.

While there are many positive indicators for the upcoming year, they are tempered by many layoffs and cutbacks over the past year. Hope College has managed to slightly increase their workforce over the last year. Despite a \$12 million building expansion at S-2 Yachts and installation of an additional \$6 million of equipment in 2008 the workforce has been reduced by roughly 40% over the past year. Genzink Steel put their \$7.4 million wind turbine expansion project on hold and has cut their staff by 42% down to 125 over the past year. Lakeshore Advantage reports that West Michigan is number one in the U.S. for the number of mechanical engineers per capita reflective of a skilled local workforce ready to support an innovative future economy.

The City currently has 13 Brownfield Redevelopment Authority projects (two are completed and no longer capturing taxes) approved and in various stages of construction completion which are anticipated to spur development on obsolete or blighted properties within the City. The City issued \$4.0 million in bonds in July 2008 and is capturing Brownfield taxes to service the debt which financed the 258 space two-story *parking structure* constructed along 7th Street. The structure opened in 2009 to serve and promote the expanding downtown development. *Scrap Yard Lofts*, a \$3.8 million downtown Holland residential and commercial condominium Brownfield project, including 23 residential lofts, has vastly improved a four-story dilapidated building which has been vacant for decades. Phase one construction of *Scrap Yard Lofts* is completed and phase two, which is 25% completed, will create additional office space with an investment of \$1.6 million. A \$10 million phased in waterfront retail project with 27 residential condominiums and a shopper dock is in the final stages of obtaining Brownfield approval. It is anticipated this will fuel a renaissance of sorts for the nearby Southshore Village commercial district.

Since 2000, the State of Michigan’s economy has been in a downward spiral. According to the Michigan Department of Labor & Economic Growth unemployment was up by 296,000 and the labor force fell by 83,000 between September 2008 and September 2009. The unemployment rate jumped from 8.5% to 14.8% over the same time period. Real unemployment is estimated at 19.4% to include those who have stopped looking for a job. Michigan is one of the hardest hit by the distressed automotive sector and housing foreclosure crisis. Two of the Big Three automakers tapped into a federal loan package and have gone through restructuring to help them stay afloat through the recession. Three out of four Michigan auto related jobs have been lost since 2000.

Although the State has successfully balanced budgets in each fiscal year since the financial crisis began nine years ago, this has been accomplished by the use of reserves, federal stimulus funds,

ECONOMIC CONDITIONS OF THE COMMUNITY

(Continued from Previous Page)

one-item fixes, spending cuts, greatly reduced staffing levels, per pupil school funding reductions and large cuts in state revenue sharing to local governments. Michigan's new Michigan Business Tax (MBT) replaced the Single Business Tax (SBT) in 2008 and while manufacturers are experiencing significant tax reductions, the service sector, banks, insurance companies and real estate are paying significantly more. Of Michigan's 128,000 based firms that pay the MBT about 85,000 have received a decrease and about 34,000 received a tax increase and the rest are paying about the same as before.

It is projected that even with an improving economy, state government spending pressures will grow faster than state revenues for the next decade. The May 2008 Citizens Research Council of Michigan report entitled Michigan's Fiscal Future suggests substantial policy changes must be adopted in K-12 school funding, transportation and several areas in the general fund. Michigan's Transportation Funding Task Force has released a preliminary report calling for increased funding for Michigan's entire transportation system and future related legislation will greatly impact the City of Holland's ability to adequately fund road construction projects. K-12 school funding is cut by 4.8% in the State's FY2010 budget which will cause further staff reductions in schools across the state.

The City of Holland has been directly impacted by the State of Michigan budget crisis which has most noticeably been felt in the form of state revenue sharing cuts. Annual City state revenue sharing receipts have dropped 35.6% from the 2001 highest levels and the City has struggled to maintain services while maintaining the overall City property tax rate (tax rate increased 0.1 mills in FY2009 with addition of new airport authority millage). Public officials felt that it was important not to raise taxes when so many citizens were impacted by the statewide economic downturn. The recently approved State budget calls for a 11% reduction in sales tax distributions to local governments for FY2010 compared to FY2009, but there is also a looming possibility of potential further mid-year reductions requiring the City to maintain a tight rein on spending.

Based on 2009 industrial facilities tax abatements granted by the City of Holland, 714 new jobs are anticipated to be created along with \$5.5 million of new related construction and machinery. In 2007, Ottawa County was the second highest county in the State of Michigan in terms of number of tax abatements issued (61 certificates, \$172.2 million investment). The Land Policy Institute issued in October 2007 a Policy Brief regarding PA 198 Industrial Facilities Tax Abatements. It stated that 25 Michigan communities represent approximately 36% of total tax abatements granted in the State of Michigan. City of Holland ranks third on this list with 373 abatements issued, just behind Grand Rapids (522) and Holland Charter Township (478). Planned investment in industrial tax abatements declined by 64% from 2008 (\$15,214,598).

The following table identifies the 2009 industrial tax abatements issued by the City. Although the value of abatements is down by \$9.7 million from 2008, the projected job growth is up by 611.

<u>Company</u>	<u>Development</u>	<u>Planned Investment</u>	<u>Projected Job Growth</u>
<u>Industrial Facilities Tax (IFT's) 2009</u>			
LeanLogistics, Inc.	Transportation Software	\$3,280,500	580
LeanLogistics, Inc. (transfer from Zeeland)	Transportation Software	\$180,389	105
ICON Shelter Systems, Inc. (transfer from Zeeland)	Site and Street Shelters	\$817,200	27
ICON Shelter Systems, Inc.	Site and Street Shelters	\$427,600	0
Hudsonville Creamery	Food Production	<u>\$782,234</u>	<u>2</u>
		<u>\$5,487,923</u>	714

ECONOMIC CONDITIONS OF THE COMMUNITY

(Continued from Previous Page)

Building permit construction values decreased overall by 59.3% from FY2008 (\$51.0 million) to FY2009 (\$20.8 million). Industrial and commercial building permit construction values decreased 56.7%, residential decreased 20.0% and institutional/municipal decreased by 73.3%.

In recent years, the adjacent surrounding townships have experienced a greater rate of growth for residential, commercial and industrial than has the City; primarily due to land availability. However, the annexation of more than 1,100 acres on December 31, 1999 provided the City with additional land for future growth and expansion to the south. The airport tunnel and runway extension project completed in 2005, in the area adjacent to the annexed area, is expected to be accompanied by many economic rewards to the area's business climate as the economic recovery progresses.

There are many bright spots on the horizon for Holland despite flat economic indicators. Major institutional construction projects during 2009 included the \$3.9 million Hope College Van Andel Soccer Stadium and the \$1.46 million Holland Hospital endoscopy facility relocation. Also completed in 2009 is the \$2.1 million 30 unit addition to the Appledorn Living Center, a senior citizen assisted living facility. The downtown Holland Rescue Mission got a facelift with a \$1 million dormitory remodeling project. Construction of a \$4.0 million single home lakefront project along South Shore Drive is underway. Money magazine ranked Holland fourth on the magazine's list of "Where Homes Are Affordable" in 2009.

It should also be noted that the Holland Aquatic Center, Herrick District Library and Evergreen Commons Senior Center facilities are considered top notch for a community of this size. The City maintains a high 51% demographic of households as married-couple families which compares very favorably to most other cities. Neighborhood improvement projects continue to be a top priority of the Holland City Council and \$595,000 in local and grant funds were expended in homeowner and neighborhood improvements in FY2009.

The metro tri-plex area in West Michigan is considered a mecca for the arts and the quality of life in the City of Holland is further enhanced by the presence of four institutions of higher learning. Hope College's centralized location, adjacent to Holland's downtown area, contributes to the wide range of activities. interaction and economic benefit offered to the community. Enrollment at Hope College is holding steady despite a challenged national economy. Enrollment across all City colleges and universities is up by 504 from a year ago.

<u>Higher Education Institution</u>	<u>Enrollment (Degree Seeking)</u>
Hope College	3,230
Grand Valley State University (Meijer Campus)	529
Grand Rapids Community College (Midtown Campus)	327
Grand Rapids Community College (Meijer Campus)	117
Davenport University	<u>572</u>
Total	4,775

ECONOMIC CONDITIONS OF THE COMMUNITY

(Continued from Previous Page)

Business is vibrant and expanding in downtown Holland. Construction was completed in 2006 on the DeVos Fieldhouse and in 2009 on the Van Andel Soccer Stadium by Hope College in the Eastern Gateway area of the downtown which has enhanced the downtown area both aesthetically and economically, offering a wide venue of sports and entertainment events.

City Flats, a boutique hotel located on the northwest corner of 7th and College Avenue, opened in 2008 at a cost of \$10 million and is a prototype for similar developments by Charter House Innovations (CHI). The City Flats Hotel was designed to earn certification as a LEED Silver hotel due to its environmentally conscious design. There are only seven to ten LEED certified hotels in the world and City Flats was the first in the Midwest. The Holland/Grand Rapids area is ranked 7th for the largest concentration of “Green Building” projects in the U.S. Kirk Koeman, director of development for CHI says “over the past 20 years, Holland has turned into one of the best downtowns in the country with wonderful entertainment and shopping”.

In the Western Gateway area of the downtown, the canopied 8th Street Market is considered one of Michigan’s premier twice-weekly open-air produce shopping events. The Market offers special programs such as a chef series, children’s activities and cooking contests. A current occupancy rate of 93.4% in the central business district reflects - in large part - the administrative efforts and promotional activities of the Downtown Development Authority (DDA) and Principal Shopping District (PSD). Several downtown sponsored marketing events, such as the street performer series, ice sculpting competition, “Girlfriends Weekend” and “Groove Walk” highlight the City as an entertainment destination. Budget Travel magazine recently featured a travel article on downtown Holland in a section devoted to girlfriend getaways.

The downtown continues to draw evening crowds for shopping, eating, entertaining, nightlife and lodging. Holland ranks among the top Michigan cities with the largest number of smoke-free restaurants and strives to be a “cool city” in order to retain and draw young residents. Innovative snowmelt in downtown sidewalks and roads, which covers 405,000 square feet, helps to keep the central business district vibrant and pedestrian friendly during the winter months. The two-story 7th Street Parking Deck which recently opened added 258 parking spaces to the east end of the downtown area.

The most recently assigned credit ratings to City of Holland debt are as follows:

Moody’s Investor Service (reviewed and rated April 2004)	Aa3
Standard & Poor’s (reviewed and rated July 2008)	AA

GOVERNMENTAL-TYPE FUNDS

FUND BALANCES

The following comparison itemizes actual Fund Balances across all general governmental funds (excluding Component Units) and the change from the prior year:

	FUND BALANCES		
	@ June 30, 2008	@ June 30, 2009	Increase (Decrease)
General Fund	\$ 2,336,046	\$ 2,565,612	\$ 229,566
Special Revenue Funds	3,884,260	3,416,737	(467,523)
Debt Service Funds	826,450	753,755	(72,695)
Capital Projects Funds	1,397,938	834,822	(563,116)
Permanent Trust Funds	1,605,979	1,538,697	(67,282)
Totals	\$ 10,050,673	\$ 9,109,623	\$ (941,050)

Additional Comments Concerning Certain Fund Balances

- Looking forward from FY2009 the *General Fund – Fund Balance* of \$2,565,612 at June 30, 2009 was originally budgeted to decrease by \$13,760 in the ensuing FY2009-10. Lower investment earnings than originally projected are currently estimated to result in an additional \$117,000 drop in fund balance. FY2010 ending fund balance estimates are also lowered by \$488,526 for currently known State budgeted revenue sharing revised cuts. Further mid-year reductions in State revenue sharing could lower the currently *estimated* June 30, 2010 fund balance of \$1,912,901, but savings from unfilled vacant positions and budgeted items placed on hold will most likely offset any further revenue reductions or health insurance cost increases.
- The decrease in the *Fund Balance of the Special Revenue Funds* in FY2009 mainly resulted from transfers from the Allegan County Road Tax Fund and the Street Improvements Reserve Fund to major road construction projects including, but not limited to the Maple Avenue, Country Club Road, 12th Street and Resurfacing Program projects. Reductions in the fund balance of the Budget Stabilization Fund also had an impact. The decline in the *Fund Balance* of the *Capital Projects Funds* resulted from major planned expenditures in the Kollen Park Renovation project.
- The Budget Stabilization Fund (in the Special Revenue Funds section) ended the fiscal year with an *Undesignated Fund Balance* of \$1,176,446; which at 5.6% is less (by \$931,136) than the internally-established guideline targeted at 10% of the ensuing fiscal year General Fund budget, or \$2,107,582. Across both the Budget Stabilization and General Funds an adequate 17.8% balance of the ensuing FY2009-10 budget exists.

CAPITAL PROJECTS

Expenditures in the *Capital Projects Funds*, excluding interfund transfers, totaled \$9,474,269 for FY2009 as compared to \$6,390,686 for FY2008. More significant projects with expenditures exceeding \$100,000 during the fiscal year included:

INFRASTRUCTURE PROJECTS	
Country Club Road, 8 th to 16 th	\$ 784,442
12 th Street, Pine to Fairbanks	582,722
Resurfacing Program	482,762
Maple Avenue Drain / Roadway, from 8 th to 24 th	370,898
7 th and 9 th at Columbia Traffic Signals	200,234
Railroad Crossing Closings (11 th , 12 th , 17 th)	154,565
MUNICIPAL CAPITAL PROJECTS	
7 th Street Parking Deck	\$ 4,162,402
Kollen Park Renovation (Includes Cleveland Avenue Improvements)	1,475,111
North Parking Lot Kollen Park / Walkways – Boatwerks	237,664
Window-on-the-Waterfront / Van Bragt Park	167,918
Ourstreet Improvements	142,849

GOVERNMENTAL-TYPE FUNDS

CAPITAL ASSETS – GOVERNMENTAL ACTIVITIES

In fiscal year 1991, a professional appraisal firm assisted with the inventory and recording of all governmental capital assets, including assignment of appraised values based on estimated original cost. Since that initial establishment, the City has maintained all additions, deletions, changes and transfers of capital assets. Prior to the close of the fiscal year ended June 30, 2006, an appraisal firm was contracted to establish all infrastructure capital assets not previously capitalized including roads, bridges, tunnels, drainage structures, traffic signals and sidewalks. In addition, City staff researched and established retrospective easements. Depreciation of governmental activity capital assets is recognized under GASB 34. Inclusion of infrastructure and easements, along with related annual maintenance, brings the City into full compliance with GASB34 regarding capital assets. Beginning with FY2009 the City's capitalization threshold was raised from \$500 to \$5,000.

INTERNAL SERVICES

INTERNAL SERVICE FUNDS

The following tabulation summarizes Internal Services financial operations for the fiscal year in more detail than is found in the financial statements:

Internal Service Operation	FY2009 Revenues	FY2009 Expenses	Working Capital * @ June 30, 2008	Working Capital * @ June 30, 2009
<u>Technology Services:</u>				
Computer Services	\$ 523,914	\$ 738,674	\$ 370,882	\$ 307,997
Postage Services	20,609	25,659	6,767	7,201
Communication Services	<u>108,748</u>	<u>120,776</u>	<u>8,360</u>	<u>8,276</u>
Total Technology Services	653,271	885,109	386,009	323,474
<u>Equipment Services:</u>				
Fuel Dispensing	722,008	719,061	61,497	66,989
Centralized Vehicle/Equip.	2,301,011	2,440,393	1,946,878	1,628,432
Fire Vehicle	<u>6,562</u>	<u>104,477</u>	<u>111,237</u>	<u>234,176</u>
Total Equipment Services	3,029,581	3,263,931	2,119,612	1,929,597
<u>Other:</u>				
Compensated Absences	32,997	32,997	-0-	-0-
<u>Insurance Services:</u>				
- Workers Compensation	290,410	275,639	423,963	438,734
- Disability Income	115,721	64,429	122,147	173,439
- Health and Dental	4,326,325	4,882,404	2,250,508	1,694,429
- Vehicle	143,359	132,533	195,281	206,107
- Property	49,269	50,480	482,257	481,046
- Liability	<u>140,715</u>	<u>179,946</u>	<u>371,622</u>	<u>332,391</u>
Total Insurance Services	5,065,799	5,585,431	3,845,778	3,326,146
Totals	\$ 8,781,648	\$ 9,767,468	\$ 6,351,399	\$ 5,579,217

* Includes balances designated internally for future equipment replacement and insurance reserves.

EMPLOYEES' RETIREMENT PLAN

MICHIGAN MUNICIPAL EMPLOYEES RETIREMENT SYSTEM – Defined Benefit Plan

The City is a participant member of the *Michigan Municipal Employees' Retirement System (MERS)* that covers all full-time employees and certain part-time employees whose employment position meets certain criteria. Total employer-paid premium for fiscal year 2008-09 was \$2,236,726.

The most recent actuarial valuation, dated December 31, 2008, indicates that the City's valuation assets (stated at market value) provide 77.6% funding (employer portion only), based upon actuarial determined accrued liabilities of \$104,627,785, valuation assets of \$81,209,288, and unfunded accrued liabilities of \$23,418,497.

MICHIGAN MUNICIPAL EMPLOYEES RETIREMENT SYSTEM – Defined Contribution Plan

The City implemented a defined contribution plan in July 2003 for all pension eligible non-union new hires. Existing non-union employees covered by the defined benefit plan were given the choice, after a lengthy review period, to convert to the defined contribution plan or stay with the defined benefit plan. A total of 64 employees (42-General City, 22-HBPW) transferred from the defined benefit plan to the defined contribution plan and currently 150 employees participate (90-General City, 60-HBPW). ICMA Retirement Corporation is the designated MERS third party administrator for this plan. There is a standard six (6) percent City contribution with an optional two (2) percent employee contribution along with an additional City match of two (2) percent. The total contribution paid by the employer for fiscal year 2008-09 was \$470,601 and by employees was \$127,799.

DEFERRED COMPENSATION

In addition to the MERS defined benefit plan, the City also makes available two individual deferred compensation plans whereby employees may voluntarily participate in either or both, through payroll withholding up to an annual maximum of \$16,500. The plans are sponsored and administered by *International City Management Association (ICMA)* and by *ITT Hartford*. These plans have been placed in trust, and do not appear on the financial statements.

CASH AND INVESTMENT MANAGEMENT

Most funds of the City participate in an internal *Cash & Investment Pool*, except for:

- Utility funds for Electric, Water, Wastewater
- Component Unit funds for *Holland Historical Trust*

Interest income earned by the pool is allocated by capturing the average daily balance of each individual fund relative to the average daily balance of all funds that participate in the pool. For various periods of time during the fiscal year, certain funds experienced negative daily cash balance positions in the pool; in which cases these same funds were charged with an allotted share of "negative investment earnings" correlating to the negative average daily balance.

Cash temporarily idle during the year may be invested in certificates of deposit, commercial paper, money market accounts, obligations of the State of Michigan or any of its political subdivisions, as well as U.S. Government securities as permitted by State of Michigan statutes and the City's *Cash and Investment Policy*. The majority of placements during fiscal year 2008-09 were in certificates of deposit, U.S. Treasury Notes and U.S. Instrumentalities.

Yields on investments held at June 30, 2009 in the *Cash & Investments Pool* ranged from 1.4% to 5.00%. For the fiscal year, the annualized average interest rate earned in the pool was 3.469%, as compared to 5.278% for the previous fiscal year. This reflects implementation of GASB Statement No. 31 during fiscal year 1997-98 and resulting market valuation adjustments to affected investments. The City typically buys and holds long term investments to maturity so fiscal year end market adjustments are not actually realized. Over the six months many long term investments have been called due to declining interest rates and in most cases reinvested at lower rates.

CASH AND INVESTMENT MANAGEMENT

(Continued from Previous Page)

If investments had not been valued at market the annualized average interest rate would have been 3.209%.

Fiscal Year	History of Market Write-Up (Down)
2001-2002	\$ (233,799)
2002-2003	\$ (536,296)
2003-2004	\$ (488,498)
2004-2005	\$ (21,532)
2005-2006	\$ 149,688
2006-2007	\$133,539
2007-2008	\$ 143,094
2008-2009	\$ 62,388

The exhibit below summarizes the investment earnings by fund-type for the most recent two fiscal years (including funds that do not participate in the pool).

Fund Type	INVESTMENTS EARNINGS			
	Fiscal Year		Year-to-Year Change	
	2007-2008	2008-2009	Amount	Percentage
General Fund	\$ 607,839	\$ 380,795	\$ (227,044)	-37.4%
Permanent	87,942	56,347	(31,595)	-35.9
Special Revenue	151,870	68,667	(83,203)	-54.8
Debt Service	72,064	45,274	(26,790)	-37.2
Capital Projects	91,177	38,610	(52,567)	-57.7
Enterprise	4,213,060	2,296,887	(1,916,173)	-45.5
Internal Service	335,412	216,369	(119,043)	-35.5
Component Units	1,493	(96,338)	(97,831)	-6,552.7
Total	\$ 5,560,857	\$ 3,006,611	\$ (2,554,246)	-45.9%

Investment earnings are affected by various factors, including: funds available for investment, length of investment maturities, interest rate environment at time of investment acquisition, and fluctuations in market value of the underlying security.

RISK MANAGEMENT

The City's risk management program provides for somewhat high self-funded retentions (deductibles) for various types of coverage. In several of the types of coverage, the self-funded retention is \$100,000 per occurrence. By assuming the financial risks at these somewhat higher retention levels, the premium cost for commercial insurance policy coverage is lessened.

For the past ten years, the City has embraced a somewhat unique risk management arrangement referred to as an *All-Lines Aggregate Policy* program that provides for the annual accumulation of insurance claim payments across several unrelated types of coverage into an *"aggregate loss pool"*. This pooled arrangement provides the City with a level of stop-loss protection that would not be available without consolidation of losses across various coverage. However, in fiscal year 1998-99, Workers Compensation reverted to a commercial policy with no self-insured retention; and thereby did not participate in the All-Lines Aggregate program.

Separately designated funds are established within the Internal Service Funds group to account for various types of coverage, to include:

- Employee Workers Compensation
- Employee / Retiree Health & Dental
- Employee Disability Income Protection
- Vehicles Damage / Loss
- Property Damage / Loss
- General Liability / Public Officials Liability

RISK MANAGEMENT

(Continued from Previous Page)

With the exception of the Employee Disability Income Protection Fund, each of these funds maintains a cash funding level that is considered reasonable and necessary to provide adequate protection against potential losses (certain reserves related to indemnification for Utility Funds reside in the respective Enterprise Funds).

As relates to coverage for property damage or loss, an independent asset appraisal firm is retained to provide annual appraisal updates of all capital assets for insurance coverage purposes

The following provides an overview of the various types of coverage, self-funded levels of retention (deductibles), and the annual premiums:

Type of Coverage	Self-Funded Retention	Internal Self-Funded Premium	Commercial Premium
All-Lines Aggregate Program:			
– General Liability	\$ 100,000	\$ - 0 -	\$ 277,367
– Public Officials Liability	100,000	- 0 -	64,591
– Law Enforcement Liability	100,000	- 0 -	39,243
– Property Damage / Destruction	100,000	- 0 -	456,100
Employee Workers Compensation	-0-	- 0 -	239,969
Employee Health & Dental Plan	100,000	3,164,626	424,180
Employee Disability Income Plan	48,000	76,463	26,506
Employee Life and AD&D Plans			
– Full-time Employee Plan	- 0 -	- 0 -	49,700
– Part-Paid Firefighters Plan	- 0 -	- 0 -	488
– Auxiliary Police Officers Plan	- 0 -	- 0 -	361
Crime & Dishonesty	25,000	- 0 -	7,958
Vehicle:			
– Vehicle Damage / Destruction	100%	25,100	- 0 -
– Liability	- 0 -	- 0 -	140,242
Pollution Liability	250,000	- 0 -	101,120
Boiler & Machinery	Varies	- 0 -	140,000
Total Premiums	- - - - -	\$ 3,266,189	\$ 1,967,825

Additional Notes:

Internal premiums are intended to assist in meeting self-funded claims, as well as the cost of commercial premiums for stop-loss and excess loss coverage.

Third-party administrative fees are included in the commercial premium amounts for various types of coverages listed above.

AWARDS

Over the recent years the City of Holland has been the honored recipient of several awards.

<u>Award or Accreditation</u>	<u>Granting Agency</u>	<u>Department</u>
Airport Sponsor of the Year (2006)	Michigan Aeronautics Commission	Management & Administrative
City of Character for Discernment, Diligence, and Initiative (2001)	International Association of Character Cities	Management & Administrative
Municipal Achievement Award – Honorable Mention (1998)	Michigan Municipal League	Management & Administrative
Silver Telly Award (2009) (Marketing DVD)	Telly Awards	Management & Administrative
Certificate of Achievement for Excellence in Financial Reporting (since FY1992)	Government Finance Officers Association	Fiscal Services
Distinguished Budget Presentation Award (since FY2004)	Government Finance Officers Association	Fiscal Services
Silver Award – Employee Per Capita Giving (2008-2009)	Greater Holland United Way	Personnel – Human Resources
Tree City USA Award (since 1981)	National Arbor Day Foundation	Leisure & Cultural Services
Innovative Site Design/Park Resource (Kollen Park Boardwalk/Boatlaunch) (2009)	Michigan Recreation & Park Association	Leisure & Cultural Services
President’s Award (Kollen Park Boardwalk) (2009)	Keep Michigan Beautiful	Leisure & Cultural Services
Civic Construction Award of Excellence (2005)	Assoc. Builders & Contractors Assoc. West Mich.	Police Department
Cover/Feature Story Regarding the Planning and Construction of the New Police Facility (2005)	International Association of Chiefs of Police	Police Department
Regional Challenge Award (2004)	Michigan Office of Highway Safety Planning	Police Department
Employment Social Justice Award (2001)	Human Relations Commission	Police Department
Batmobile Recipient (2001)	Michigan Office of Highway Safety Planning	Police Department
Outstanding Contributions to Traffic Safety (1999)	Michigan State Safety Commission	Police Department
1 st Place Award Traffic Safety Efforts (1998)	Michigan Association of Chiefs of Police	Police Department
Mothers Against Drunk Driving Lifesaver Award (1998)	Mothers Against Drunk Driving (MADD)	Police Department
Employment Social Justice Award (2006)	City of Holland Human Relations Commission	Fire Department
Grand Valley Metropolitan Blue Print Award (2006)	Grand Valley Metropolitan Council	Community & Neighborhood Svcs.
Annual National Night Out Award (1990-2009)	National Association of Town Watch	Community & Neighborhood Svcs.
Hispanic Advocate Award (2005)	State of Michigan Commission of Spanish Speaking Affairs	Community & Neighborhood Svcs.
Michigan Recycler of the Year (2005)	Michigan Recycling Coalition	Community & Neighborhood Svcs.
Special Tribute – Recycling and Trash Inspection Program (2003)	State of Michigan	Community & Neighborhood Svcs.
Dozen Distinctive Destinations Award (2002)	National Trust for Historic Preservation	Community & Neighborhood Svcs.
HUD Innovative Initiatives Award – Ourstreet Program (1999)	Grand Rapids Regional HUD (Housing & Urban Development)	Community & Neighborhood Svcs.
Neighborhood of the Year (1997)	Neighborhoods, USA	Community & Neighborhood Svcs.
Great American Main Street Award (1997)	National Main Street Center	Community & Neighborhood Svcs.
Certificate of Recognition – Neighborhood of the Year – Ourstreet Program (1996)	Neighborhoods, USA	Community & Neighborhood Svcs.
National Award Winner for Outstanding Participation in National Night Out (2008)	National Association of Town Watch	Community & Neighborhood Svcs.

<u>Award or Accreditation</u>	<u>Granting Agency</u>	<u>Department</u>
Excellence in Community Service for Hosting the 2007 MRPA/MML Youth Symposium (2007)	Michigan Recreation & Parks Association and the Michigan Municipal League	Community & Neighborhood Svcs.
All American City Award (1996)	National Civic League	Community & Neighborhood Svcs.
Governor's Award for Historic Preservation – Outstanding Historic Rehabilitation Project 168 West 13 th Street (2008)	Michigan Department of History, Arts and Libraries	Community & Neighborhood Svcs.
Gold Pinnacle Award (2009) Best Event Website, Best New Event, Best Children's Programming	International Festival and Events Association	Farmer's Market & Principal Shopping District (PSD)
Silver Pinnacle Award (2009) Best Promotional Poster, Best Event Photograph	International Festival and Events Association	Farmer's Market & Principal Shopping District (PSD)
Bronze Pinnacle Award (2009) Best Newspaper Insert/Supplement	International Festival and Events Association	Principal Shopping District (PSD)
Award of Excellence in Consumer Confidence Reporting (2008)	Michigan Section American Water Works Association (AWWA)	Utility Services
Operation & Maintenance Excellence Award, 1 st Place in Wastewater Water Pollution Control Pretreatment (2008)	Environmental Protection Agency (EPA) Region 5 (Michigan, Ohio, Indiana, Illinois, Wisconsin, Minnesota)	Utility Services
User Conference Special Achievement Award in GIS (2008)	Environmental Systems Research Institute (ESRI)	Utility Services
Pinnacle Award Finalist (2003)	Microsoft Business Solutions	Utility Services

SIGNIFICANT INITIATIVES, EVENTS AND ACCOMPLISHMENTS

The following were among several diverse activities and programs to which both the elected officials and staff devoted an appreciable amount of their time and efforts:

- **Economic Development and Revitalization:**
 - > The City council continues to identify economic development as their top priority. Much of the staff time of the Assistant City Manager and the Finance Officer/Treasurer is allocated to this issue, as well as support staff in the Assessing and Treasurer offices. The City is committed to developing an area-wide approach to economic development and is working in tandem with the Lakeshore Advantage regional economic development organization and the surrounding cities, townships, counties and Macatawa Area Coordinating Council metropolitan planning organization.
 - > The City is aggressively promoting Brownfield Redevelopments with thirteen separate projects approved at fiscal year close and one additional project going through the approval process at report date. The reader is directed to the Supplementary Information tab for the Component Unit Funds narratives where a fiscal year end list of Brownfield projects is included. The new \$4.4 million Brownfield parking structure project, referenced below under the Municipal Projects section, should considerably enhance the already vibrant downtown commercial area. Five major personal property tax abatements under Act 328 have been approved for Challenge Manufacturing (two - automotive), Haworth, Inc. (office furniture), S2 Yachts (fiberglass boats) and Genzink Steel (heavy carbon steel welding), two Tool & Die Renaissance Recovery Zones and one Johnson Controls-Saft (JCS) Renaissance Zone have been approved and Act 198 tax abatements continue to be issued prolifically.

SIGNIFICANT INITIATIVES, EVENTS AND ACCOMPLISHMENTS

(Continued from Previous Page)

- **Infrastructure Projects:**

- > As part of a perpetual road and utilities upgrade program, various central city streets are totally reconstructed and improved each year. It is the goal of the City to improve each individual street at least every twenty years. The City vigorously pursues federal and state funding assistance on infrastructure projects. The City plans to issue a \$3 million to \$5 million bond issue in FY2010 to finance the large volume of planned road and drain improvements.
- > On June 19, 2009 the City of Holland experienced a 100 year type major rainstorm event with extensive flooding. Costs for the repairs to many roads and drains, some in conjunction with other governmental jurisdictions, will mainly impact the FY2010 budget. In FY2009 the City spent approximately \$190,000 towards these costs, but the overall multi-year impact is estimated to be about \$1.6 million. These additional and unanticipated costs will require the City to increase substantially the previously budgeted upcoming bond issue. Coming on the heels of another major June storm in 2008 and the overall economic downturn, this event has had a major impact upon the City's budget and has consumed much staff time.
- > It is the City's normal practice to complete an annual road resurfacing program including several streets. This fiscal year the City resurfaced thirteen different streets. Federal STP-U funds of \$271,000 were received towards the separate 32nd Street Resurfacing Project.
- > FY2009 saw the completion of the \$1.4 million Country Club Road, 8th to 16th Street. This 2-lane roadway reconstruction project with curb, gutter and sidewalks, was 100% locally funded. Also completed this fiscal year was the \$1.5 million 12th Street, Pine to Fairbanks, road, water main and sanitary sewer total replacement project which also received no state or federal funding. Neither project would be possible without the 1 mill tax the City has levied for several years specifically for street improvements.
- > Construction was underway in FY2009 on the \$2.29 million Maple Avenue, 8th to 24th Street project which includes major storm drain replacement and total road reconstruction. This project is now completed. Construction was just beginning in FY2009 on the Colonial Court and Central Avenue, 32nd to 40th project which is anticipated to cost \$1.3 million. Neither project received any state or federal funding.
- > Design work including a planning charrette process, with much citizen input due to controversies over removal of trees and placement of sidewalks, was underway at fiscal year end on the \$1.9 million 40th Street, Washington to Lincoln project. This roadway reconstruction and sidewalk project will benefit from \$797,000 in American Recovery and Reinvestment Act (ARRA) federal stimulus funding. Final design is complete and the project is ready to bid out.

- **Electric Utility:**

- > Performed a study to evaluate the feasibility of increasing the use of coals from the Powder River Basin.
- > Completed extensive repairs and replacement of roof areas and roof drains at the James De Young Plant.
- > Expanded incorporation of photograph and video technology for training and operating procedures.

- **Wastewater Utility:**

- > Received EPA Region V Award for Industrial Pretreatment Program.
- > Completed an oxygen return activated sludge mixing system improvement.
- > Completed an east plant aeration waste activated sludge control system.

SIGNIFICANT INITIATIVES, EVENTS AND ACCOMPLISHMENTS

(Continued from Previous Page)

- Water Utility:

- > Replaced filter control panels with a wireless communication system that allows the filters to be operated from a portable laptop device and thereby keeping controls out of the corrosive chlorine environment.
- > Ten new turbidity monitoring units were purchased and installed.
- > A new variable frequency drive was installed on one of the plant's transfer pumps to increase both operational flexibility and energy efficiency of the pump's motor.

- West Michigan Airport Authority (WMAA):

- > This was the first fiscal year the Tulip City Airport operated under the newly formed West Michigan Airport Authority (WMAA). Residents of the City of Holland, the City of Zeeland and Park Township pay a uniform millage rate of 0.1 mills to support the new authority. The necessity for regional oversight, direction and support, to sustain the area's economic success and provide funding stability, were key factors instrumental to the formation of the authority.
- > Ownership of previously established airport capital assets and outstanding t-hangar debt will be retained by the City of Holland with continued inclusion in the City's financial report. Future acquired airport capital assets will be under the ownership of the WMAA. The WMAA plans to acquire property and develop a new terminal area over the next few years in conjunction with major federal and state funding.
- > The City of Holland is retained as their fiscal agent. A separate financial report for the WMAA will be released for FY2009.
- > Construction was completed at the close of FY2009 on the \$2.44 million runway modifications, medium intensity runway lighting and blast pads project. This will be the last airport construction project established and accounted for in the City's financial report.

- Municipal Projects:

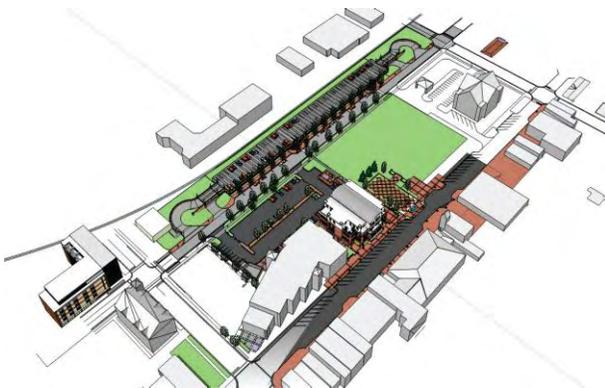
- > The \$5.9 million multi-year **Kollen Park Improvements** project spanning ten years, aided by extensive state grant funding, was completed in FY2009. This project started with the \$1.57 million Phase I project and culminated with the \$4.29 million Phases II and III projects. These recent phases include the Heinz waterfront boardwalk, new boat launching area, Cleveland Avenue relocation and incorporation of the former Sugar Beet property into the expanded park. This park is the City's premier Lake Macatawa waterfront public access site and won multiple design awards.
- > Major landscaping improvements were completed to the **Window-on-the-Waterfront** and **Van Bragt Park** area. The project also included pedestrian paths and plazas along with a launching area for canoes and kayaks. The project coordinates with a waterfront trail interconnect project with adjoining Holland Township. This project dramatically enhances the north River Avenue entrance to the City and completes the planned improvements of this major gateway which began with the replacement of the River Avenue vehicular bridge in 2007.

SIGNIFICANT INITIATIVES, EVENTS AND ACCOMPLISHMENTS

(Continued from Previous Page)

- Municipal Projects (continued):

- > Construction was substantially completed in FY2009 for the **7th Street Parking Deck**, between College and Columbia Avenues. This 258 space two-story parking structure in the downtown area is the first fully freestanding parking structure for the City of Holland. Creative financing for the \$4.46 million project is one more example of the public and private collaborative effort that has been the hallmark of extensive downtown redevelopment in recent years.
- > Portions of the land the parking structure is built upon were donated by the private sector in exchange for designated lower level parking privileges stipulated in a 30 year lease agreement. Repayment of the July 2008 (FY2009) Act 34 bond issue will be provided by local tax captures approved by the Brownfield Redevelopment Authority, including State of Michigan (MEDC/MEGA) school tax capture. The adjacent properties participating in the Brownfield tax capture include the 8th Street Plaza Buildings, Macatawa Bank building, and the City Flats Hotel. Extension to the existing downtown snowmelt transmission line to include the parking deck approaches and 7th Street sidewalk, between College and Columbia on the north side, is included.
- > Owners of the the 8th Street Plaza buildings, in the same area served by the parking deck, constructed a large fountain in the brick paved public sidewalk. This fountain has been dedicated to the City and is a popular gathering place for pedestrians.



SIGNIFICANT INITIATIVES, EVENTS AND ACCOMPLISHMENTS

(Continued from Previous Page)

- **Renewable Energy:**

- > Feasibility planning is underway on a 20 wind turbine construction project which could generate 50 megawatts making it potentially the largest wind energy project in the state. Results are being collected from erection of a preliminary 200 foot high tower on 1,500 acres in the Upper Peninsula. Other “going green” efforts include a commitment to acquire up to 4 megawatts of electricity from landfill gas through a partnership with the Michigan Public Power Agency. A meteorological tower was installed at Windmill Island to study future wind turbine placement at the site. Residential sized wind turbines were installed on the Civic Center’s east façade and the BPW Service Center building as part of a demonstration project. Recently all traffic signals in the City were converted from conventional lights to LED lights to reduce energy usage. In August the City entered the statewide Green Communities Challenge developed to take steps to protect the environment and operate municipal government in a more environmentally friendly manner. In September the City Council approved the Energy Conservation and Efficiency Plan for City facilities and operations to establish forward thinking policies regarding the production, distribution and consumption of energy.

- **Carbon Dioxide Sequestration Site Characterization:**

- > The Holland BPW was recently awarded a grant in the amount of \$3.7 million by the U.S. Department of Energy to perform a site characterization for CO₂ storage in the Mt. Simon sandstone formation in the Michigan Basin. The Holland BPW will contribute \$1.075 million towards the project. The Mt. Simon sandstone located in southwestern Michigan has one of the most significant deep saline reservoirs for CO₂ storage in the Midwest and subsequently has potential for regional CO₂ storage from fossil fuel burning power plants. Partners in the project, Battelle Memorial Institute and Western Michigan University, along with the Holland BPW will focus on optimizing storage efficiency and developing regional CO₂ storage strategies. This will be done by drilling a 6,000 foot deep test well, obtaining well logs and performing reservoir testing. Finally, the test well data will be analyzed and simulations performed to model the reservoir. A regional CO₂ sequestration strategy will also be developed during this last phase. The project is scheduled for completion on September 30, 2012.

- **Public Safety:**

- > The City Police and Fire Departments may be in store for some level of reorganization over the coming year. Both the Police Chief and the Fire Chief retired at the end of 2008 presenting a unique opportunity for innovative restructuring. The two departments currently operate independently and with separate management. Separate interim chiefs are currently managing each department until a decision is made. A task force has been formed and a study was completed and presented to City Council to determine the potential feasibility of combining the two departments. Motivation for the study was for financial reasons and not because of any perceptions of performance problems by either department. The study reviewed cost saving factors, productivity, and quality of service issues. As the City moves into the coming budget preparation season it is anticipated this decision on restructuring will be at the forefront of discussions.

SIGNIFICANT INITIATIVES, EVENTS AND ACCOMPLISHMENTS

(Continued from Previous Page)

- **Budgetary Predictors:**

- > The national and statewide economic downturn continues to impact the City's budget. The City Council is frequently updated by the City Manager and Finance Director on financial issues which affect both the current and upcoming budget year. Property tax valuations in FY2010 are only 0.8% higher than the previous year and property values are estimated to decline by 10% in FY2011. The inflation rate multiplier established by the State for FY2011 is 0.997 or a -0.3% change. This multiplier is used in the capped value formula and "Headlee" millage reduction fraction formula and serves to reduce property tax valuations.
- > A 15.4% reduction from original budget in State revenue sharing coming to the City in FY2010 has created a \$487,297 loss in revenue. State revenue sharing for the upcoming FY2011 budget is likely to decrease further because of the poor Michigan economy with a 14% cut currently being estimated. The Board of Public Works transfer from the Electric Utility Fund to the City's Municipal Capital Improvement Fund may decrease as well due to declining utility sales also related to the poor economy.
- > New health insurance rates just approved for calendar year 2010 reflect an increase of 12% and the non-union employee contribution share will rise from 7.5% up to 15%. Investment earnings are down drastically with an estimated \$117,000 decrease from what was budgeted for the General Fund expected for FY2010. City Council is reviewing an extensive list of City Manager recommended budget cuts for both FY2010 and FY2011 which will still produce a projected \$2.16 million deficit in the General Fund for FY2011. All these factors raise serious concerns over the decisions that the City Council will be faced with in the coming months concerning City services, potential layoffs or tax increases.
- > At the end of FY2009 City Council voted to postpone 22 municipal capital improvements projects totaling \$786,000 until a clearer picture of the fiscal situation for FY2010 and FY2011 can be determined.

- **Fiscal Services:**

- > Capital asset records amounting to approximately \$15.7 million were added to the database for FY2008-09 not including capital assets remaining in CIP or utility funds assets. Approximately 3,200 capital asset records were disposed of due to the reduced capitalization threshold implemented in this fiscal year. \$3.3 million in combined state and federal grants were managed and accounted for under 23 separate grant contracts, which does not include \$5.6 million state revenue sharing of sales tax , liquor tax and gas and weight tax.
- > The City contracted for and received an actuarial valuation to provide the information required for Postemployment Benefits Other than Pensions (OPEB) under GASB Statement No. 45. The inclusion of this data in the City's audit report brings the City into compliance as a Phase II government. The City has not funded an OPEB trust under GASB Statement No. 43. Various alternatives are being studied, but due to the budgetary crisis OPEB funding is not anticipated at this time.

INDEPENDENT AUDIT REQUIREMENTS

As required by the *Holland City Charter* and the *Michigan Uniform Accounting and Reporting Act*, the financial statements contained in this report have been examined by an independent certified public accounting firm. This requirement has been fulfilled and the certified public accounting firm of Rehmann Robson has issued an opinion on the financial statements.

Additionally, the City is required to undergo an annual audit concerning compliance with provisions of the *Single Audit Act of 1984, as amended* and *OMB Circular A-133, Audits of State and Local Governments and Non Profit Organizations*. Information and auditor's findings related to the so-called *Single Audit* are published as a separate report. However, financial activity related to single audit reporting requirements, such as Community Development Block Grants and other grants are also included in this report.

CERTIFICATE OF ACHIEVEMENT

The *Government Finance Officers Association of the United States and Canada* (GFOA) awarded a *Certificate of Achievement for Excellence in Financial Reporting* to the City of Holland for its comprehensive annual financial report of the fiscal year ended June 30, 2008. This is considered a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded the certificate, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such report must satisfy both generally accepted accounting principles and applicable legal requirements.

The certificate is valid for a period of one year only. The fiscal year ending June 30, 1992 was the initial receipt of this award for the City of Holland. We believe the current report continues to conform to the Certificate of Achievement program requirements, and is submitted to GFOA to determine its eligibility for another certificate. A copy of the previous fiscal year certificate is included at the conclusion of this transmittal.

ACKNOWLEDGMENTS

The preparation of this report could not have been completed without the efficiency and commitment provided by the entire finance staff, including the Board of Public Works (utilities).

Appreciation is extended to all employees who assisted in the preparation of this report in a responsible, accurate and timely manner. Special acknowledgment is extended to staff employees, *Michelle Price* and *Laura Judge* for their efforts and assistance with this report.

The independent auditing firm, *Rehmann Robson*, provided immense assistance for proper presentation, in the form of counsel, suggestions, and direct input.

Respectfully submitted,



Tim Vagle

Finance Officer/Treasurer

PRINCIPAL CITY OFFICIALS

@ June 30, 2009

Elected Members of the City Council

Mayor	Albert H. McGeehan
Council Member, At Large	Jerome Kobes
Council Member, At Large	Nancy DeBoer
Council Member, First Ward	Myron Trethewey
Council Member, Second Ward	Jay Peters
Council Member, Third Ward	Craig Rich
Council Member, Fourth Ward	Robert Vande Vusse
Council Member, Fifth Ward	Kurt Dykstra
Council Member, Sixth Ward	David Hoekstra

Staff Officials Appointed by City Council

City Manager	Soren Wolff
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Staff Officials Appointed by City Manager Subject to City Council Approval

City Attorney	Andrew J. Mulder (Cunningham Dalman, P.C.)
Acting Deputy City Clerk	Anna Perales
City Finance Officer/Treasurer	Tim Vagle
City Assessor	Dave VanderHeide

Staff Officials Appointed by City Manager Not Subject to City Council Approval

Assistant City Manager	Gregory Robinson
Interim Chief of Police	Matt Messer
Interim Fire Chief	Chris Tinney
Director of Community & Neighborhood Services	Philip Meyer
Leisure / Cultural Services Director	Gray Gogolin
Director of Transportation Services	Jodi Syens
Director of Human Resources	Gary Rahn
Human Relations Director	Alberto Serrano

Staff Officials Appointed by Boards or Commissions

Board of Public Works (Utilities) General Manager	Loren Howard
Board of Public Works (Utilities) Finance Director	Freda Velzen

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Holland
Michigan

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2008

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.



A handwritten signature in black ink, appearing to read "M. L. Post".

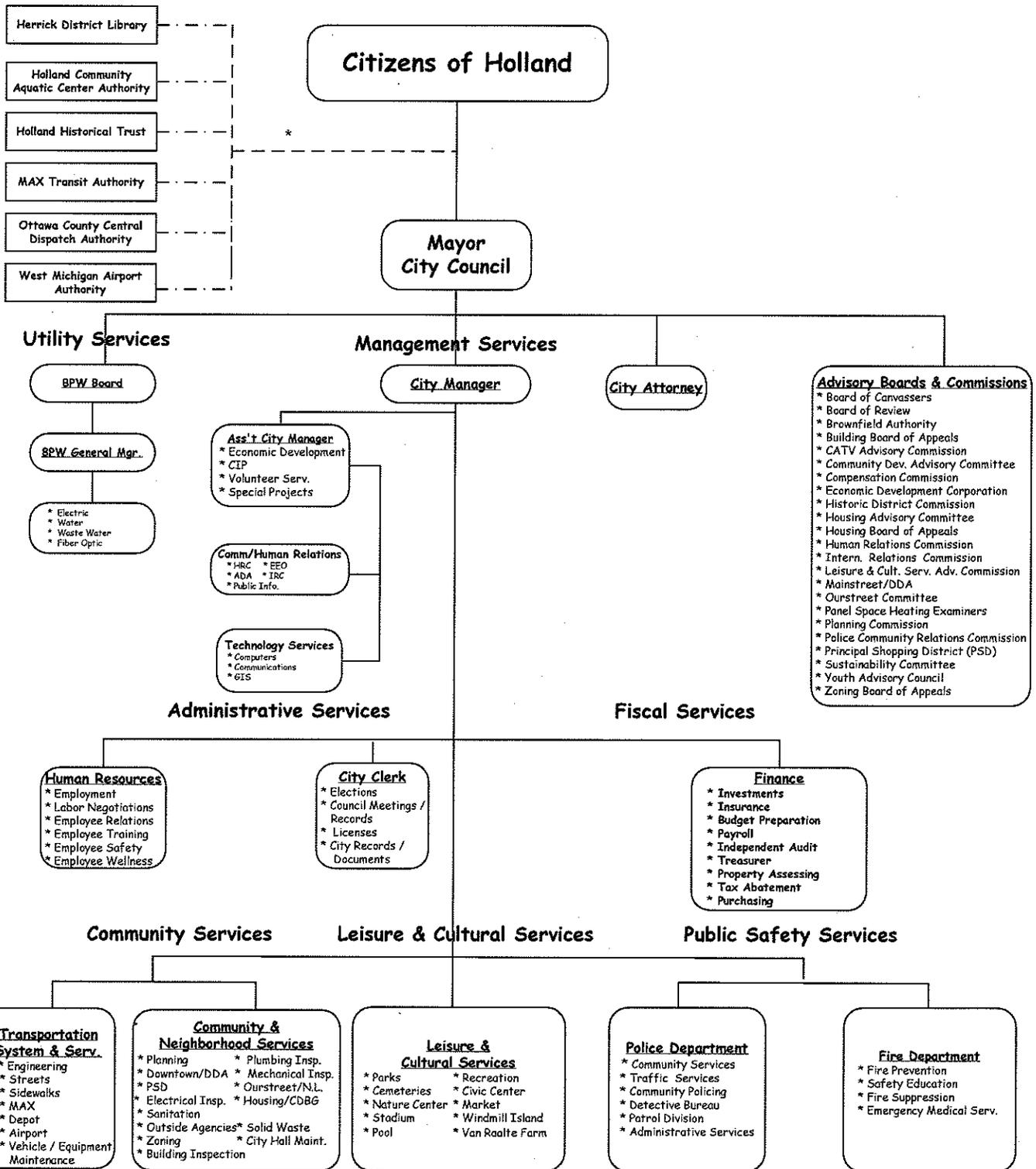
President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director

City of Holland

Organizational Chart



* The City Council makes appointments to these Districts and Authorities

CITY OF HOLLAND

INDEPENDENT AUDITORS' REPORT

December 14, 2009

Honorable Mayor and City Council
City of Holland, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Holland, Michigan (the "City"), as of and for the year ended June 30, 2009, 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 Holland, Michigan. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information for the City of Holland, Michigan as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 14, 2009, on our consideration of the City of Holland Michigan's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3-13 and the schedules of funding progress on page 65 are not required parts of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. 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 Holland Michigan's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the City of Holland's 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 presented, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical tables 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.

A handwritten signature in black ink, reading "Lehmann Johnson". The signature is written in a cursive, flowing style.

Management's Discussion and Analysis

As management of the City of Holland, we offer readers of the City of Holland financial statements this narrative overview and analysis of the financial activities of the City of Holland for the fiscal year ended June 30, 2009. 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

The City had many capital investment projects in process including:

- A \$4,465,000 downtown parking deck project on 7th Street.
- The \$2,785,000 Maple Avenue drain and roadway reconstruction project.
- A \$264,000 walkway and parking lot project between Kollen Park and the Boatwerks Restaurant.
- A \$275,000 Window-on-the-Waterfront and Van Bragt Park landscaping improvement project.
- \$1,434,000 for reconstruction of Country Club Road between 8th and 16th Streets.
- A \$2,230,000 airport project including runway modifications, medium intensity runway lighting and blast pads.
- \$708,000 for reconstruction of 12th Street between Pine and Fairbanks.
- The City's utility funds expended a total of \$5,927,700 in capital purchases and projects.
- \$4,290,000 Kollen Park improvement project (Phases II and III) in conjunction with nine separate state and federal grants.

The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$364,787,858 (net assets). Of this amount, \$122,890,717 was unrestricted net assets and may be used to meet the City's ongoing obligations to citizens and creditors.

The City's total net assets increased by \$3,689,980.

As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$9,109,623, a decrease of \$941,050 in comparison with the prior year.

At the end of the current fiscal year, unreserved and undesignated fund balance for the General Fund was \$2,563,468 or 12.5% of total General Fund expenditures (including transfers out).

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Holland's financial statements. The City of Holland's 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 Holland's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the City of Holland's 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 Holland 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., accrued interest on long-term debt).

Both of the government-wide financial statements distinguish functions of the City of Holland 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 Holland include general government, public safety, public works, culture and recreation, and welfare and social services. The business-type activities of the City of Holland include electric, water, and wastewater.

The government-wide financial statements include not only the City of Holland itself (known as the *primary government*), but also legally separate component units for which the City of Holland is financially accountable. Component units include the Downtown Development Authority, Economic Development Corporation (no activity during the current year), the Holland Historical Trust and the Brownfield Redevelopment Authority. Financial information for these *component units* is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 15-17 of this report.

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 Holland, 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 Holland 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*.

The City of Holland reports 38 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General, Building Authority Debt Service and Municipal Facilities and Land Improvements Projects Funds, each of which are considered to be major funds. Data from the other 35 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

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

The basic governmental fund financial statements can be found on pages 18-22 of this report.

Proprietary funds. The City of Holland 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 Holland uses enterprise funds to account for its electric, water, and wastewater as well as other operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City of Holland's various functions. The City of Holland uses internal service funds to account for its technology, equipment and insurance services. 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 wastewater are considered to be major funds of the City of Holland.

The basic proprietary fund financial statements can be found on pages 24-31 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City of Holland own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary funds financial statement can be found on page 32 of this report.

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 notes to the financial statements can be found on pages 33-64 of this report. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes. Combining and individual fund statements and schedules can be found on pages 67-176 of this report.

Government-wide Financial Analysis

Statement of Net Assets

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Holland, assets exceeded liabilities by \$364,787,858 at the close of the most recent fiscal year.

City of Holland's Net Assets

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Assets						
Current and other assets	\$ 25,023,567	\$ 27,674,975	\$ 131,143,476	\$ 125,163,487	\$ 156,167,043	\$ 152,838,462
Capital assets, net	120,970,915	117,835,087	149,796,493	154,840,249	270,767,408	272,675,336
Total assets	145,994,482	145,510,062	280,939,969	280,003,736	426,934,451	425,513,798
Liabilities						
Long-term liabilities	31,074,826	29,326,502	21,516,492	22,685,389	52,591,318	52,011,891
Other liabilities	2,499,876	2,826,271	7,055,399	9,577,758	9,555,275	12,404,029
Total liabilities	33,574,702	32,152,773	28,571,891	32,263,147	62,146,593	64,415,920
Net assets						
Invested in capital assets, net of related debt	96,236,210	94,586,185	129,330,134	133,094,822	225,566,344	227,681,007
Restricted	4,739,586	5,726,979	11,591,211	13,532,257	16,330,797	19,259,236
Unrestricted	11,443,984	13,044,125	111,446,733	101,113,510	122,890,717	114,157,635
Total net assets	\$ 112,419,780	\$ 113,357,289	\$ 252,368,078	\$ 247,740,589	\$ 364,787,858	\$ 361,097,878

The largest portion of the City of Holland net assets (61.8%) 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 Holland uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Holland's 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.

An additional part of the City of Holland's net assets (4.5%) represents resources that are subject to external restrictions on how they may be used. The remaining (33.7%) balance (\$122,890,717) 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 Holland is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the previous year.

Statement of Activities

The City's net assets increased by \$3,689,980 during the current fiscal year. This growth is due primarily to capital grants received from the state and federal governments (approximately \$4.2 million) and the excess of operating revenues over expenses.

Governmental activities

Governmental activities decreased the City of Holland's net assets by \$937,509 due in most part to a substantial decrease in investment income as well as a reduction in state shared revenue. Key elements of offsetting capital grants are as follows.

Capital grants from several sources resulted in total capital grant revenue for governmental type funds of \$2,534,159. This is made up primarily of a \$639,208 Kollen Park Renovation Project grant, a \$1,379,790 land donation for the 7th Street Parking Deck project, a \$271,197 32nd Street Resurfacing Project grant, a \$133,582 Columbia at 7th/9th traffic signal grant, and \$90,382 in various Police Equipment grants.

The increase in public works expenses was mainly attributable to the \$1,476,369 charge for the undepreciated cost of capital assets which fell below the revised capitalization threshold implemented during the fiscal year.

Business-type activities

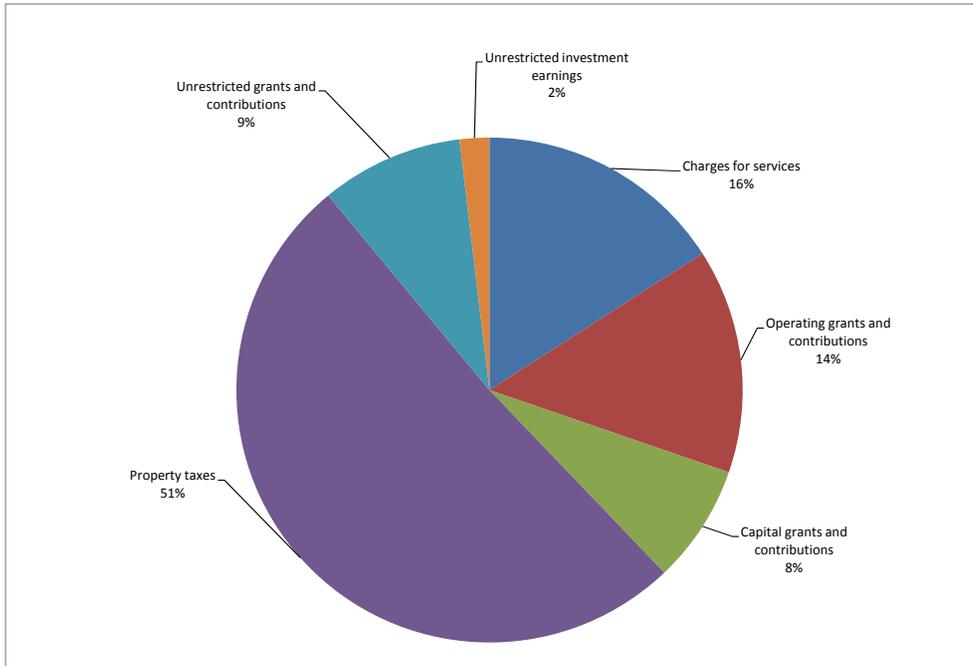
Business-type activities increased the City of Holland's net assets by \$4,627,489 thereby accounting for 100% of the total growth in the net assets of the City of Holland. Key elements of this increase are as follows.

\$1,670,442 in capital grants and contributions were received by the enterprise funds. This included \$1,406,288 for various airport projects and \$264,154 for utility fund capital contributions.

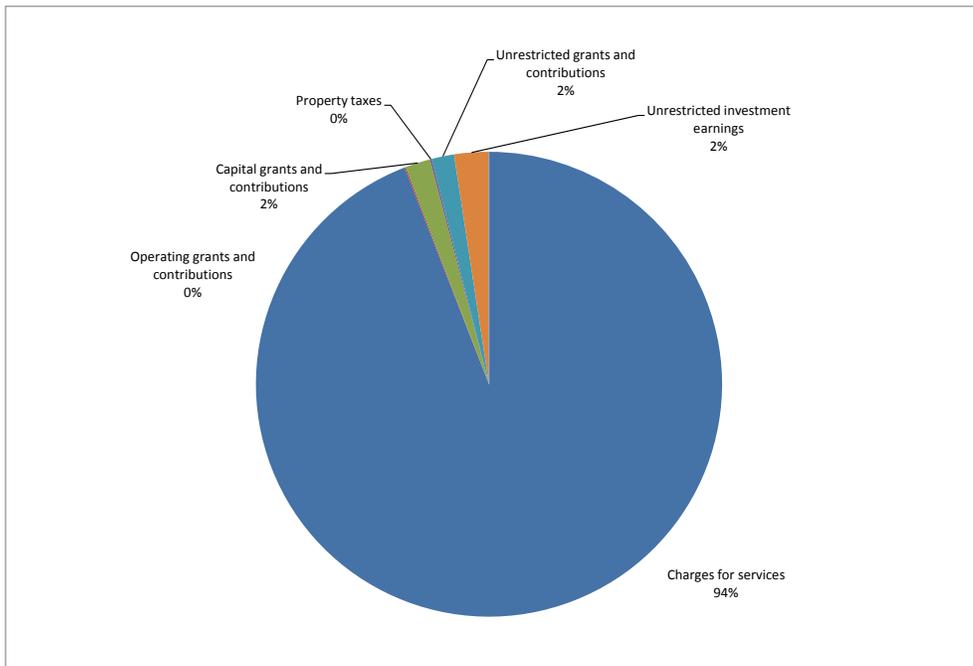
City of Holland's Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Revenues						
Program revenues:						
Charges for services	\$ 5,316,809	\$ 5,162,649	\$ 90,259,900	\$ 93,877,407	\$ 95,576,709	\$ 99,040,056
Operating grants and contributions	4,807,025	4,156,784	89,035	1,605,962	4,896,060	5,762,746
Capital grants and contributions	2,534,159	1,858,530	1,670,442	1,465,771	4,204,601	3,324,301
General revenues:						
Property taxes	17,089,338	17,313,526	117,952	19	17,207,290	17,313,545
Intergovernmental	3,041,193	3,168,205	-	-	3,041,193	3,168,205
Unrestricted investment earnings	635,831	1,254,996	2,296,887	4,213,060	2,932,718	5,468,056
Total revenues	<u>33,424,355</u>	<u>32,914,690</u>	<u>94,434,216</u>	<u>101,162,219</u>	<u>127,858,571</u>	<u>134,076,909</u>
Expenses						
General government	7,087,290	6,606,201	-	-	7,087,290	6,606,201
Public safety	12,845,443	11,782,618	-	-	12,845,443	11,782,618
Public works	9,420,191	7,270,495	-	-	9,420,191	7,270,495
Welfare and social services	1,495,708	1,093,507	-	-	1,495,708	1,093,507
Culture and recreation	6,048,286	5,457,951	-	-	6,048,286	5,457,951
Interest on long-term debt	1,253,379	1,193,155	-	-	1,253,379	1,193,155
Electric utility	-	-	67,823,832	71,198,426	67,823,832	71,198,426
Wastewater utility	-	-	8,185,044	8,006,723	8,185,044	8,006,723
Water utility	-	-	6,181,007	5,558,454	6,181,007	5,558,454
Other enterprise activities	-	-	3,409,153	4,471,485	3,409,153	4,471,485
Total expenses	<u>38,150,297</u>	<u>33,403,927</u>	<u>85,599,036</u>	<u>89,235,088</u>	<u>123,749,333</u>	<u>122,639,015</u>
Change in net assets before transfers	(4,725,942)	(489,237)	8,835,180	11,927,131	4,109,238	11,437,894
Transfers	<u>3,788,433</u>	<u>2,940,314</u>	<u>(3,788,433)</u>	<u>(2,940,314)</u>	<u>-</u>	<u>-</u>
Change in net assets before special item	(937,509)	2,451,077	5,046,747	8,986,817	4,109,238	11,437,894
Special item:						
Transfer of assets to outside authorities	-	-	(419,258)	(2,542,464)	(419,258)	(2,542,464)
Change in net assets	(937,509)	2,451,077	4,627,489	6,444,353	3,689,980	8,895,430
Net assets, beginning of year	<u>113,357,289</u>	<u>110,906,212</u>	<u>247,740,589</u>	<u>241,296,236</u>	<u>361,097,878</u>	<u>352,202,448</u>
Net assets, end of year	<u>\$ 112,419,780</u>	<u>\$ 113,357,289</u>	<u>\$ 252,368,078</u>	<u>\$ 247,740,589</u>	<u>\$ 364,787,858</u>	<u>\$ 361,097,878</u>

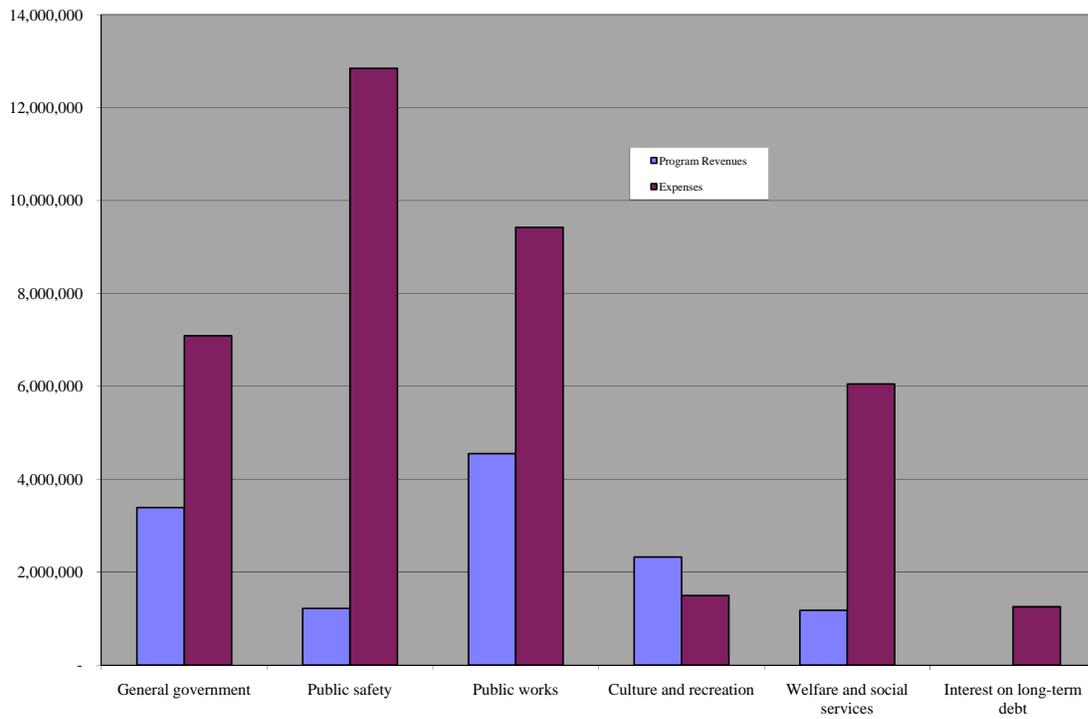
Revenues by Source - Governmental Activities



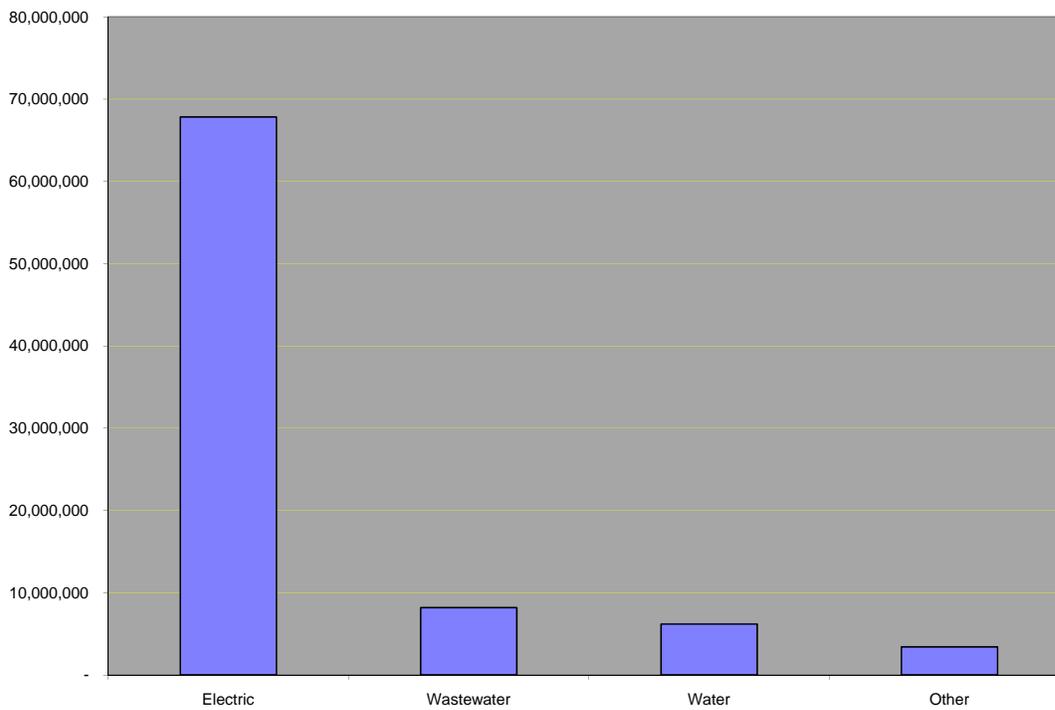
Revenues by Source – Business-type Activities



Expenses - Governmental Activities



Expenses – Business-Type Activities



Financial Analysis of the Government's Funds

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

Governmental funds. The focus of the City of Holland *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 Holland financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The overall results of governmental funds operations was a decrease in fund balance of \$941,050. The decrease is primarily the result of extensive planned use of Street Fund fund balances. In addition, the drop of over \$442,000 in the Municipal Facilities and Land Improvement Projects Fund was mainly due to the Kollen Park Renovation Project. These decreases were offset by an increase in General Fund fund balance of \$229,566 or 9.8%.

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

Total enterprise funds reported positive changes in net assets during the year. The electric utility fund experienced a \$5.3 million increase in net assets of which \$4 million was budgeted and planned. The remaining increase is mostly due to a decrease in variable costs which is the result of lower than budgeted sales units. The Nonmajor enterprise funds reported a \$453,166 positive change in net assets before the \$419,258 transfer of assets to the West Michigan Airport Authority resulting in an overall increase in net assets of \$33,908.

General Fund Budgetary Highlights

The original revenue budget was \$17,624,365 and as amended was \$17,463,201 which represents a decrease of \$161,164. The original expenditure budget was \$20,819,320 and as amended was \$20,424,449 which represents a decrease of \$394,871.

The most significant differences between the original budget and the amended budget are related to the revenue projections. Investment income projections were decreased due to the unfavorable interest rate environment. Total variances were unfavorable by \$216,186, as compared to the decreased amended budget, due to lower state revenue sharing receipts and construction permits than projected.

Charges for Services revenue projections were increased while state shared revenue and investment income projections were decreased during the year as more concrete data became available. Total variances on property tax revenues and penalties and interest on delinquent taxes were favorable by \$33,714. Actual state shared revenues fell \$153,979 short of the amended budget.

Overall, the amended budgeted expenditures were \$394,871 lower than the original budgets. Actual expenditures came in \$785,353 less than the original budget and \$390,482 less than the amended budget. Throughout the fiscal year department managers were strongly encouraged to implement cost cutting measures where possible and hiring for vacant positions was delayed. The City Manager took steps to cut budgets mid-year rather than waiting until the spring budget review process due to the severity of the revenue shortfalls.

Capital Asset and Debt Administration

The City governmental activities invested approximately \$22.1 million in additional infrastructure, buildings and equipment during the year to service city residents and visitors.

(net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Land	\$ 15,468,107	\$ 14,093,666	\$ 13,188,123	\$ 13,155,050	\$ 28,656,230	\$ 27,248,716
Construction in progress	6,029,067	7,853,049	3,860,228	2,985,781	9,889,295	10,838,830
Buildings, equipment and infrastructure, net	99,473,741	95,888,372	132,748,142	138,699,418	232,221,883	234,587,790
Total	\$ 120,970,915	\$ 117,835,087	\$ 149,796,493	\$ 154,840,249	\$ 270,767,408	\$ 272,675,336

Additional information on the City of Holland capital assets can be found in note 5 on pages 47-50 of this report.

Long-term Debt

The City issued \$4,000,000 in Capital Improvement Parking Bonds during the year ended June 30, 2009.

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Bonds	\$ 28,968,111	\$ 27,523,574	\$ 20,948,500	\$ 22,284,500	\$ 49,916,611	\$ 49,808,074
Unamortized premium (discount) on bonds payable	34,472	1,466	(124,860)	(137,304)	(90,388)	(135,838)
Unamortized refunding costs	(269,878)	(290,638)	(357,281)	(432,769)	(627,159)	(723,407)
Other debt	402,000	429,500	16,000	31,000	418,000	460,500
Total	\$ 29,134,705	\$ 27,663,902	\$ 20,482,359	\$ 21,745,427	\$ 49,617,064	\$ 49,409,329

The City of Holland's most recent general obligation bond issue had a rating of AA from Standard & Poor's and a rating of Aa3 from Moody's.

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 Holland is \$120,588,930.

Additional information on the City of Holland long-term debt can be found in note 6 on pages 51-56 of this report.

Economic Factors and Next Year's Budgets and Rates

The economic outlook for the City's near future includes modest growth as significant infrastructure projects, including the Maple Avenue Drain and Road Reconstruction Project, the 7th Street Resurfacing Project, the 40th Street Reconstruction Project, a continued road resurfacing program, a possible major federal Economic Development stimulus grant for road improvements, airport upgrades, and an expanded mass transit system increase the area's appeal to residents and businesses. In addition several development projects in the private sector catering to senior citizens, a recently expanded major hospital, and numerous vibrant Brownfield Redevelopment and Renaissance Zone projects provide a positive economic outlook for the City. The unemployment rate within the City has dramatically risen to 16.2%, in tandem with the national economic downturn, which is an increase of 76% from 2008. The total labor force has declined by 1.16% from 2008, and has declined by 3.6% overall from the recent high point in 2006.

Fiscal year 2010 experienced only a very slight 0.8% growth in tax valuation base. It is anticipated that the City may experience as much as a 5% to 10% reduction in the overall tax base for upcoming fiscal year 2011. City management works very hard to avoid any property tax rate increases and any further state revenue sharing and investment income reductions in tandem with health insurance and pension cost increases will cause the City to be creative and consider potential employee layoffs as it continues to provide its constituents service on a reduced budget.

The overall tax rate for the City will remain the same at 13.95 mills for the ensuing fiscal year 2010 (fiscal year ended June 30, 2010). The General Fund budget for fiscal year 2010 projects a \$2,490 surplus of fund balance to arrive at an end of year projected fund balance of \$2,568,102 or 12.2% of fiscal year 2010 budgeted expenditures. Decreases in investment income, due to declining earnings rates, coupled with state revenue sharing reductions and health insurance increases may instead lower by \$650,000 projected fund balance for fiscal year 2010 in the General Fund.

Requests for Information

This financial report is designed to provide a general overview of the City of Holland 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 Ms. Laura Judge, City of Holland, 270 River Ave., Holland, Michigan 49423 or l.judge@cityofholland.com.

CITY OF HOLLAND

CITY OF HOLLAND, MICHIGAN

STATEMENT OF NET ASSETS

JUNE 30, 2009

	PRIMARY GOVERNMENT			COMPONENT UNITS		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	DOWNTOWN DEVELOPMENT AUTHORITY	HOLLAND HISTORICAL TRUST	BROWNFIELD REDEVELOPMENT AUTHORITY
Assets						
Cash and pooled investments	\$ 16,287,252	\$ 43,187,708	\$ 59,474,960	\$ 194,157	\$ 286,153	\$ 11,740
Investments	-	53,651,738	53,651,738	-	398,522	-
Receivables, net	7,318,174	10,574,956	17,893,130	2	371,370	-
Internal balances	(69,327)	69,327	-	-	-	-
Prepaid items and other assets	114,879	116,916	231,795	200	-	-
Inventory	72,782	10,925,457	10,998,239	-	1,364	-
Assets held for sale	20,000	-	20,000	-	-	-
Restricted assets:						
Cash and pooled investments	-	5,875,094	5,875,094	-	-	-
Investments	-	6,716,271	6,716,271	-	-	-
Accrued interest	-	26,009	26,009	-	-	-
Unamortized bond issuance costs	247,856	-	247,856	-	-	-
Net pension asset	1,031,951	-	1,031,951	-	-	-
Capital assets:						
Land	15,468,107	13,188,123	28,656,230	-	50,000	-
Construction in progress	6,029,067	3,860,228	9,889,295	-	431,340	-
Being depreciated, net of depreciation	99,473,741	132,748,142	232,221,883	118,549	1,785,169	-
Total assets	145,994,482	280,939,969	426,934,451	312,908	3,323,918	11,740
Liabilities						
Line of credit	-	-	-	-	22,500	-
Payables, net	2,311,740	6,444,844	8,756,584	7,898	35,857	-
Unearned revenue	7,021	205,842	212,863	-	26,828	-
Deposits	181,115	47,813	228,928	-	-	-
Accrued interest payable from restricted assets	-	356,900	356,900	-	-	-
Landfill closure and postclosure cost	-	327,450	327,450	-	-	-
Accrued compensated absences:						
Due within one year	945,000	304,000	1,249,000	-	-	-
Due in more than one year	758,676	293,123	1,051,799	-	-	-
Bonds and loans payable:						
Due within one year from restricted assets	-	767,164	767,164	-	-	-
Due within one year	1,788,687	558,769	2,347,456	-	-	-
Due in more than one year	27,346,018	19,156,426	46,502,444	-	-	-
Net other postemployment benefit obligation	236,445	109,560	346,005	-	-	-
Total liabilities	33,574,702	28,571,891	62,146,593	7,898	85,185	-
Net assets						
Invested in capital assets, net of related debt	96,236,210	129,330,134	225,566,344	118,549	2,266,509	-
Restricted:						
Nonexpendable:						
Cemetery endowment corpus	1,411,567	-	1,411,567	-	-	-
Expendable for:						
Cemetery maintenance	127,130	-	127,130	-	-	-
Street construction and maintenance	1,432,620	-	1,432,620	-	-	-
Debt service	527,414	-	527,414	-	-	-
Capital projects and by agreement	1,240,855	11,591,211	12,832,066	-	685,931	-
Unrestricted	11,443,984	111,446,733	122,890,717	186,461	286,293	11,740
Total net assets	\$ 112,419,780	\$ 252,368,078	\$ 364,787,858	\$ 305,010	\$ 3,238,733	\$ 11,740

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

CITY OF HOLLAND, MICHIGAN

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2009

Functions / Programs	EXPENSES	PROGRAM REVENUES		NET (EXPENSE) REVENUE	
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS		CAPITAL GRANTS AND CONTRIBUTIONS
Primary government					
Governmental activities:					
General government	\$ 7,087,290	\$ 3,040,152	\$ 349,095	\$ -	\$ (3,698,043)
Public safety	12,845,443	798,688	328,394	90,382	(11,627,979)
Public works	9,420,191	824,776	3,319,467	404,779	(4,871,169)
Welfare and social services	1,495,708	157,637	766,822	1,399,790	828,541
Culture and recreation	6,048,286	495,556	43,247	639,208	(4,870,275)
Interest on long-term debt	1,253,379	-	-	-	(1,253,379)
Total governmental activities	38,150,297	5,316,809	4,807,025	2,534,159	(25,492,304)
Business-type activities:					
Electric utility	67,823,832	75,466,722	-	-	7,642,890
Wastewater utility	8,185,044	6,879,454	-	96,741	(1,208,849)
Water utility	6,181,007	5,881,210	-	167,413	(132,384)
Other enterprise activities	3,409,153	2,032,514	89,035	1,406,288	118,684
Total business-type activities	85,599,036	90,259,900	89,035	1,670,442	6,420,341
Total primary government	\$ 123,749,333	\$ 95,576,709	\$ 4,896,060	\$ 4,204,601	\$ (19,071,963)
Component units:					
Downtown Development Authority	\$ 197,076	\$ 1,160	\$ 5,000	\$ -	\$ (190,916)
Holland Historical Trust	806,271	139,144	405,131	23,144	(238,852)
Brownfield Redevelopment Authority	936,761	-	1,313	-	(935,448)
Total component units	\$ 1,940,108	\$ 140,304	\$ 411,444	\$ 23,144	\$ (1,365,216)

(Continued)

CITY OF HOLLAND, MICHIGAN
STATEMENT OF ACTIVITIES (CONCLUDED)
FOR THE YEAR ENDED JUNE 30, 2009

	PRIMARY GOVERNMENT			COMPONENT UNITS		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	DOWNTOWN DEVELOPMENT AUTHORITY	HOLLAND HISTORICAL TRUST	BROWNFIELD REDEVELOPMENT AUTHORITY
Change in net assets						
Net (expense) revenue	\$ (25,492,304)	\$ 6,420,341	\$ (19,071,963)	\$ (190,916)	\$ (238,852)	\$ (935,448)
General revenues:						
Property taxes	17,089,338	117,952	17,207,290	193,192	-	768,756
State shared revenues	3,041,193	-	3,041,193	-	-	-
Investment earnings - unrestricted	635,831	2,296,887	2,932,718	8,977	-	13,331
Transfers - internal activities	3,788,433	(3,788,433)	-	-	-	-
Total general revenues and transfers	24,554,795	(1,373,594)	23,181,201	202,169	-	782,087
Change in net assets before special item	(937,509)	5,046,747	4,109,238	11,253	(238,852)	(153,361)
Special item:						
Transfer of assets to West Michigan Airport Authority	-	(419,258)	(419,258)	-	-	-
Change in net assets	(937,509)	4,627,489	3,689,980	11,253	(238,852)	(153,361)
Net assets, beginning of year	113,357,289	247,740,589	361,097,878	293,757	3,477,585	165,101
Net assets, end of year	\$ 112,419,780	\$ 252,368,078	\$ 364,787,858	\$ 305,010	\$ 3,238,733	\$ 11,740

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

CITY OF HOLLAND, MICHIGAN

BALANCE SHEET
GOVERNMENTAL FUNDS

JUNE 30, 2009

	GENERAL FUND	BUILDING AUTHORITY DEBT SERVICE FUND	MUNICIPAL FACILITIES AND LAND IMPROVEMENTS PROJECTS FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>ASSETS</u>					
Cash and pooled investments	\$ 2,762,824	\$ 11,878	\$ 118,580	\$ 6,035,023	\$ 8,928,305
Receivables:					
Accounts	87,715	-	309,839	83,656	481,210
Taxes and special assessments	2,386	-	-	1,488,436	1,490,822
Interest	277,954	-	-	-	277,954
Leases	-	3,619,056	-	-	3,619,056
Due from other governmental units	473,027	-	181,151	705,692	1,359,870
Due from other funds	784	-	267,252	166,722	434,758
Prepaid items	2,144	-	-	300	2,444
Assets held for sale	-	-	-	20,000	20,000
Total assets	\$ 3,606,834	\$ 3,630,934	\$ 876,822	\$ 8,499,829	\$ 16,614,419
<u>LIABILITIES AND FUND BALANCES</u>					
LIABILITIES:					
Accounts payable	\$ 405,322	\$ -	\$ 275,245	\$ 531,065	\$ 1,211,632
Accrued payroll and benefits	359,923	-	-	34,141	394,064
Due to other governmental units	-	-	-	24,688	24,688
Due to other funds	94,824	-	3,979	480,692	579,495
Deposits	181,115	-	-	-	181,115
Deferred revenue	38	3,619,056	2,647	1,492,061	5,113,802
Total liabilities	1,041,222	3,619,056	281,871	2,562,647	7,504,796
FUND BALANCES:					
Reserved for:					
Prepaid items	2,144	-	-	300	2,444
Assets held for resale	-	-	-	20,000	20,000
Permanent fund corpus	-	-	-	1,411,567	1,411,567
Permanent fund expendable	-	-	-	127,130	127,130
Unreserved reported in:					
General fund	2,563,468	-	-	-	2,563,468
Special revenue funds	-	-	-	3,396,437	3,396,437
Debt service funds	-	11,878	-	741,877	753,755
Capital projects funds	-	-	594,951	239,871	834,822
Total fund balances	2,565,612	11,878	594,951	5,937,182	9,109,623
Total liabilities and fund balances	\$ 3,606,834	\$ 3,630,934	\$ 876,822	\$ 8,499,829	\$ 16,614,419

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

CITY OF HOLLAND, MICHIGAN

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

JUNE 30, 2009

Fund balances - total governmental funds	\$	9,109,623
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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 financial resources and therefore are not reported in the funds.

Add - capital assets, net		116,357,447
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Internal service funds are used by management to charge the costs of certain equipment usage and self-insurance to individual governmental funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.

Add - net assets of governmental activities accounted for in the internal service funds		10,192,685
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Some items are recorded as revenues and expenditures in the fund statements when paid or when received. These items are recorded on the government-wide statements when incurred in the case of expenditures and when revenues are earned.

Add - net pension asset		1,031,951
Add - deferred revenue on lease from library		3,619,056
Add - deferred revenue from special assessments		1,487,725

Certain liabilities, such as bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

Add - unamortized deferred refunding costs		269,878
Add - unamortized bond issuance costs		247,856
Deduct - bonds payable		(29,370,111)
Deduct - unamortized premium on bonds payable		(34,472)
Deduct - accrued interest on bonds payable		(255,413)
Deduct - other postemployment benefit obligation		(236,445)

Net assets of governmental activities	\$	112,419,780
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The accompanying notes are an integral part of these financial statements.

CITY OF HOLLAND, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2009

	GENERAL FUND	BUILDING AUTHORITY DEBT SERVICE FUND	MUNICIPAL FACILITIES AND LAND IMPROVEMENTS PROJECTS FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:					
Special assessments	\$ -	\$ -	\$ -	\$ 659,329	\$ 659,329
Property taxes	11,698,776	-	241,804	5,148,758	17,089,338
Licenses and permits	331,941	-	-	-	331,941
Intergovernmental	3,101,981	-	639,208	4,407,415	8,148,604
Charges for services	1,142,918	-	-	217,350	1,360,268
Fines and fees	197,625	-	-	276,837	474,462
Contributions from private sector	-	-	139,024	269,924	408,948
Interest and rents	617,748	2,806,080	30,878	248,075	3,702,781
Miscellaneous	156,026	-	93,658	169,743	419,427
Total revenues	17,247,015	2,806,080	1,144,572	11,397,431	32,595,098
EXPENDITURES:					
Current					
General government	3,507,075	-	-	2,507,826	6,014,901
Public safety	10,896,664	-	-	439,512	11,336,176
Public works	1,320,943	-	-	2,952,454	4,273,397
Welfare and social services	647,638	-	-	642,136	1,289,774
Culture and recreation	3,575,942	-	-	1,558,151	5,134,093
Other	85,705	-	-	-	85,705
Debt service					
Principal retirement	-	1,805,000	-	762,963	2,567,963
Interest and fiscal charges	-	1,000,089	-	230,848	1,230,937
Bond issuance costs	-	-	151,980	-	151,980
Capital outlay	-	-	6,265,317	3,273,350	9,538,667
Total expenditures	20,033,967	2,805,089	6,417,297	12,367,240	41,623,593
Excess (deficiency) of revenue over (under) expenditures	(2,786,952)	991	(5,272,725)	(969,809)	(9,028,495)
OTHER FINANCING SOURCES (USES):					
Issuance of bonds	-	-	4,000,000	-	4,000,000
Premium on bonds issued	-	-	34,490	-	34,490
Transfers in	3,501,747	1	2,542,174	6,200,001	12,243,923
Transfers out	(485,229)	-	(1,746,390)	(5,959,349)	(8,190,968)
Total other financing sources (uses)	3,016,518	1	4,830,274	240,652	8,087,445
NET CHANGE IN FUND BALANCES	229,566	992	(442,451)	(729,157)	(941,050)
FUND BALANCES - Beginning of year	2,336,046	10,886	1,037,402	6,666,339	10,050,673
FUND BALANCES - End of year	\$ 2,565,612	\$ 11,878	\$ 594,951	\$ 5,937,182	\$ 9,109,623

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

CITY OF HOLLAND, MICHIGAN

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, 2009

Net change in fund balances - total governmental funds	\$	(941,050)
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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 is allocated over their estimated useful lives and reported as depreciation expense.

Add - purchases of capital assets		9,401,805
Add - donated capital assets		1,379,790
Deduct - depreciation expense		(4,172,822)
Deduct - net book value of disposed capital assets		(2,994,786)

Bond proceeds provide current financial resources to governmental funds in the period issued, but issuing bonds increases long-term liabilities in the statement of net assets. Repayment of bond 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 long-term liabilities		2,567,963
Add - amortization of estimated environmental costs		15,000
Add - amortization of premium on long-term debt		1,484
Add - issuance costs related to long-term debt		151,980
Deduct - issuance of long-term debt		(4,000,000)
Deduct - premium on issuance of long-term debt		(34,490)
Deduct - amortization of deferred refunding costs		(20,760)
Deduct - amortization of bond issuance costs		(13,922)

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

Deduct - loss from governmental activities in internal service funds		(1,250,342)
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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 - current year change in special assessments receivable		43,114
Deduct - decrease in net pension asset		(20,842)
Deduct - library lease payment		(810,016)
Deduct - increase in accrued interest on bonds payable		(3,170)
Deduct - current year change in other postemployment benefit obligations		(236,445)

Change in net assets of governmental activities	\$	(937,509)
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The accompanying notes are an integral part of these financial statements.

CITY OF HOLLAND, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2009

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Property taxes	\$ 11,685,411	\$ 11,665,062	\$ 11,698,776	\$ 33,714
Licenses and permits	470,200	405,600	331,941	(73,659)
Intergovernmental	3,257,900	3,255,165	3,101,981	(153,184)
Charges for services	1,104,840	1,196,603	1,142,918	(53,685)
Fines and fees	240,000	218,000	197,625	(20,375)
Interest and rents	779,001	564,817	617,748	52,931
Miscellaneous	87,013	157,954	156,026	(1,928)
Total revenues	17,624,365	17,463,201	17,247,015	(216,186)
EXPENDITURES:				
Current:				
General government	3,623,967	3,614,215	3,507,075	(107,140)
Public safety	11,028,836	11,004,872	10,896,664	(108,208)
Public works	1,341,144	1,338,874	1,320,943	(17,931)
Welfare and social services	692,204	682,296	647,638	(34,658)
Culture and recreation	3,724,169	3,659,972	3,575,942	(84,030)
Other	409,000	124,220	85,705	(38,515)
Total expenditures	20,819,320	20,424,449	20,033,967	(390,482)
Deficiency of revenues under expenditures	(3,194,955)	(2,961,248)	(2,786,952)	174,296
OTHER FINANCING SOURCES (USES):				
Transfers in	3,506,400	3,492,600	3,501,747	9,147
Transfers out	(454,845)	(531,352)	(485,229)	46,123
Total other financing sources (uses)	3,051,555	2,961,248	3,016,518	55,270
NET CHANGE IN FUND BALANCES	(143,400)	-	229,566	229,566
FUND BALANCES - Beginning of year	2,336,046	2,336,046	2,336,046	-
FUND BALANCES- End of year	\$ 2,192,646	\$ 2,336,046	\$ 2,565,612	\$ 229,566

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

CITY OF HOLLAND

CITY OF HOLLAND, MICHIGAN

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS

JUNE 30, 2009

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			
	ELECTRIC UTILITY	WASTEWATER UTILITY	WATER UTILITY	OTHER ENTERPRISE FUNDS
<u>ASSETS</u>				
CURRENT ASSETS:				
Cash and pooled investments	\$ 37,153,573	\$ 2,291,434	\$ 3,278,309	\$ 464,392
Investments	39,102,330	13,045,928	1,503,480	-
Receivables:				
Accounts	7,988,627	1,032,834	818,990	172,582
Taxes and special assessments	-	134,134	111,123	21
Interest	227,755	65,357	11,037	-
Due from other governmental units	-	-	-	12,496
Due from other funds	220,573	71,349	113,001	191,699
Prepaid items	112,315	45	3,466	1,090
Inventories	10,695,492	44,196	185,769	-
Total current assets	95,500,665	16,685,277	6,025,175	842,280
NONCURRENT ASSETS:				
Restricted assets:				
Cash and pooled investments	-	2,522,827	3,352,267	-
Investments	4,709,311	2,006,960	-	-
Accrued interest	-	26,009	-	-
Capital assets:				
Land	4,810,124	260,673	1,764,967	6,352,359
Construction in progress	1,538,521	1,115,887	1,205,570	250
Machinery and equipment	212,968,636	65,253,942	49,978,972	18,578,091
Accumulated depreciation	(150,967,333)	(35,852,580)	(18,010,961)	(9,200,625)
Total capital assets	68,349,948	30,777,922	34,938,548	15,730,075
Total noncurrent assets	73,059,259	35,333,718	38,290,815	15,730,075
Total assets	168,559,924	52,018,995	44,315,990	16,572,355
<u>LIABILITIES</u>				
CURRENT LIABILITIES:				
Accounts payable	5,456,053	283,175	162,492	142,430
Claims payable	-	-	-	-
Accrued payroll and benefits	160,428	105,473	83,531	21,549
Accrued interest payable	-	11,982	-	-
Due to other governmental units	-	-	-	17,731
Accrued interest payable from restricted assets	-	-	356,900	-
Due to other funds	210,650	48,931	173,751	93,963
Deposits	-	-	-	47,813
Unearned revenue	190,842	-	-	15,000
Accrued compensated absences - current	175,000	65,000	50,500	13,500
Bonds and lease purchases payable - current	-	542,769	-	16,000
Bonds payable from restricted assets - current	-	-	767,164	-
Total current liabilities	6,192,973	1,057,330	1,594,338	367,986
NONCURRENT LIABILITIES:				
Net other postemployment benefit obligation	68,034	21,755	19,771	-
Landfill closure and postclosure cost	327,450	-	-	-
Accrued compensated absences	175,486	64,981	50,888	1,768
Bonds payable and lease purchases payable	-	2,454,577	16,701,849	-
Total noncurrent liabilities	570,970	2,541,313	16,772,508	1,768
Total liabilities	6,763,943	3,598,643	18,366,846	369,754
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	68,349,948	27,780,576	17,469,535	15,730,075
Restricted for capital projects and by agreement	5,087,657	3,151,780	3,351,774	-
Unrestricted	88,358,376	17,487,996	5,127,835	472,526
Total net assets	\$ 161,795,981	\$ 48,420,352	\$ 25,949,144	\$ 16,202,601

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

TOTAL ENTERPRISE FUNDS	GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS
\$ 43,187,708	\$ 7,358,947
53,651,738	-
10,013,033	89,262
245,278	-
304,149	-
12,496	-
596,622	93,396
116,916	112,435
10,925,457	72,782
<u>119,053,397</u>	<u>7,726,822</u>
5,875,094	-
6,716,271	-
26,009	-
13,188,123	-
3,860,228	-
346,779,641	9,877,837
(214,031,499)	(5,264,369)
<u>149,796,493</u>	<u>4,613,468</u>
<u>162,413,867</u>	<u>4,613,468</u>
<u>281,467,264</u>	<u>12,340,290</u>
6,044,150	128,507
-	275,700
370,981	21,736
11,982	-
17,731	-
356,900	-
527,295	17,986
47,813	-
205,842	-
304,000	945,000
558,769	-
767,164	-
<u>9,212,627</u>	<u>1,388,929</u>
109,560	-
327,450	-
293,123	758,676
19,156,426	-
<u>19,886,559</u>	<u>758,676</u>
<u>29,099,186</u>	<u>2,147,605</u>
129,330,134	4,613,468
11,591,211	-
111,446,733	5,579,217
<u>\$ 252,368,078</u>	<u>\$ 10,192,685</u>

CITY OF HOLLAND, MICHIGAN

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2009

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			
	ELECTRIC UTILITY	WASTEWATER UTILITY	WATER UTILITY	OTHER ENTERPRISE FUNDS
OPERATING REVENUES:				
Usage fees and charges for services	\$ 75,466,722	\$ 6,879,454	\$ 5,881,210	\$ 1,627,309
Premiums	-	-	-	-
Admissions and fares	-	-	-	304,067
Rentals	-	-	-	101,138
Miscellaneous	-	-	-	-
Total operating revenues	75,466,722	6,879,454	5,881,210	2,032,514
OPERATING EXPENSES:				
Personal services	5,261,673	1,688,007	1,288,321	779,307
Other current expenses	54,183,891	4,559,546	2,719,275	1,561,611
Depreciation	8,381,476	1,701,017	1,308,087	891,096
Total operating expenses	67,827,040	7,948,570	5,315,683	3,232,014
OPERATING INCOME (LOSS)	7,639,682	(1,069,116)	565,527	(1,199,500)
NONOPERATING REVENUES (EXPENSES):				
Property taxes	-	-	-	117,952
Federal and/or state grants	-	-	-	1,494,027
Federal awards passed-through to the Macatwa Area Express Transportation Authority	-	-	-	(87,739)
Investment earnings	1,663,977	508,652	103,295	20,963
Interest expense	(3)	(196,284)	(770,500)	(2,383)
Gain (loss) on disposal of capital assets	3,211	(40,190)	(94,824)	(87,017)
Total nonoperating revenues (expenses)	1,667,185	272,178	(762,029)	1,455,803
INCOME (LOSS) - Before transfers, contributions and special item	9,306,867	(796,938)	(196,502)	256,303
TRANSFERS AND CONTRIBUTIONS:				
Capital contributions	-	96,741	167,413	-
Other private donations	-	-	-	1,296
Transfers in	-	-	-	13,289,171
Transfers out	(3,984,000)	-	-	(13,093,604)
Net transfers and contributions	(3,984,000)	96,741	167,413	196,863
CHANGE IN NET ASSETS BEFORE SPECIAL ITEM	5,322,867	(700,197)	(29,089)	453,166
SPECIAL ITEM:				
Transfer of assets to West Michigan Airport Authority	-	-	-	(419,258)
CHANGE IN NET ASSETS	5,322,867	(700,197)	(29,089)	33,908
NET ASSETS - Beginning of year	156,473,114	49,120,549	25,978,233	16,168,693
NET ASSETS - End of year	\$ 161,795,981	\$ 48,420,352	\$ 25,949,144	\$ 16,202,601

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

TOTAL ENTERPRISE FUNDS	GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS
\$ 89,854,695	1,730,196
-	4,798,922
304,067	-
101,138	1,886,107
-	150,054
<u>90,259,900</u>	<u>8,565,279</u>
9,017,308	1,062,675
63,024,323	7,688,603
12,281,676	620,079
<u>84,323,307</u>	<u>9,371,357</u>
<u>5,936,593</u>	<u>(806,078)</u>
117,952	-
1,494,027	-
(87,739)	-
2,296,887	216,369
(969,170)	-
<u>(218,820)</u>	<u>(396,111)</u>
<u>2,633,137</u>	<u>(179,742)</u>
<u>8,569,730</u>	<u>(985,820)</u>
264,154	-
1,296	-
13,289,171	372,000
<u>(17,077,604)</u>	<u>(636,522)</u>
<u>(3,522,983)</u>	<u>(264,522)</u>
5,046,747	(1,250,342)
(419,258)	-
4,627,489	(1,250,342)
247,740,589	11,443,027
<u>\$ 252,368,078</u>	<u>\$ 10,192,685</u>

CITY OF HOLLAND, MICHIGAN

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2009

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			
	ELECTRIC UTILITY	WASTEWATER UTILITY	WATER UTILITY	OTHER ENTERPRISE FUNDS
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers and users	\$ 76,504,154	\$ 6,870,232	\$ 5,803,474	\$ 2,017,837
Receipts from internal services provided	-	-	-	-
Payments to suppliers	(57,464,466)	(4,556,668)	(5,427,145)	(1,529,228)
Payments to employees	(5,210,797)	(1,649,499)	(1,263,221)	(773,540)
Net cash provided by (used in) operating activities	13,828,891	664,065	(886,892)	(284,931)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Property taxes	-	-	-	117,936
Private donations	-	-	-	1,296
Payments to outside authorities	-	-	-	(331,162)
Intragovernmental payments	(3,984,000)	-	-	(283,235)
Intragovernmental receipts	-	-	-	379,514
Net cash (used in) provided by noncapital financing activities	(3,984,000)	-	-	(115,651)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Federal and/or state grants	-	-	-	1,531,669
Federal awards passed-through to the Macatawa Area Express Transportation Authority	-	-	-	(87,739)
Principal paid on long-term debt	-	(546,000)	(790,000)	(15,000)
Interest paid on long-term debt	(3)	(166,987)	(725,650)	(2,383)
Capital contributions	-	43,716	50,233	-
Proceeds from sales of capital assets	16,738	22,277	2,296	9,613
Purchase of capital assets	(3,529,665)	(1,083,266)	(1,314,776)	(1,497,847)
Net cash used in capital and related financing activities	(3,512,930)	(1,730,260)	(2,777,897)	(61,687)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Proceeds from sales of investments	45,966,292	17,005,270	1,500,000	-
Purchase of investments	(43,811,641)	(15,052,888)	(1,503,480)	-
Investment earnings	2,071,155	710,217	149,494	20,963
Net cash provided by investing activities	4,225,806	2,662,599	146,014	20,963
NET INCREASE (DECREASE) IN CASH AND POOLED INVESTMENTS	10,557,767	1,596,404	(3,518,775)	(441,306)
CASH AND POOLED INVESTMENTS -				
Beginning of year	26,595,806	3,217,857	10,149,351	905,698
CASH AND POOLED INVESTMENTS - End of year	\$ 37,153,573	\$ 4,814,261	\$ 6,630,576	\$ 464,392
STATEMENT OF NET ASSETS CLASSIFICATIONS OF CASH AND POOLED INVESTMENTS:				
Current assets	\$ 37,153,573	\$ 2,291,434	\$ 3,278,309	\$ 464,392
Restricted assets	-	2,522,827	3,352,267	-
TOTAL STATEMENT OF NET ASSETS CLASSIFICATION	\$ 37,153,573	\$ 4,814,261	\$ 6,630,576	\$ 464,392

TOTAL ENTERPRISE FUNDS	GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS
\$ 91,195,697	\$ -
-	8,498,365
(68,977,507)	(7,543,893)
(8,897,057)	(1,030,953)
<u>13,321,133</u>	<u>(76,481)</u>
117,936	-
1,296	-
(331,162)	-
(4,267,235)	(636,522)
379,514	372,000
<u>(4,099,651)</u>	<u>(264,522)</u>
1,531,669	-
(87,739)	-
(1,351,000)	-
(895,023)	-
93,949	-
50,924	74,137
(7,425,554)	(612,168)
<u>(8,082,774)</u>	<u>(538,031)</u>
64,471,562	-
(60,368,009)	-
2,951,829	216,369
<u>7,055,382</u>	<u>216,369</u>
8,194,090	(662,665)
40,868,712	8,021,612
<u>\$ 49,062,802</u>	<u>\$ 7,358,947</u>
\$ 43,187,708	\$ 7,358,947
5,875,094	-
<u>\$ 49,062,802</u>	<u>\$ 7,358,947</u>

(Continued)

CITY OF HOLLAND, MICHIGAN
STATEMENT OF CASH FLOWS (CONCLUDED)
PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2009

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			
	ELECTRIC UTILITY	WASTEWATER UTILITY	WATER UTILITY	OTHER ENTERPRISE FUNDS
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 7,639,682	\$ (1,069,116)	\$ 565,527	\$ (1,199,500)
Adjustment to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	8,381,476	1,701,017	1,308,087	891,096
Changes in operating assets and liabilities which provided (used) cash:				
Accounts receivable	966,775	(35,461)	(96,193)	3,580
Due from other funds	34,851	26,239	18,457	-
Prepaid items	24,218	-	48	-
Inventories	(3,321,957)	(6,798)	(17,242)	-
Accounts payable	17,622	(31,641)	(2,684,031)	32,383
Accrued payroll and benefits	50,876	38,508	25,100	(1,043)
Accrued compensated absences	-	-	-	6,810
Claims payable	-	-	-	-
Due to other funds	(68,492)	19,562	(26,416)	-
Unearned revenue	35,806	-	-	(18,257)
Net other postemployment benefits obligation	68,034	21,755	19,771	-
Net cash provided by (used in) operating activities	\$ 13,828,891	\$ 664,065	\$ (886,892)	\$ (284,931)
Noncash investing, capital and financing activities				
Noncash capital transfers	\$ -	\$ -	\$ -	\$ (12,806,055)
Noncash capital contributions	-	53,025	117,180	-

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

BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS	GOVERNMENTAL ACTIVITIES
TOTAL	INTERNAL SERVICE FUNDS
\$ 5,936,593	\$ (806,078)
12,281,676	620,079
838,701	13,609
79,547	(76,116)
24,266	103,607
(3,345,997)	36,890
(2,665,667)	(38,887)
113,441	35,646
6,810	(3,924)
-	43,100
(75,346)	(2,481)
17,549	(1,926)
109,560	
<u>\$ 13,321,133</u>	<u>\$ (76,481)</u>
\$ (12,806,055)	\$ -
<u>170,205</u>	<u>-</u>

CITY OF HOLLAND, MICHIGAN

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS

JUNE 30, 2009

<u>ASSETS</u>		
Cash and pooled investments		\$ 106,259
Accounts receivable		440
<hr/>		
Total assets		<hr/> \$ 106,699
<u>LIABILITIES</u>		
Accounts payable		\$ 47,728
Due to other governmental units		43,836
Other liabilities and deposits		15,135
<hr/>		
Total liabilities		<hr/> \$ 106,699

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

CITY OF HOLLAND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Holland, Michigan (the "City") conform to generally accepted accounting principles ("GAAP") as applicable to governmental units. The following is a summary of the significant accounting policies:

Reporting Entity

The City is a municipal corporation governed by an elected, nine-member City Council. As required by generally accepted accounting principles, these financial statements present the City of Holland (the primary government) and its component units. The individual component units discussed below are included in the City's reporting entity because they are entities for which the City is considered to be financially accountable.

Blended Component Unit

The Holland Building Authority has been blended into the City's financial statements. The Authority is governed by a five-member board, consisting of the City Manager, City Attorney, City Finance Officer and two individuals appointed by City Council, and is reported as if it were part of the primary government because its sole purpose is to finance and construct the City's public buildings and facilities.

Discretely Presented Component Units

In addition, financial information of the following component units are included in separate columns and rows in the basic financial statements. They are reported in separate columns and rows to emphasize that they are legally separate from the City. Except for the Holland Historical Trust, the governing bodies of all of these component units are appointed by the Mayor of the City of Holland with the City Council.

Downtown Development Authority – The Downtown Development Authority was created to correct and prevent deterioration in the downtown district, encourage historical preservation, and promote economic growth within the downtown district. The Authority's budget is subject to approval by the City Council. Separate financial statements are not prepared for this entity.

Holland Historical Trust – The Holland Historical Trust (the "Trust") is a not-for-profit corporation organized under Section 501(c)(3) of the internal revenue code for the purpose of operating the Holland Museum, the Cappon House, and the Settlers House. The Trust's budget is subject to review by the City Council prior to final decision concerning a General Fund contribution toward the Trust's operations. Complete financial statements for the Trust may be obtained at the Trust's administrative office located at 31 West 10th Street, Holland, MI 49423.

Brownfield Redevelopment Authority – The Brownfield Redevelopment Authority was established to account 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 and redevelopment. The City Council appoints the governing body of the Authority and approves the Authority's budget. Separate financial statements are not prepared for this entity.

CITY OF HOLLAND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2009

Economic Development Corporation – The Economic Development Corporation (the “EDC”) was created to provide means and methods for the encouragement and assistance of industrial and commercial enterprises in relocating, purchasing, constructing, improving or expanding within the City so as to provide needed services and facilities of such enterprises to the residents of the City. In certain situations, members of the Board of Directors may be removed by a majority of the Holland City Council. Separate financial statements are not prepared for this entity.

The EDC had no activity during the year, and has therefore not been included in the financial statements.

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. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements, except for agency funds, which do not have a measurement focus. Revenues are recorded when earned and expenses are recorded when liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. After March 1, any delinquent taxes on real property are paid by the County which is responsible for collecting any outstanding taxes on real property as of that date. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

CITY OF HOLLAND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2009

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 property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period. Intergovernmental revenue, charges for services and interest are all considered to be susceptible to accrual if collected within 180 days of fiscal year end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Property taxes, intergovernmental revenue, charges for services 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. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Building Authority Debt Service Fund* accounts for the financial resources required to service Building Authority Debt.

The *Municipal Facilities and Land Improvement Projects Fund* accounts for the financial resources designated for the acquisition or construction of major capital facilities, other than those projects that are financed by proprietary funds.

The City reports the following major enterprise funds:

The *Electric Utility Enterprise Fund* accounts for the provision of electric services to the residences and businesses of the City and surrounding area. Activities necessary to provide such services include, but are not limited to, sales, administration, operations, maintenance, and construction.

The *Wastewater Utility Enterprise Fund* accounts for the provision of wastewater services to the residences and businesses of the City and surrounding area. Activities necessary to provide such services include, but are not limited to, sales, administration, operations, maintenance, and construction.

The *Water Utility Enterprise Fund* accounts for the provision of water services to the residences and businesses of the City and surrounding area. Activities necessary to provide such services include, but are not limited to, sales, administration, operations, maintenance, and construction.

CITY OF HOLLAND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2009

Additionally, the City reports the following fund types:

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

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

Capital Projects Funds – used to account for the accumulation and disbursement of resources for the construction and maintenance of infrastructure and facilities.

Permanent Fund - used to record the activity and balance of the Cemetery Trust which provides funds for perpetual care of cemetery lots and cremain inurnment in niches.

Enterprise Funds – used to report operations that provide services to citizens, financed primarily by a user charge or activities where the periodic measurement of net income is deemed appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Internal Service Funds – used to report the financing of goods or services provided by the City to other departments and funds or to other governmental units on a cost reimbursement basis, specifically technology, equipment and insurance services.

Agency Funds – used to account for assets held on behalf of outside parties, including other governments. The City reports the following agency funds:

The *Current Tax Collection Fund* is used to account for the collection and disposition of all current year property taxes that are levied on the City of Holland tax roll.

The *Outside Agencies Collection Fund* is used to account for collection and disposition of various delinquent taxes, assessments, and certain other designated revenues of other governmental jurisdictions and authorities.

The *Employee's Flexible Spending Plan Fund* is used to receive designated funds from employee pre-tax withholdings, and to disburse payments for eligible employee expenses. Costs for dependent child care and various medical expenses are considered eligible under this plan.

The *Imprest Payroll Fund* is used to account for the total cash of each individual payroll.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standard 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 City has elected not to follow subsequent private-sector guidance.

CITY OF HOLLAND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2009

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's enterprise function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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 funds are charges for services. The principal operating revenues of the City's internal service funds are charges to City departments for technology, equipment and insurance services. Operating expenses for the enterprise fund include depreciation on capital assets, labor, supplies and contracted services. Operating expenses for the internal service funds include the cost of services (including claims), administrative expenses, and depreciation on capital assets. Other revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

Budgets and Budgetary Accounting

The City follows these procedures in establishing the budgetary data reflected in the financial statements.

- The City Manager is responsible for submitting the proposed operating budget for the following fiscal year to the City Council. The City Council, during its review, holds a public hearing to obtain taxpayer comments. The budget is legally enacted by resolution of the Council.
- The City financial officer is authorized to transfer budget amounts between accounts within the same department of any fund upon written request by a department or division head and approval by the City Manager. Transfers between departments or any revisions that alter total appropriations of any fund must be approved by the City Council. Budgeted appropriations lapse each year; however, appropriations for continuing projects and programs which the City intends to complete are included in the budget of the ensuing year.
- Budgeted amounts are as originally adopted or as amended by the City Council during the year. The budgets have been prepared in accordance with generally accepted accounting principles. Supplemental appropriations were necessary during the year.
- The budget has been adopted on a department level basis; expenditures at this level in excess of amounts budgeted are a violation of Michigan law.

CITY OF HOLLAND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2009

- Annual budgets are legally adopted for the General Fund, Special Revenue and Permanent Funds as required by the Uniform Budgeting Act (P.A. 621 of 1978) of the State of Michigan.
- Informal annual budgets are also adopted for the debt service, enterprise and internal service funds, and component units.
- Informal budgets are adopted for the Capital Projects Funds on a “multi-year” inception-to-completion basis.

Cash and Pooled Investments

The City considers cash and pooled investments to be cash and cash equivalents for statement of cash flow purposes. Investments within pooled cash and investments are not identifiable to specific funds and the assets can be withdrawn at anytime similar to a demand deposit account.

Investments

Investments displayed on the financial statements and included in the cash and pooled investment caption are recorded at fair value.

State statute authorizes the City to invest in:

- Bonds, securities, other obligations and repurchase agreements of the United States, or an agency or instrumentality of the United States.
- Certificates of deposit, savings accounts, deposit accounts or depository receipts of a qualified financial institution.
- 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.
- Bankers’ acceptances of United States banks.
- 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.
- 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.
- External investment pools as authorized by Public Act 20 as amended through December 31, 1997.

The City’s investment policy allows for all of these types of investments.

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 at year-end are considered by management to be immaterial.

CITY OF HOLLAND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2009

Due to/from Other Funds

During the course of its operations, the City has numerous transactions between funds to finance operations, to provide services, construct assets and service debt. To the extent that certain transactions between funds had not been paid or received as of fiscal year end, balances of interfund accounts receivable or payable have been recorded.

Due From Other Governmental Units

Amounts due from other governments include amounts due from grantors for specific programs and capital projects. Program and capital grants are recorded as receivables and revenue at the time reimbursable costs are incurred. Revenues received in advance of costs being incurred are deferred.

Prepaid Items

The City incurred expenses prior to year-end for services that will be performed in the next fiscal year. In these situations, the City records an asset to reflect the investment in future services.

Inventories

Inventories recorded in the Enterprise and Internal Service Funds and in the Holland Historical Trust (a component unit) are expensed as consumed and are valued at historical cost determined on a moving average basis. In other funds, payments for the inventory type supplies are recorded as expenditures at the time of purchase as they are immaterial to the City's financial position.

Assets Held for Sale

The City purchased two homes which the City intends to resell. The homes are valued on the Statement of Financial Position at the market value of \$10,000 each.

Capital Assets and Depreciation

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the governmental activities column 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 and an estimated useful life in excess of two years. Such assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exists. Donated capital assets are valued at their estimated fair market value on the date received. The amount reported for infrastructure includes easements added since 1980 and other infrastructure dating back to 1959.

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.

CITY OF HOLLAND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2009

Depreciation on the capital assets (including infrastructure) of the primary government, as well as the component units, is computed using the straight-line method over the following estimated useful lives:

	Years
Land improvements	20
Buildings	40
Office furniture and equipment	3-5
Vehicles	5-10
Public domain infrastructure	40
System infrastructure	20

Restricted Assets

Assets of the enterprise funds that are restricted for specific uses by bond requirements or other legal requirements are classified as restricted assets.

Bond Discounts, Premiums, Deferred Refunding Costs and Bond Issuance Costs

Premiums, discounts, deferred refunding costs and bond issuance costs associated with various bond issues are being amortized by the interest or straight-line methods over the repayment periods of the related bonds. Amortization of these items is charged to interest expense.

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. Bond issuance costs are capitalized and amortized over the life of the bonds for proprietary funds and for governmental and business-type activities on the government-wide financial statements.

Deferred Revenue

Governmental funds report deferred revenue in connection with assets received or receivable that are not considered to be available to liquidate liabilities of the current period or that have not yet been earned. At the end of the current fiscal year, the various components of deferred revenue reported in the governmental funds were as follows:

CITY OF HOLLAND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2009

	<u>Unearned</u>	<u>Unavailable</u>	<u>Total</u>
Governmental activities			
Governmental funds:			
Long-term lease receivable	\$ -	\$ 3,619,056	\$ 3,619,056
Special assessments receivable:			
Special assessment debt	-	998,785	998,785
Infrastructure projects	-	2,030	2,030
Miscellaneous governmental functions	-	486,910	486,910
Grant drawdowns in excess of amounts expended:			
General fund	38	-	38
Culture and community improvement	4,336	-	4,336
Municipal facilities and land improvement projects	2,647	-	2,647
Total governmental activities	<u><u>\$ 7,021</u></u>	<u><u>\$ 5,106,781</u></u>	<u><u>\$ 5,113,802</u></u>

Property Taxes

Properties are assessed as of December 31 and become a lien at that time. The related property taxes are levied and billed on July 1 of the following year, and are due without penalty on or before August 15. Summer tax bills include the City property taxes and taxes billed on behalf of various school districts, authorities within the City limits and other entities. Real property taxes that have not been collected as of March 1 are turned over to Ottawa and Allegan Counties for collection. The counties advance the City 100 percent for the delinquent real property taxes. Collection of delinquent personal property taxes and IFT's remains the responsibility of the City Treasurer.

The taxable value at December 31, 2007 was \$1,205,889,301, which provides a City-wide valuation equivalency that allows for a uniform millage rate across all taxable properties, including tax-abated properties. The tax levy was based on the following rates:

	<u>Millage Rate Used</u>	<u>Authorized Millage Rate By Either State Law or City Charter</u>	
General Operating	9.3361		
Street Development and Improvement	1.0000		
Sidewalk Development and Improvement	0.0500		
Municipal Capital Projects	.2049		
Debt Service General Obligation	1.9504		
	<u>12.5414</u>	16.1346	(1)
		17.5000	(City Charter)
Library Support/Debt Service	1.3086	1.3086	(1)
		1.5000	(2)
West Michigan Airport Authority	.1000	.1000	(1) and (3)

CITY OF HOLLAND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2009

- (1) Formula limitation required by 1978 State Constitutional amendment.
- (2) Library support agreement between City of Holland, Park Township, Holland Township, Laketown Township and Herrick District Library dated March 21, 1997.
- (3) Airport support agreement between City of Holland, Park Township, City of Zeeland effective January of 2007.

Interfund Transactions

During the course of normal operations, the City has numerous transactions between funds, including expenditures and transfers of resources to provide services and to service debt. The accompanying financial statements generally reflect operating subsidies as transfers.

Electric Utility Fund Transfer to the General Fund

The City Charter authorizes an annual transfer from the Electric Utility Fund to the General Fund. The current formula for determining this transfer is based upon 5 percent of Electric Utility Fund budgeted revenues of the same fiscal year. For fiscal year 2009, a transfer of \$3,984,000 was made.

Compensated Absences

City employees are granted vacation, sick and longevity pay in varying amounts based on length of service, which are compensable upon termination of employment except during resignation or discharge for disciplinary cause.

Vacation hours are credited to each employee on the anniversary date of hire. The number of hours is dependent upon years of service. Sick leave hours are credited to each employee as earned during a calendar year up to a maximum of 104 hours. Bargaining and nonbargaining employees are compensated for one half of total accumulated sick leave hours in excess of 720 hours annually.

Longevity pay is an annual compensation payable to eligible employees based on years of service.

The City's policy is to recognize the cost of vacation, sick, longevity, deferred overtime and salary-related fringe benefits associated with these compensated absences at the time the compensated absences are earned. The liabilities associated with compensated absences have been recorded in the enterprise funds for those employees compensated by those funds and in the compensated absences internal service fund for employees compensated by governmental funds.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

CITY OF HOLLAND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2009

Subsequent Events

In preparing these financial statements, management has evaluated, for potential recognition or disclosure, significant events or transactions that occurred during the period subsequent to June 30, 2009, the most recent statement of net assets presented herein, through the auditors' report date, the date these financial statements were available to be issued. No significant such events or transactions were identified, other than those matters disclosed in Note 17 labeled "Subsequent Events."

2. COMPLIANCE

Budgetary Compliance

The Uniform Budgeting Act (P.A. 621 of 1978) of the State of Michigan requires that all General and Special Revenue Funds adopt annually balanced budgets on the modified accrual basis of accounting.

For the year ended June 30, 2009, expenditures exceeded appropriations at the legal level of budgetary control in the following funds:

	<u>Total Appropriations</u>	<u>Amount of Expenditure</u>	<u>Budget Variance</u>
Contested Assessments Fund:			
General government	\$ 43,000	\$ 44,261	\$ 1,261
Anti-Drug Abuse Act Grant – "W.E.M.E.T." Fund:			
Public safety	246,701	247,371	670
District Library Taxation Fund:			
Culture and recreation	1,555,893	1,558,151	2,258

Compliance with the Single Audit Act

Procedures performed to test compliance relating to expenditures of federal awards as required by the Single Audit Act Amendments of 1996 and related findings are detailed in a separate report.

CITY OF HOLLAND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2009

3. DEPOSITS AND INVESTMENTS

The City's reporting entity deposits and investments as of June 30, 2009 are included on the statement of net assets under the following classifications:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Component Units</u>	<u>Agency Funds</u>	<u>Total</u>
Cash and pooled investments	\$ 16,287,252	\$ 43,187,708	\$ 492,050	\$ 106,259	\$ 60,073,269
Investments	-	53,651,738	398,522	-	54,050,260
Restricted assets:					
Cash and pooled investments	-	5,875,094	-	-	5,875,094
Investments	-	6,716,271	-	-	6,716,271
	<u>\$ 16,287,252</u>	<u>\$ 109,430,811</u>	<u>\$ 890,572</u>	<u>\$ 106,259</u>	<u>\$ 126,714,894</u>

For note disclosure purposes, the amounts above are classified as follows:

Petty cash	\$ 11,041
Deposits (checking/savings accounts)	4,220,359
Certificate of deposit (due within one year)	18,850,000
Certificate of deposit (due within one to five years)	1,000,000
Investments	<u>102,633,494</u>
	<u>\$126,714,894</u>

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

<u>Investment</u>	<u>Balance</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Rating</u>	<u>Callable</u>
City of Holland					
FFCB	\$ 1,515,945	5.000%	9/21/2010	S&P AAA	Non-Callable
FHLMC	901,476	1.250%	3/9/2011	S&P AAA	Quarterly
FHLMC	1,007,840	2.125%	3/16/2011	S&P AAA	Once only call 03/16/2011
FNMA	1,005,310	4.000%	8/26/2011	S&P AAA	Once only call 8/26/2009
FHLB	1,574,535	3.750%	9/9/2011	S&P AAA	Non-Callable
Genesee County DTAN	1,232,754	3.500%	4/1/2011	S&P - 1+	Non-Callable
Fifth Third Money Market Fund	28	0.240%	N/A	S&P AAA	N/A
Fifth Third Money Market Fund	118	0.0196%	N/A	S&P AA	N/A
Total City of Holland	<u>\$ 7,238,006</u>				

CITY OF HOLLAND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2009

Investment	Balance	Interest Rate	Maturity Date	Rating	Callable
Holland Board of Public Works					
FHLMC	\$ 2,006,980	1.350%	9/2/2010	S&P AAA	12/02/2009
FHLMC	2,015,480	2.000%	2/25/2011	S&P AAA	02/25/2010
FHLMC	2,015,720	2.050%	3/9/2011	S&P AAA	03/09/2010
FHLMC	2,009,660	1.700%	6/29/2011	S&P AAA	06/29/2010
FHLMC	2,012,140	2.450%	6/29/2012	S&P AAA	06/29/2010
FHLMC	2,000,300	1.375%	7/6/2009	S&P AAA	07/06/2009
FFCB	1,000,180	1.375%	5/5/2011	S&P AAA	05/05/2010
FHLB	1,026,710	3.050%	9/17/2010	S&P AAA	Non-Callable
FHLB	1,027,180	3.070%	9/24/2010	S&P AAA	Non-Callable
FHLB	2,002,860	1.000%	6/30/2010	S&P AAA	Non-Callable
FHLB	1,001,770	1.200%	10/7/2010	S&P AAA	Non-Callable
FHLB	1,995,260	1.500%	5/18/2011	S&P AAA	08/18/2009
FHLB	1,971,120	2.100%	12/10/2012	S&P AAA	09/10/2009
FHLB	1,988,680	2.250%	12/17/2012	S&P AAA	06/17/2010
FNMA	2,006,260	1.500%	1/28/2011	S&P AAA	01/28/2010
FNMA	2,013,920	2.200%	9/23/2011	S&P AAA	03/23/2010
MMBA	523,488	4.950%	11/1/2011	S&P AAA	Non-Callable
FNMA	2,014,380	2.000%	3/2/2011	S&P AAA	03/02/2010
FHLB	1,997,500	1.400%	9/15/2011	S&P AAA	06/05/2010
FHLMC	2,009,660	2.125%	9/23/2011	S&P AAA	03/23/2010
FHLMC	2,001,300	1.800%	9/29/2011	S&P AAA	12/29/2009
FHLB	1,004,060	3.500%	8/18/2010	S&P AAA	08/18/2009
FFCB	1,000,310	1.200%	10/13/2010	S&P AAA	07/13/2009
FHLMC	2,009,800	1.750%	4/20/2011	S&P AAA	04/20/2010
FNMA	1,988,120	2.100%	12/3/2012	S&P AAA	06/03/2010
FHLMC	2,015,860	2.030%	12/29/2011	S&P AAA	06/29/2010
MPPA Trust Pool	4,709,311	N/A	Various	S&P AAA	N/A
Repurchase agreements	45,628,957	N/A	N/A	Unrated	N/A
Total Holland Board of Public Works	\$ 94,996,966				
Holland Historical Trust					
Bond Mutual Funds	\$ 141,448	N/A	N/A	Various	N/A
Equity Mutual Funds	252,156	N/A	N/A	N/A	N/A
Holland/Zeeland Area Community Foundation	4,918	N/A	N/A	Unrated	N/A
Total Holland Historical Trust	\$ 398,522				
Total	\$ 102,633,494				

FNMA – Federal National Mortgage Association

FHLB – Federal Home Loan Bank

FFCB – Federal Farm Credit Bank

CITY OF HOLLAND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2009

FHLMC – Federal Home Loan Mortgage Corporation

MMBA – Michigan Municipal Bond Association

DTAN – Delinquent Tax Anticipation Note

Investment and Deposit Risk

Interest Rate Risk. State law limits the allowable investments and the maturities of some of the allowable investments as identified above in Note 1. 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 dates for each investment are 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 above. The City's investment policy does not have specific limits in excess of state law pertaining to investment credit risk. The ratings for each investment are identified above for significant investments held at year-end.

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's investment policy does not have specific limits in excess of state law pertaining to custodial credit risk. As of year-end, \$18,236,125 of the bank balance of \$24,509,932 was exposed to custodial credit risk because it was uninsured and uncollateralized.

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 possession of an outside party. State law does not require and the City does not have a specific policy pertaining to investment custodial credit risk which is more restrictive than state law. Of the above \$102,633,494 of investments held at year-end, the City has a custodial credit risk exposure of \$51,896,558 because the related securities are uninsured, unregistered and held by the government's brokerage firm which is also the counterparty for these particular securities. The City is not exposed to custodial credit risk on the repurchase agreements as the investments are held in an overnight sweep account which is collateralized by US government securities. Custodial credit risk for the mutual funds, MPPA Trust Pool and Holland Zeeland Area Community fund cannot be determined as these investments are not evidenced by specifically identifiable securities.

Concentrations of Credit Risk. State law limits allowable investments but does not limit concentration of credit risk as identified in the listing above. The City's Board of Public Works investment policy does not allow for investment concentration with any one financial institution to exceed 80% of the total portfolio. This requirement was not exceeded.

CITY OF HOLLAND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2009

4. RECEIVABLES

Receivables are comprised of the following at year-end:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Downtown Development Authority</u>	<u>Holland Historical Trust</u>
Accounts	\$ 570,472	\$ 10,013,033	\$ -	\$ -
Taxes and special assessments	1,490,822	245,278	2	-
Interest	277,954	304,149	-	-
Leases	3,619,056	-	-	-
Pledges receivable	-	-	-	371,370
Due from other governmental units	1,359,870	12,496	-	-
	<u>\$ 7,318,174</u>	<u>\$ 10,574,956</u>	<u>\$ 2</u>	<u>\$ 371,370</u>

Of the amounts reported for receivables above, leases receivable in the amount of \$3,619,056 and special assessments receivable in the amount of \$1,487,725 are not expected to be collected within one year.

5. CAPITAL ASSETS

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Primary government				
Governmental activities				
Capital assets, not being depreciated:				
Land	\$ 14,093,666	\$ 1,426,399	\$ 51,958	\$ 15,468,107
Construction in progress	7,853,049	8,954,245	10,778,227	6,029,067
Total capital assets, not being depreciated	<u>21,946,715</u>	<u>10,380,644</u>	<u>10,830,185</u>	<u>21,497,174</u>
Capital assets, being depreciated:				
Land improvements	15,394,596	4,155,621	1,150,035	18,400,182
Buildings	32,820,880	112,269	16,975	32,916,174
Machinery and equipment	11,094,355	372,788	3,700,065	7,767,078
Vehicles	6,562,144	366,503	397,638	6,531,009
Infrastructure	80,861,457	6,784,165	2,759,932	84,885,690
Total capital assets, being depreciated	<u>146,733,432</u>	<u>11,791,346</u>	<u>8,024,645</u>	<u>150,500,133</u>

CITY OF HOLLAND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2009

Primary government (continued)	Beginning			Ending
Governmental activities (continued)	Balance	Increases	Decreases	Balance
Less accumulated depreciation for:				
Land improvements	\$ 7,253,767	\$ 764,117	\$ 634,536	\$ 7,383,348
Buildings	8,044,997	930,844	9,255	8,966,586
Machinery and equipment	6,057,063	453,722	2,379,495	4,131,290
Vehicles	3,185,485	429,750	299,365	3,315,870
Infrastructure	26,303,748	2,214,468	1,288,918	27,229,298
Total accumulated depreciation	<u>50,845,060</u>	<u>4,792,901</u>	<u>4,611,569</u>	<u>51,026,392</u>
Net capital assets, being depreciated	<u>95,888,372</u>	<u>6,998,445</u>	<u>3,413,076</u>	<u>99,473,741</u>
Net governmental activities capital assets	<u>\$ 117,835,087</u>	<u>\$ 17,379,089</u>	<u>\$ 14,243,261</u>	<u>\$120,970,915</u>
Business-type activities				
Capital assets, not being depreciated:				
Land	\$ 13,155,050	\$ 33,073	\$ -	\$ 13,188,123
Construction in progress	2,985,781	4,334,796	3,460,349	3,860,228
Total capital assets, not being depreciated	<u>16,140,831</u>	<u>4,367,869</u>	<u>3,460,349</u>	<u>17,048,351</u>
Capital assets, being depreciated:				
Land improvements	12,051,314	1,689,811	78,694	13,662,431
Buildings	3,554,330	19,114	38,964	3,534,480
Machinery and equipment	324,350,584	4,804,624	1,892,585	327,262,623
Office Equipment/ Furniture	62,860	-	27,103	35,757
Vehicles	2,211,323	73,027	-	2,284,350
Total capital assets, being depreciated	<u>342,230,411</u>	<u>6,586,576</u>	<u>2,037,346</u>	<u>346,779,641</u>
Less accumulated depreciation for:				
Land improvements	6,136,785	647,514	33,903	6,750,396
Buildings	1,940,376	119,715	29,350	2,030,741
Machinery and equipment	193,568,147	11,390,986	1,693,104	203,266,029
Office Equipment/ Furniture	58,582	583	24,813	34,352
Vehicles	1,827,103	122,878	-	1,949,981
Total accumulated depreciation	<u>203,530,993</u>	<u>12,281,676</u>	<u>1,781,167</u>	<u>214,031,499</u>
Net capital assets, being depreciated	<u>138,699,418</u>	<u>(5,695,100)</u>	<u>256,176</u>	<u>132,748,142</u>
Net business-type activities capital assets	<u>\$ 154,840,249</u>	<u>\$ (1,327,231)</u>	<u>\$ 3,716,525</u>	<u>\$ 149,796,493</u>

CITY OF HOLLAND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2009

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

Governmental activities:	
General government	\$ 230,308
Public safety	557,671
Public works	2,669,107
Culture and recreation	715,512
Welfare and social services	224
Internal service funds	<u>620,079</u>
Total depreciation expense - governmental activities	<u>\$ 4,792,901</u>

Business-type activities:	
Electric utility	\$ 8,381,476
Wastewater utility	1,701,017
Water utility	1,308,087
Refuse and recycling pickup	61,678
Windmill island	67,841
Depot operations	55,229
Airport facilities and management system	694,586
Public transit facilities and management system	<u>11,762</u>
Total depreciation expense - business type activities	<u>\$ 12,281,676</u>

Discretely Presented Component Units

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Downtown Development Authority:				
Capital assets, being depreciated				
Land improvements	\$ 208,216	\$ 7,689	\$ 2,597	\$ 213,308
Machinery and equipment	<u>10,137</u>	<u>-</u>	<u>10,137</u>	<u>-</u>
Total capital assets, being depreciated	<u>218,353</u>	<u>7,689</u>	<u>12,734</u>	<u>213,308</u>
Less accumulated depreciation for:				
Land improvements	85,712	10,450	1,403	94,759
Machinery and equipment	<u>1,882</u>	<u>-</u>	<u>1,882</u>	<u>-</u>
Total accumulated depreciation	<u>87,594</u>	<u>10,450</u>	<u>3,285</u>	<u>94,759</u>
Net capital assets	<u>\$ 130,759</u>	<u>\$ (2,761)</u>	<u>\$ 9,449</u>	<u>\$ 118,549</u>

CITY OF HOLLAND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2009

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Holland Historical Trust:				
Capital assets, not being depreciated				
Land	\$ 50,000	\$ -	\$ -	\$ 50,000
Construction in progress	210,645	220,695	-	431,340
	<u>260,645</u>	<u>220,695</u>	<u>-</u>	<u>481,340</u>
Capital assets, being depreciated				
Buildings and improvements	2,436,093	-	-	2,436,093
Land improvements	20,617	-	-	20,617
Furniture and equipment	148,147	-	-	148,147
	<u>2,604,857</u>	<u>-</u>	<u>-</u>	<u>2,604,857</u>
Total capital assets, being depreciated	<u>2,604,857</u>	<u>-</u>	<u>-</u>	<u>2,604,857</u>
Less accumulated depreciation for:				
Buildings and improvements	545,970	141,336	-	687,306
Land improvements	12,320	1,347	-	13,667
Furniture and equipment	112,772	5,943	-	118,715
	<u>671,062</u>	<u>148,626</u>	<u>-</u>	<u>819,688</u>
Total accumulated depreciation	<u>671,062</u>	<u>148,626</u>	<u>-</u>	<u>819,688</u>
Net capital assets, being depreciated	<u>1,933,795</u>	<u>(148,626)</u>	<u>-</u>	<u>1,785,169</u>
Total capital assets	<u>\$ 2,194,440</u>	<u>\$ 72,069</u>	<u>\$ -</u>	<u>\$ 2,266,509</u>

6. PAYABLES

Payables are comprised of the following at year-end:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Downtown Development Authority</u>	<u>Holland Historical Trust</u>
Accounts payable	\$ 1,340,139	\$ 6,044,150	\$ 5,578	\$ 21,474
Accrued payroll and benefits	415,800	370,981	2,320	14,383
Claims payable	275,700	-	-	-
Accrued interest payable	255,413	11,982	-	-
Due to other governmental units	24,688	17,731	-	-
	<u>\$ 2,311,740</u>	<u>\$ 6,444,844</u>	<u>\$ 7,898</u>	<u>\$ 35,857</u>

CITY OF HOLLAND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2009

7. COMPONENT UNIT LINE OF CREDIT

The Holland Historical Trust (the "Trust") component unit has available a \$100,000 line of credit with interest at 0.625% under the prime rate as published in the Wall Street Journal (effective rate of 4.5% at June 30, 2009). The line expires on October 25, 2009. There were outstanding borrowings on the line of \$22,500 as of June 30, 2009. As a condition of granting of credit line, the Trust pledges to maintain deposit accounts with the creditor bank.

8. LONG-TERM DEBT

Long-term debt at June 30, 2009 is comprised of the following individual bond issues, notes payable and lease obligations:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities					
\$2,300,000 Building Authority, Library Improvement Bonds, paid in full during fiscal year 2009	\$ 350,000	\$ -	\$ 350,000	\$ -	\$ -
\$19,500,000 Police Improvement Bonds (partially refunded in fiscal year 2006) due in annual installments of \$185,000 to \$1,475,000 through 2019; interest at 3.00% to 5.00%.	10,420,000	-	640,000	9,780,000	715,000
\$3,750,000 1996A Street Improvement Bonds, paid in full during fiscal Year 2009.	525,000	-	525,000	-	-
\$380,000 1997A Utility Improvement Bonds, due in annual installments of \$20,000 to \$30,000 through 2011; interest at 4.80% to 7.00%.	80,000	-	30,000	50,000	25,000
\$425,000 1998 Special Assessment Bonds due in annual installments of \$25,000 to \$35,000, through 2012; interest at 4.00% to 5.05%.	100,000	-	25,000	75,000	25,000
\$350,000 2001 Special Assessment Bonds due in annual installments of \$25,000 through 2014; interest at 5.80% to 5.85%.	150,000	-	25,000	125,000	25,000

CITY OF HOLLAND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2009

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities (Continued)					
\$1,310,603 City of Holland portion of 1999 Allegan County Sewage Disposal System Bonds, due in annual installments of \$70,463 to \$93,950 through 2018; interest at 4.20% to 4.80%.	\$ 798,574	\$ -	\$ 70,463	\$ 728,111	\$ 70,463
\$800,000 2002A Public Improvement Bonds, due in annual installments of \$30,000 to \$60,000, through 2016; interest at 4.00% to 7.00%.	470,000	-	60,000	410,000	60,000
\$5,400,000 2004 Library Improvement Refunding Bonds, due in annual installments of \$55,000 to \$475,000, through May 2017, interest at 2.00% to 4.25%.	4,050,000	-	455,000	3,595,000	435,000
\$4,170,000 2004 City Hall Improvement Refunding Bonds, due in annual installments of \$50,000 to \$475,000, through 2016; interest at 2.00% to 4.25%.	3,240,000	-	330,000	2,910,000	355,000
\$352,000 2004 Land Contract; due in one installment of \$352,000 in 2012; non-interest bearing.	352,000	-	-	352,000	-
\$175,000 2003 Land contract due in annual installments of \$12,500 through 2013; interest at 5.00%.	62,500	-	12,500	50,000	12,500
\$7,255,000 2006 Building Authority Refunding Bonds, due in annual installments of \$25,000 to \$1,880,000 through 2022; interest rates of 3.50% to 4.00%.	7,205,000	-	30,000	7,175,000	30,000

CITY OF HOLLAND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2009

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities (Concluded)					
\$155,000 2006 Special Assessment Bonds, due in annual installments of \$10,000 through 2022; interest at 5.06%.	\$ 135,000	\$ -	\$ 15,000	\$ 120,000	\$ 10,000
\$4,000,000 2008 Capital Improvement Parking Bonds, due in annual installments of \$45,000 to \$290,000 through 2033; interest rates of 3.25% To 5.00%	-	4,000,000	-	4,000,000	45,000
Total installment debt	27,938,074	4,000,000	2,567,963	29,370,111	1,807,963
Estimated environmental clean-up costs	15,000	-	15,000	-	-
Premium on bonds payable	1,466	34,490	1,484	34,472	1,484
Unamortized deferred refunding costs	(290,638)	-	(20,760)	(269,878)	(20,760)
Accrued compensated absences	1,662,600	986,503	945,427	1,703,676	945,000
Total Governmental Activities	<u>\$ 29,326,502</u>	<u>\$ 5,020,993</u>	<u>\$ 3,509,114</u>	<u>\$ 30,838,381</u>	<u>\$ 2,733,687</u>
Business-type Activities					
\$6,576,500 2001 Ottawa County Refunded Sewage Bonds (City assumed 70% of total 2001 Ottawa County Disposal Bond issue), due in annual installments of \$66,500 to \$693,000 through 2014; interest at 2.80% to 4.75%.	\$ 3,699,500	\$ -	\$ 546,000	\$ 3,153,500	\$ 574,000
\$7,635,000 2005A Water Supply Revenue Refunding Bonds, due in annual installments of \$635,000 to \$915,000 through 2017; interest at 3.00% to 4.00%.	7,635,000	-	635,000	7,000,000	665,000
\$11,200,000 2005B Water Supply Refunding Bonds, due in annual installments of \$155,000 to \$1,525,000 through 2024; interest at 3.00% to 5.00%.	10,950,000	-	155,000	10,795,000	155,000

CITY OF HOLLAND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2009

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Business-type Activities (Concluded)					
Installment purchase obligation to Huntington Bank, due in one annual installment of \$16,000 in 2010; interest at 5.75%.	\$ 31,000	\$ -	\$ 15,000	\$ 16,000	\$ 16,000
Total installment debt	22,315,500	-	1,351,000	20,964,500	1,410,000
Discount on bonds payable	(137,304)	-	(12,444)	(124,860)	(12,143)
Unamortized deferred refunding costs	(432,769)	-	(75,488)	(357,281)	(71,924)
Accrued compensated absences	571,212	619,473	593,562	597,123	304,000
Total Business-type Activities Long-Term Debt	\$ 22,316,639	\$ 619,473	\$ 1,856,630	\$ 21,079,482	\$ 1,629,933

The environmental clean-up liability does not relate to a municipal landfill, but rather to monitoring and cleanup of underground fuel storage sites.

The City owns and maintains a landfill for fly ash and wastewater treatment bio solids. In accordance with Michigan Department of Environmental Quality requirements, funding for closure cost estimates of \$111,000 and post-closure cost estimates of \$216,450 have been assured with a \$100,000 letter of credit and \$10,185 held in trust at June 30, 2009. The City has recognized a liability for landfill closure and post-closure cost of \$327,450 in the Enterprise Fund based on the percentage of landfill capacity used to date. The landfill is expected to have a remaining life of at least 50 years with approximately 67% of the landfill's capacity currently utilized. These estimates are expected to fluctuate based on inflation, deflation, changes in technology, applicable laws and regulations.

General obligation bond issues and special assessment bond issues within the governmental activities issued through December 22, 1978 are backed by the full faith and credit of the City. All bond issues issued subsequent to that date have the City's limited tax obligation. Current debt service requirements are funded by property tax revenues, special assessments and reserves within the Debt Service Fund.

The City has created a statutory first lien on the net revenues of the Electric and Water Utility Funds to secure the payment of principal and interest on the revenue bonds. Certain bond ordinances require that bond and interest redemption funds be maintained with a minimum balance amounting to the highest annual principal and interest payments due for each issue plus amounts necessary to fund current principal and interest payments.

CITY OF HOLLAND

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2009

The special assessment bonds represent the financing of public improvements that benefit specific districts; these districts are specially assessed, at least in part, for the cost of the improvements. At June 30, 2009, the City has cash and investments of \$723,468 available in Debt Service Funds for repayment of these bonds. In addition, there is \$1,487,725 of special assessments receivable in the future. Under Michigan law, the City is secondarily liable for payment of these bonds.

The annual requirements to pay principal and interest on long-term obligations outstanding at June 30, 2009, excluding unamortized discount and deferred refunding costs, are as follows:

<u>Fiscal Year</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 1,807,963	\$ 1,179,943	\$ 1,410,000	\$ 846,201
2011	1,917,963	1,115,735	1,443,500	795,137
2012	2,364,963	1,034,359	1,505,000	741,669
2013	2,137,963	951,090	1,563,000	683,760
2014	2,225,463	862,831	1,628,000	621,518
2015-2019	10,400,796	2,872,428	5,270,000	2,368,790
2020-2024	6,190,000	962,584	6,620,000	1,157,606
2025-2029	1,175,000	436,725	1,525,000	38,125
2030-2033	1,150,000	139,975	-	-
Total	\$ 29,370,111	\$ 9,555,670	\$ 20,964,500	\$ 7,252,806

Revenue Bonds

Covenants of the revenue bond resolution provide for, among other things, restrictions on the transfer of funds, issuance of additional debt, creation of liens and the sale and lease of property.

No Commitment Debt

Excluded from the government-wide statements are bonds issued under the Industrial Development Revenue Bond Act of 1963, as amended, which authorizes municipalities to acquire and lease industrial sites, buildings and equipment. Also excluded are revenue bonds issued by the Economic Development Corporation to acquire and lease property to third parties. The revenue bonds issued are payable solely from the net revenue derived from the respective leases and are not a general obligation of the City. After these bonds are issued, all financial activity is taken over by the paying agent. The bonds and related lease contracts are not reflected in the City's financial statements, but are described below. Additional information regarding the status of each bond issue, including possible default, must be obtained from the paying agent or other knowledgeable source.

<u>For Whom</u>	<u>Purpose</u>	<u>Outstanding Principal at June 30, 2009</u>
Thrifty Holland, Inc.	Acquisition, construction and equipping of a retail, grocery and department store	<u>\$ 7,300,000</u>

CITY OF HOLLAND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2009

The Thrifty Holland, Inc. bonds are Floating Rate Monthly Demand Economic Development Revenue Bonds of the Economic Development Corporation of the City of Holland. The City of Holland has no obligation for the debt beyond the resources provided for the above loans.

Defeased Debt

As of June 30, 2009, in conjunction with prior year refunded debt, \$6,805,000 of outstanding bonds payable is considered defeased.

9. JOINT VENTURES

The City entered into a joint venture, the Michigan Public Power Agency (MPPA), with 15 other municipal electric systems. The MPPA was formed to undertake the planning, financing, development, acquisition, construction, improvement, operation and maintenance of projects to supply electric power and energy for the present or future needs of its members. Each MPPA member is a municipal corporation organized under the laws of the State of Michigan and owns and operates a municipal electric system. The City is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future. Complete financial statements for the Michigan Public Power Agency can be obtained from the administrative offices at 809 Centennial Way, Lansing, MI 48917.

Under this joint venture, the City has entered into Power Sales Contracts and Projects Support Contracts. These contracts provide for the City to purchase from MPPA 15.66% of the energy generated by MPPA's 37.22% ownership in Detroit Edison's Belle River Unit No.1, which became operational in August 1984, and 26.35% of MPPA's 4.8% ownership in Consumers Energy's Campbell Unit No. 3, which became operational in September 1980. These contracts require the City to purchase approximately 38 and 10 megawatts of power, respectively, in 1995 and thereafter.

For the year ended June 30, 2009, the Board recognized expenses totaling \$13,135,901 under the terms of the contract which represented \$3,004,633 for fixed operating costs, \$5,400,798 for debt service and \$4,730,470 for the purchase of power. Accounts payable to MPPA totaled \$1,257,090 at June 30, 2009. Under the terms of its contracts, the Board must make minimum annual payments equal to its share of debt service and its share of the fixed operating costs of Detroit Edison's Belle River No. 1 and Consumers Energy's Campbell Unit No. 3. The estimated required payments presented below assume no early calls or refinancing of existing revenue bonds and 3.0% annual inflation of fixed operating costs.

CITY OF HOLLAND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2009

A summary of contract requirements with the MPPA is as follows:

Year	Belle River		Campbell		Total
	Debt Service	Fixed Operating	Debt Service	Fixed Operating	
2010	\$ 4,305,373	\$ 2,573,132	\$ 915,089	\$ 521,639	\$ 8,315,233
2011	4,306,019	2,650,326	919,622	537,288	8,413,255
2012	4,306,001	2,729,836	922,180	553,407	8,511,424
2013	4,305,460	2,811,731	923,442	570,009	8,610,642
2014	4,305,960	2,896,083	909,075	587,109	8,698,227
2015-2018	17,222,486	12,479,616	1,699,575	1,227,587	32,629,264
	\$ 38,751,299	\$ 26,140,724	\$ 6,288,983	\$ 3,997,039	\$ 75,178,045

Debt Service requirements expire in the years 2018 and 2016 for the Belle River and Campbell projects, respectively. The above amounts include estimated fixed operating costs for the same period as the debt service. The contracts for the City's commitment for fixed operating costs to extend beyond these dates is dependent upon the use of the facilities.

The joint venture is a result of an ongoing financial responsibility. The City did not have an initial equity interest and does not participate in net income or losses.

10. INTERFUND TRANSACTIONS

Due to/from other funds at June 30, 2009 were:

	Due From Other Funds								Total
	General Fund	Municipal Facilities & Land Improvements Project Fund	Nonmajor Governmental Funds	Electric Utility	Wastewater Utility	Water Utility	Nonmajor Enterprise Funds	Internal Service Funds	
Due to other funds:									
General Fund	\$ -	\$ -	\$ -	\$ 51,205	\$ 17,068	\$ 26,551	\$ -	\$ -	\$ 94,824
Municipal Facilities and Land Improvements Projects Fund	-	-	-	2,149	716	1,114	-	-	3,979
Nonmajor Governmental Funds	-	77,731	-	115,996	36,491	58,775	191,699	-	480,692
Electric Utility	384	84,491	80,011	-	-	-	-	45,764	210,650
Wastewater Utility	86	18,967	19,604	-	-	-	-	10,274	48,931
Water Utility	314	68,972	67,107	-	-	-	-	37,358	173,751
Nonmajor Enterprise Funds	-	-	-	50,740	16,913	26,310	-	-	93,963
Internal Service Funds	-	17,091	-	483	161	251	-	-	17,986
	\$ 784	\$ 267,252	\$ 166,722	\$ 220,573	\$ 71,349	\$ 113,001	\$ 191,699	\$ 93,396	\$ 1,124,776

CITY OF HOLLAND

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2009

Interfund balances represent short-term borrowing to cover cash flow needs as well as balances payable and receivable for goods and services received from and provided to other funds.

Transfers In							
	General Fund	Building Authority Debt Service Fund	Municipal Facilities & Land Improvements Projects Fund	Nonmajor Governmental Funds	Nonmajor Enterprise Fund	Internal Service Funds	Total
Transfers out:							
General Fund	\$ -	\$ -	\$ 3,400	\$ 186,262	\$ 195,567	\$ 100,000	\$ 485,229
Municipal Facilities and Land Improvements Projects Fund	-	-	1,498,225	248,165	-	-	1,746,390
Nonmajor Governmental Funds	306,347	1	251,949	5,129,052	-	272,000	5,959,349
Electric Utility Nonmajor Enterprise Funds	3,195,400	-	788,600	-	-	-	3,984,000
	-	-	-	-	13,093,604	-	13,093,604
Internal Service Funds	-	-	-	636,522	-	-	636,522
	\$ 3,501,747	\$ 1	\$ 2,542,174	\$ 6,200,001	\$13,289,171	\$ 372,000	\$ 25,905,094

Transfers are used to move funds between funds based on City Council resolutions or move revenues from the funds required to collect them to the funds required or allowed to expend them.

11. DEFINED BENEFIT PENSION PLAN

Municipal Employees Retirement System of Michigan

The City participates in the Municipal Employees Retirement System of Michigan (MERS), an agent multiple-employer defined benefit pension plan providing retirement, death and disability benefits covering full-time City employees. 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 or by calling (800) 767-6377.

The City is required to contribute at an actuarially determined rate; the current rate varies by bargaining unit as a percentage of annual covered payroll from 9.49% to 14.11% for union employees. For non-union employees, the City is required to contribute a flat rate as listed below.

Employment Division	Amount
General; Non-union	\$ 429,192
Police; Non-union	69,804
Fire; Non-union	16,956
Street, Parks, Cemetery; Non-union	77,364
Public Works; Non-union	293,880

CITY OF HOLLAND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2009

Participating employees are required to contribute from 0% to 8.15%, based on bargaining unit, to the Plan. The contribution requirements of the City are established and may be amended by the MERS Retirement Board.

For the year ended June 30, 2009, the City's actual and required contribution for MERS was \$2,236,726. The required contribution was determined as part of the December 31, 2006 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 8.0%; (b) projected salary increases of 4.5% per year compounded annually, attributable to inflation; (c) additional projected salary increases of 0.0% to 8.4% per year, depending on age, attributable to merit, longevity, and promotional pay increases; and (d) post-retirement Benefits will increase based on City Council resolution. 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, 2008, the date of the latest actuarial valuation, was 28 years.

Three-Year Trend Information

<u>Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation (Asset)</u>
2007	\$ 2,110,346	99%	\$ (1,074,056)
2008	2,190,865	99%	(1,052,793)
2009	2,257,568	99%	(1,031,951)

Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio Total</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
12/31/08	\$ 81,209,288	\$ 104,627,785	\$ 23,418,497	78%	\$ 16,628,349	141%

The schedule of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, presents multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AAL for benefits.

CITY OF HOLLAND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2009

The City's Annual Pension Cost and Net Pension Asset for the current year are as follows:

Actuarially determined contribution	\$ 2,236,726
Interest on Net Pension Asset	84,223
Adjustment to actuarially determined contribution	<u>(63,381)</u>
 Annual pension cost	 2,257,568
 Contributions made	 <u>2,236,726</u>
 Decrease in Net Pension Asset	 (20,842)
Net pension Asset beginning of year	<u>1,052,793</u>
 Net Pension Asset at end of year	 <u><u>\$ 1,031,951</u></u>

Defined Contribution Pension Plan

The City participates in a defined contribution retirement plan which is administered by the ICMA for nonbargaining employees. The defined contribution provisions of the plan require the City to contribute 6% to 8% of covered employee payroll and to match employee contributions up to 0% to 2%. The participants direct their investments under defined contribution provisions. The City contributed \$470,601 and employees contributed \$127,799 to the defined contribution plan.

12. OTHER POSTEMPLOYMENT BENEFITS

Plan description. The City of Holland Retiree Healthcare Plan (the "Plan") is a single-employer defined benefit healthcare plan administered by the City. The Plan provides 100% of health insurance benefits to eligible retirees and their dependents. The benefit is provided upon the employee attaining 50 or 55 years of age, depending on employment contract, and 25 years of service to the City or 60 years of age and 10 years of service. The coverage is maintained until the employee is eligible for federal Medicare coverage at age 65. The Plan does not issue a separate audited report.

The City provides a monthly subsidy payment for the retiree health insurance premium charged by the City's Health and Dental Insurance Fund for single or two-person coverage, depending on employment contract as follows:

Employee Group	Single Coverage	Two-Person Coverage
Nonbargaining City and BPW	\$ 250	\$ 450
Police Bargaining	250	450
Fire Bargaining	250	500
BPW Utility Bargaining	120	200
BPW Clerical Bargaining	130	250

CITY OF HOLLAND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2009

No subsidy payment is made if the retiree can obtain no cost coverage through other employment or through a spouse's employment. However, retired employees who are eligible to receive hospital, surgical and medical coverage from another employer-sponsored plan may request reimbursement for any premium cost up to the maximum amounts as stated above.

Contributions. The contribution requirements of Plan members and the City are established and may be amended by the City Council. The required contribution is based on projected pay-as-you-go financing requirements. For the year ended June 30, 2009, the City contributed \$185,081, including cash contributions of \$137,081 and an implicit rate subsidy (which did not require cash) of \$48,000.

Annual OPEB Cost and Net OPEB Obligation. The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the City's net OPEB obligation:

Annual required contribution	\$ 531,086
Interest on net OPEB obligation	-
Adjustment to annual required	<u>-</u>
Net OPEB cost (expense)	531,086
Contributions made	<u>185,081</u>
Increase in net OPEB obligation	346,005
Net OPEB obligation, beginning of year	<u>-</u>
Net OPEB obligation, end of year	<u><u>\$ 346,005</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation as of June 30, 2009 was as follows:

Fiscal Year	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2009	\$ 531,086	35%	\$ 346,005

CITY OF HOLLAND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2009

Funded status and funding progress. As of June 30, 2008, the date of the most recent actuarial valuation, the Plan was 0% funded. The actuarial accrued liability for benefits was \$4,791,667, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$4,791,667.

The schedule of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, presents multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AAL for benefits.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumption about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

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

In the June 30, 2008 actuarial valuation, the projected unit credit (level dollar) method was used. The actuarial assumptions includes: (a) a rate of return on investments of 4.0%; and (b) projected healthcare benefit increases (inflation rate) of 9%. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the fair value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level dollar amount over 30 years on a closed basis.

13. LITIGATION/CONTINGENT LIABILITY

In the normal course of its activities, the City has become a party in various legal actions, including property tax assessment appeals. Management of the City is of the opinion that the outcome of such actions will not have a material effect on the financial position of the City and, therefore, has not reflected loss reserves in the financial statements.

CITY OF HOLLAND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2009

14. RISK MANAGEMENT

The City estimates the liability for the partially self-funded insurance claims that have been incurred through the end of the fiscal year, including both those claims that have been reported as well as those that have not yet been reported. These estimates are recorded in Internal Service Funds. Changes in the estimated liability for the past two fiscal years were as follows:

	Health and Dental Insurance	Vehicle Insurance	Property Insurance	General Liability Insurance	Workers' Compensation Insurance	Income Protection Insurance	Total
Estimated liability- June 30, 2007	\$ 253,300	\$ -	\$ -	\$ 50,000	\$ -	\$ -	\$ 303,300
Estimated claims and premiums Incurred, including changes In estimates	4,607,669	160,594	31,046	120,587	277,713	95,842	5,293,451
Claims and premiums paid	4,640,369	160,594	31,046	158,587	277,713	95,842	5,364,151
Estimated liability- June 30, 2008	\$ 220,600	\$ -	\$ -	\$ 12,000	\$ -	\$ -	\$ 232,600
Estimated claims and premiums Incurred, including changes In estimates	4,925,501	132,533	50,480	179,947	275,638	64,428	5,628,527
Claims and premiums paid	4,882,401	132,533	50,480	179,947	275,638	64,428	5,585,427
Estimated liability- June 30, 2009	\$ 263,700	\$ -	\$ -	\$ 12,000	\$ -	\$ -	\$ 275,700

The City has in place a risk management program that encompasses annual retention levels, depending upon the specific coverage. Employee health and dental coverage assumes risk up to \$100,000 specific and \$3,818,000 aggregate. Vehicle liability insurance provides first-dollar coverage on all claims. The City assumes total unlimited risk for damage to its vehicles, except fire vehicles, with small deductibles for damages. Damages to all other forms of property are established with a \$100,000 deductible per incident. Retentions for general and public liability risks are currently \$100,000 per incident.

The City has entered into contractual agreements with various third-party administrators for claims servicing. Assets for claims settlement are established in its Internal Service Funds. These funds allocate the cost of providing stop-loss insurance, claims servicing and claims payment by charging a "premium" to each fund and organization using various bases depending upon the type of coverage. The charges take into consideration recent trends in actual experience and also make provision for possible catastrophic losses.

CITY OF HOLLAND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2009

Liabilities are established when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Because actual claims liabilities depend upon such complex factors as inflation, changes in legal positions and damage awards, the process used in computing claims liabilities does not necessarily result in an exact amount. Claims liabilities are periodically reevaluated to take into consideration recently settled claims, the frequency of claims and other economic and social factors.

The City's amount of settlements did not exceed insurance coverage for each of the past three fiscal years.

15. COMMITMENTS

At June 30, 2009, the City had the following outstanding commitments:

- a. \$1,707,240 for construction of roads.
- b. \$700 for various park projects.
- c. \$59,855 for new parking facility.
- d. \$1,896,673 for various electrical utility projects.
- e. \$926,741 for various water utility projects.
- f. \$358,503 for various wastewater utility projects.

16. SUBSEQUENT EVENT

On November 9, 2009 the City entered into an agreement with Hope College that extended the maturity date for the land contract balance of \$352,000 to April 22, 2012. The land contract was originally to be due on March 31, 2009.

17. SPECIAL ITEM

Effective July 1, 2008 the West Michigan Airport Authority (the "Authority") became an entirely separate entity and is no longer included in the City's financial report. As a result of this split, most of the construction in progress held by the former Municipal Airport enterprise fund was transferred to the Authority. This transfer, including cash and construction in progress, is reported as a special item in the amount of \$419,258 in the government-wide statement of activities and the proprietary fund statement of changes in revenue, expenditures and changes in fund net assets and the proprietary cash flow statement.

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CITY OF HOLLAND
REQUIRED SUPPLEMENTAL INFORMATION
YEAR ENDED JUNE 30, 2009

**Schedule of Funding Progress
MERS Pension Plan**

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 ©	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/08	\$ 81,209,288	\$ 104,627,785	\$ 23,418,497	78%	\$ 16,628,349	141%
12/31/07	80,995,093	100,127,029	19,131,936	81%	19,131,936	115%
12/31/06	77,665,205	95,229,440	17,423,238	82%	17,423,238	106%

**Schedule of Funding Progress
Other Postemployment Benefits Plan**

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 ©	UAAL as a Percentage of Covered Payroll ((b-a)/c)
06/30/08	* \$ -	\$ 4,791,667	\$ 4,791,667	0%	N/A	N/A

*Only one year of data is available

CITY OF HOLLAND

- - FUND TYPE: GENERAL FUND - - -

GENERAL FUND

The General Fund is a governmental fund, and represents the basic and primary operating fund of general government operations. This fund records financial resources used for day-to-day general government service activities, such as City Administration, Public Safety, Community & Neighborhood Services, Leisure & Cultural Services, Cemeteries, etc. Certain activities, programs and projects are financed and recorded in other funds, in accordance with legal restrictions and by *Governmental Accounting Standards Board (GASB)* requirements.

The General Fund receives the majority of its financing from five primary sources which to include property taxes, state shared revenues, fees & charges for services, investment income, and an annual transfer from the City's Electric Utility Fund as authorized by City Charter provisions.

Although not a fixed rule, an attempt is made – through the annual budgeting process – to maintain the Net Assets (i.e., fund balance) within a 7.5% to 15% range of the ensuing year's adopted budget appropriation for this fund.

CITY OF HOLLAND, MICHIGAN

BALANCE SHEET
GENERAL FUND

JUNE 30, 2009

ASSETS

Cash and pooled investments	\$	2,762,824
Receivables - net:		
- General and cemetery		87,715
- Property taxes		2,386
- Interest		277,954
- Other governmental units		473,027
Due from other funds		784
Prepaid items		2,144
Total assets	\$	3,606,834

LIABILITIES AND FUND BALANCES

LIABILITIES:		
Accounts payable	\$	405,322
Accrued payroll and benefits		359,923
Due to other funds		94,824
Deposits for:		
- Advance payments of property taxes not yet due		6,627
- Duplicate payments and overpayments of property taxes		128,346
- Undistributed service charge in lieu of taxes		22,342
- Nature Center tours		1,694
- Fire escrow		21,642
- Police Evidence Room		464
Deferred revenue		38
Total liabilities		1,041,222
FUND BALANCES:		
Reserved for prepaid items		2,144
Unreserved:		
Undesignated		2,563,468
Total fund balance		2,565,612
Total liabilities and fund balance	\$	3,606,834

CITY OF HOLLAND, MICHIGAN
 SCHEDULE OF REVENUES
 BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
 GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2009

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
TAXES:				
Property	\$ 11,000,111	\$ 11,011,310	\$ 11,017,519	\$ 6,209
Penalties and interest on delinquent taxes	146,000	106,000	133,794	27,794
Administration fee	520,800	521,910	521,623	(287)
Public service charge in lieu of property tax	17,000	24,386	24,386	-
Other miscellaneous tax revenue	1,500	1,456	1,454	(2)
Total taxes	11,685,411	11,665,062	11,698,776	33,714
LICENSES AND PERMITS:				
Business	85,800	85,900	85,034	(866)
Nonbusiness	384,400	319,700	246,907	(72,793)
Total licenses and permits	470,200	405,600	331,941	(73,659)
INTERGOVERNMENTAL:				
State	3,198,800	3,195,665	3,041,686	(153,979)
Federal	17,600	18,000	17,894	(106)
Other	41,500	41,500	42,401	901
Total intergovernmental	3,257,900	3,255,165	3,101,981	(153,184)
CHARGES FOR SERVICES:				
Fees	469,050	491,094	486,411	(4,683)
Services rendered	545,790	606,009	574,264	(31,745)
Sales	90,000	99,500	82,243	(17,257)
Total charges for services	1,104,840	1,196,603	1,142,918	(53,685)
FINES AND FEES	240,000	218,000	197,625	(20,375)
INTEREST AND RENTS:				
Investment earnings	537,501	326,901	380,795	53,894
Rents	241,500	237,916	236,953	(963)
Total interest and rents	779,001	564,817	617,748	52,931
MISCELLANEOUS	87,013	157,954	156,026	(1,928)
TOTAL REVENUES	\$ 17,624,365	\$ 17,463,201	\$ 17,247,015	\$ (216,186)

CITY OF HOLLAND, MICHIGAN
 SCHEDULE OF EXPENDITURES
 BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
 GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2009

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
GENERAL GOVERNMENT:				
City council	\$ 193,500	\$ 201,525	\$ 194,793	\$ (6,732)
City manager	321,900	307,125	296,390	(10,735)
Elections	79,000	62,952	61,583	(1,369)
City finance	524,200	531,620	529,972	(1,648)
Independent audit	48,200	56,024	54,091	(1,933)
City assessor	460,695	473,037	464,486	(8,551)
Legal services	194,300	216,800	197,219	(19,581)
City clerk	150,900	167,624	165,430	(2,194)
Personnel	301,500	295,750	291,949	(3,801)
Purchasing	39,100	39,315	37,248	(2,067)
City treasurer	223,150	233,530	214,920	(18,610)
City hall and grounds	211,700	210,412	209,991	(421)
Cemetery	535,072	477,153	457,796	(19,357)
Volunteer services	18,550	18,060	15,924	(2,136)
Planning commission	322,200	323,288	315,283	(8,005)
Total general government	3,623,967	3,614,215	3,507,075	(107,140)
PUBLIC SAFETY:				
Police	7,291,339	7,111,819	7,029,919	(81,900)
Fire	2,890,699	3,011,122	2,996,580	(14,542)
Environmental health/inspections	419,792	451,595	445,944	(5,651)
Construction inspections	427,006	430,336	424,221	(6,115)
Total public safety	11,028,836	11,004,872	10,896,664	(108,208)
PUBLIC WORKS:				
Streets	1,155,120	1,145,797	1,136,452	(9,345)
Transportation management/engineering	186,024	193,077	184,491	(8,586)
Total public works	1,341,144	1,338,874	1,320,943	(17,931)
WELFARE AND SOCIAL SERVICES:				
Social services	143,900	144,425	140,842	(3,583)
Ourstreet program	207,904	207,745	202,069	(5,676)
Economic development assistance	178,300	167,398	147,673	(19,725)
Human relations commission	162,100	162,728	157,054	(5,674)
Total welfare and social services	692,204	682,296	647,638	(34,658)

(Continued)

CITY OF HOLLAND, MICHIGAN

SCHEDULE OF EXPENDITURES (CONCLUDED)
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2009

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
CULTURE AND RECREATION:				
Parks	\$ 1,622,101	\$ 1,550,586	\$ 1,547,686	\$ (2,900)
Municipal stadium	81,671	78,994	76,813	(2,181)
Nature center	248,381	246,844	241,071	(5,773)
Cultural-recreational	360,890	356,093	355,718	(375)
Civic center	266,030	273,311	267,300	(6,011)
Recreation	983,496	969,619	917,049	(52,570)
Market	99,400	120,695	112,757	(7,938)
Leisure services administration	62,200	63,830	57,548	(6,282)
Total culture and recreation	3,724,169	3,659,972	3,575,942	(84,030)
OTHER APPROPRIATIONS:				
Insurance	84,000	85,800	85,705	(95)
Contingencies	325,000	38,420	-	(38,420)
Total other appropriations	409,000	124,220	85,705	(38,515)
TOTAL EXPENDITURES	\$ 20,819,320	\$ 20,424,449	\$ 20,033,967	\$ (390,482)

CITY OF HOLLAND, MICHIGAN
 SCHEDULE OF TRANSFERS
 BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
 GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2009

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
TRANSFERS IN				
Special Revenue Funds:				
Budget Stabilization Fund	\$ 250,000	\$ 250,000	\$ 250,000	\$ -
Permanent Fund:				
Cemetery Trust	61,000	47,200	56,347	9,147
Enterprise Funds:				
Electric Utility	3,195,400	3,195,400	3,195,400	-
Total transfers in	\$ 3,506,400	\$ 3,492,600	\$ 3,501,747	\$ 9,147
TRANSFERS OUT				
Special Revenue Funds:				
Public Safety Grants Fund:				
Anti-Drug Abuse WEMET Grants	\$ 121,200	\$ 165,300	\$ 165,245	\$ (55)
Federal Emergency Management Agency (FEMA) Grant	-	1,974	1,974	-
Miscellaneous Government Functions:				
Contested Assessments Defense	28,000	17,000	17,543	543
Dangerous Structures	1,500	1,500	1,500	-
Capital Project Funds:				
Municipal Facilities and Land Improvement	-	3,400	3,400	-
Enterprise Funds:				
Windmill Island	204,145	242,178	195,567	(46,611)
Internal Service Fund:				
Equipment Services:				
Fire Vehicle	100,000	100,000	100,000	-
Total transfers out	\$ 454,845	\$ 531,352	\$ 485,229	\$ (46,123)

- - - FUND TYPE: SPECIAL REVENUE FUNDS - - -

Special Revenue Funds are governmental funds that account for proceeds of specific revenue sources which are legally restricted to expenditures for specified purposes. Major capital projects are exceptions that are designated to other types of governmental funds.

MOTOR VEHICLE HIGHWAY MAJOR STREET FUND

The Major Street Fund is established pursuant to State of Michigan P.A. 51 of 1951, as amended. Its purpose is to receive formula distributions from the Michigan Transportation Fund. Funding is also received from the State's Local Road Program (a.k.a., Build Michigan) and State P.A. 48 Metro Act Maintenance Fee payments.

These revenues are required to be expended for maintenance and/or construction of designated *major* streets and bridges. However, the local government is allowed to transfer a portion of these revenues to the Local Street Fund for use on designated *local* streets & bridges (ref: Michigan Public Act 51 of 1951, as amended).

This fund also records signal maintenance and utility costs for designated state trunkline routes located within the City of Holland, receiving reimbursement from the Michigan Transportation Fund. The State has conveyed ownership and control of certain state trunkline roads, for which the City now assumes full responsibility for all maintenance and upkeep, as a part of its major streets system. The Michigan Transportation Fund provides an annual "turnback" payment to the City as part of its formula distribution.

MOTOR VEHICLE HIGHWAY LOCAL STREET FUND

The Local Street Fund is established pursuant to State of Michigan P.A. 51 of 1951, as amended. Its purpose is to receive formula distributions from the Michigan Transportation Fund. Funding is also received from the State's Local Road Program (a.k.a., Build Michigan).

Revenues are required to be expended for maintenance and/or construction of designated *local* streets and bridges. However, all outlays for construction of *local streets* must be matched dollar-for-dollar with locally derived sources (ref: Michigan Public Act 51 of 1951, as amended).

ALLEGAN COUNTY ROAD TAX FUND

The Allegan Road Tax Fund is established pursuant to State of Michigan Public Act 283 of 1909, as amended. Its purpose is to receive a proportional distribution of a county-wide (voted) property tax millage. The distribution is established as a relationship of the taxable value of the portion of the City located within the County of Allegan compared to the taxable value of the entire County.

Outlays from this fund are in the form of interfund transfers to designated capital projects for streets, bridges, and right-of-ways that are located within the Allegan County portion of the City.

STREET IMPROVEMENTS RESERVE FUND

In May 1985, the Holland City Council mandated establishment of a separate fund to accumulate a cash balance dedicated for road and right-of-way improvements to the City's street system.

This fund provides financial accountability for this purpose. Primary funding is attained from a property tax levy of one mill. Outlays are in the form of interfund transfers to designated capital projects for streets, bridges, and right-of-ways.

- - - FUND TYPE: SPECIAL REVENUE FUNDS - - -
(continued)

DOWNTOWN PUBLIC PARKING SYSTEM FUND

The downtown area includes several municipally-owned public parking lots and one two-story parking structure. Additionally, various other privately-owned parking lots, some of which are leased to the City of Holland for use as public parking facilities, are downtown.

The primary revenue item is an annual operating assessment levied against property owners within a designated downtown district that receive direct or indirect benefit from the parking lots. Expenditures are applied towards routine maintenance and upkeep of public parking lots, towards lease payments on privately-owned lots, to relatively minor capital projects such as lot enhancements and land acquisitions, and towards scheduled annual debt service payments on an interfund multi-year loan.

DOWNTOWN SNOWMELT OPERATING SYSTEM FUND

As part of a 1988 Downtown Streetscape Project, the City of Holland installed steam-heated pipes and tubes into the streets and adjacent sidewalks for several blocks of the shopping district. Since that original installation, this system has gradually been extended, with significant expansions and repairs completed during the fiscal years ended June 30, 2007 and June 30, 2008. The City's municipal electric-generating plant provides temperature-regulated steam through the pipes and tubes that melt the ice and snow on paved surfaces.

Revenues are received from an annual operating special assessment levied against property owners within a designated downtown district that benefits from the snowmelt system. Public space assessments for the City Police and Ottawa County Court Complex parking lot and parking deck and the 8th Street Market Circle are also received. Additionally, transfers-in are received from the Motor Vehicle Highway Major Streets Fund and the Downtown Parking System Fund. Expenditures are applied toward operating and maintaining the snowmelt system. Significant repairs to the original system took place in the fiscal year ending June 30, 2008.

DOWNTOWN PRINCIPAL SHOPPING DISTRICT FUND

As authorized by State of Michigan Act 120 of 1961, as amended, a *Principal Shopping District* (PSD) for the downtown area was created by Ordinance No. 1223 (Ordinance Code: Article XIV.1 - Sections 2-99.1 thru 2-99.4) effective October 7, 1998. The PSD is administered by the City's Mainstreet/DDA for the purpose of promoting the downtown shopping district by a coordinated effort of marketing and special events.

Revenues are received from an annual operating assessment levied against property owners within a designated downtown district that benefit from the PSD. Expenditures are primarily applied towards advertising & marketing, consultants, and special events designed to benefit the downtown.

CONTESTED ASSESSMENTS DEFENSE FUND

The City must defend various property assessments that are contested by owners of industrial and commercial properties.

This fund receives its financing from an annual transfer-in from the General Fund. In essence, such transfers represent a portion of the "1% Tax Administrative Fee" that the City of Holland annually levies upon the property tax rolls. The 1% fee was established by adoption of Ordinance No. 1112 (Ordinance Code: Sections 33-2.1 thru 33-2.9) that became effective May 18, 1994, to assist with offsetting the costs to administer property assessing and tax collections.

Expenditures of this fund typically include costs to defend and/or negotiate property assessments, such as professional fees & charges for legal services, independent appraisal services and independent accounting services. Also, this fund incurs expenditures for legal services and various other costs to pursue collection of certain delinquent personal property taxes, to include business establishments that are filing for bankruptcy and firms that are discontinuing operations.

- - - **FUND TYPE: SPECIAL REVENUE FUNDS** - - -
(continued)

CATV (PUBLIC ACCESS CHANNELS) FUND

In accordance with terms of a licensing agreement with the cable television firms, Comcast, Inc. and AT&T, Inc. and Michigan Public Act 480 of 2006 entitled the *Uniform Video Services Local Franchise Act*, the City of Holland receives an annual franchise fee equal to five percent of gross subscriber revenues. The agreement specifies that this revenue source is to be used for the promotion of community television within the city.

The City of Holland has entered in a contractual relationship with Macatawa Area Community Media Center (MacTV), a local media agency, for the purpose of providing local cable television programming services for and by various religious, educational, governmental, ethnic, professional, cultural and other special interest groups.

For performing these contracted services, the MacTV is compensated from this fund.

REVOLVING CASH ASSISTANCE FUND

In recent years, this long-established fund has evolved from a revolving fund that provides upfront working capital assistance for special assessment construction projects. Due to changes in the method of financing various types of special assessment construction projects, this fund no longer receives significant reimbursement revenue from special assessment installment payments.

On rare occasions, the City receives one-time payments related to a specific project or property, for which such proceeds are deposited into this fund. Occasionally, financing is provided to certain city-at-large projects, for which no reimbursement is made. Such non-revolving draws against this fund further reduces available working capital.

The role of this fund to provide financial assistance to construction projects remains viable, but has significantly declined in recent years.

SPECIFIED DONATIONS FUND

Each year, the Holland City Council accepts contributions from donors with stipulations regarding how they desire the money to be used. For various reasons, a period of time sometimes elapses prior to expenditure of the donated funds.

This fund provides financial accountability for receipt of donations, for disbursements that are in accordance with the intended and accepted purpose, and for related balance sheet items.

DANGEROUS STRUCTURES FUND

Various sections and sub-sections within Chapters 6, 14, 15 and 19 of the City Ordinance Code establish local government authority for actions to be taken regarding housing and business properties that are considered to be 'dangerous structures'. Legal actions that the city government may impose include the right to secure, to fix, or to demolish such properties if the property owner of record does not take appropriate action in a timely manner. In such instances, the City submits an invoice to the property owner for reimbursement of costs incurred.

Initially established by City Council Action No. 02.675 dated October 16, 2002 with a one-time \$10,000 contribution from another fund, this fund provides accountability of costs; as well as reimbursements from affected property owners. If an invoice is not paid by the property owner within a specified time period, the ordinance code enables the City to declare the outstanding amount as an assessment against the property; and it is entered for collection upon the ensuing property tax roll.

EMPLOYEES BENEFIT FUND

Various departmental facilities provide a coffee shop / lunch room for the benefit of staff members and commissions. This fund provides financial accountability for each of the respective operations. Revenues are primarily derived from merchandise sales to employees. Expenses include the purchase of lunch room inventory items, along with miscellaneous costs for special events such as decorated cakes, flowers, holiday meats, cards, and gifts.

- - - **FUND TYPE: SPECIAL REVENUE FUNDS** - - -
(continued)

PROPERTY ACQUISITION FUND

Originally established with adoption of the 1988-89 fiscal year budget, this fund provides financial accountability for revenue and expenditure items relating to property acquisitions. The City Council may decide to acquire certain properties for public purposes - as opportunities arise - to develop new municipal facilities or expand existing facilities, to obtain additional waterfront properties for public purposes, or to attain additional open green space areas.

Primary funding is provided by a designated property tax millage, as established through the annual budgeting process. This millage has not been levied since the fiscal year ended June 30, 2005, requiring operating transfers to sustain the fund.

Outlays include payments to sellers, as well as disbursements for incidental costs such as legal service fees, pro-rated property taxes, environmental cleanup expense, etc. Also, in certain instances, this fund may provide an internal cash transfer to another fund that is accounting for the acquisition of property or related debt.

ENVIRONMENTAL CLEANUP FUND

Michigan Dept of Environmental Quality (MDEQ) requires the City of Holland to provide environmental cleanup of property sites where underground fuel storage tanks have recently been removed. These sites were determined to have caused soil and underground water contamination. Site monitoring is performed by a qualified independent engineering firm, together with various clean-up procedures.

Previously, the MDEQ provided reimbursement to this fund based upon "eligibility guidelines". Since approximately mid-1995 the MDEQ has ceased funding assistance due to lack of funds. Since that time, the City of Holland has absorbed the financial burden for all costs; primarily by transfers from other funds. Expenditures include on-going costs for engineering fees to monitor, test and report to the MDEQ; together with costs for cleanup actions.

At the close of the fiscal year, no long-term liability remains, awaiting engineering confirmation of final cleanup completion status.

AIRPORT DONATIONS FUND

The City of Holland was previously authorized to acquire, construct, improve, and operate a municipal airport financed through federal and state grants, private contributions, and airport operating revenues. Effective July 1, 2008 the multi-jurisdictional voter approved West Michigan Airport Authority was formed as a separate entity.

This fund previously provided financial accountability for the local private pledges representing the local governmental unit portion of various capital costs. Primary expenditure outlays represented payments for local matching grant requirements. In the fiscal year which ended on June 30, 2009 these funds were turned over to the new West Michigan Airport Authority. This fund is closed at the end of the current fiscal year.

POLICE CRIMINAL JUSTICE TRAINING FUND

State of Michigan Act 302 of 1982 requires district courts to impose an added assessment on civil infractions under the Michigan Vehicle Code, with a few exceptions. The assessments are in addition to the fines and court costs ordered to be paid, and are forwarded to the State of Michigan.

The State distributes 60% of assessments to local governments based upon the number of full-time police officers currently employed. The funding is required to supplement, and not supplant, training appropriations in the Police Dept annual operating budget. The funding is not in the form of a grant.

This fund provides financial accountability for revenue & expenditure operations, as well as balance sheet items.

- - - **FUND TYPE: SPECIAL REVENUE FUNDS** - - -
(continued)

OTTAWA COUNTY BATMOBILE GRANT FUND

The City of Holland is recipient to non-federal grant funding from the Ottawa County Health Department to cover overtime for the use of the Breath Alcohol Testing Vehicle (BATMobile). This overtime targets drunk driver (OWI) enforcement within the county.

These funds support multi-year revenues and expenditures spanning inception to completion of the grant. However, for annual financial reporting purposes, revenues and expenditures are also recognized by fiscal year. This fund is closed as of June 30, 2009.

ANTI-DRUG ABUSE ACT GRANT – “W.E.M.E.T.” FUNDS

The City of Holland is recipient to grant funding from the U.S. Dept of Justice pursuant to provisions of the federal Anti-Drug Abuse Act; and administered by the *State of Michigan – Department of Community Health, Office of Drug Control Policy*. This program is identified by the drug enforcement agency that it supports, referred to as *West Michigan Enforcement Team (WEMET)*. The designated purpose is to financially support efforts of a consortium of area police departments that assign specific police officers (three) to investigate and prosecute illegal drug trafficking activity.

These funds support multi-year revenues and expenditures spanning inception to completion of the grant. However, for annual financial reporting purposes, revenues and expenditures are also recognized by fiscal year. Open budget balances at June 30, 2009 of Estimated Revenues and Appropriations are carried forward to the ensuing fiscal year.

OFFICE OF HIGHWAY SAFETY PLANNING (OHSP) GRANT FUNDS

The City of Holland is recipient (in some instances as primary grantee and lead agency and other instances as sub-recipient grantee) to various pass-thru grant fundings from the *U.S. Dept of Transportation*; and administered by the *Michigan State Police – Office of Highway Safety Planning*.

Specific designated purposes and programs vary from one grant and/or one grant period to another, but basically the funding provides overtime wages for police and sheriff officers to target traffic violations and recordkeeping, including impaired driving, safety belt and car seat use. In addition, some grants include equipment or supply items. Various neighboring governmental agencies are, most often, joint participants to this same grant program.

These funds support multi-year revenues and expenditures spanning inception to completion of the grant. However, for annual financial reporting purposes, revenues and expenditures are also recognized by fiscal year. Open budget balances at June 30, 2009 of Estimated Revenues and Appropriations are carried forward to the ensuing fiscal year.

LAW ENFORCEMENT BLOCK GRANT FUNDS

The City of Holland is recipient to various pass-thru grants awarded and directly administered by the *U.S. Dept of Justice – Local Law Enforcement Block Grants Division*. Specific designated purposes vary from one grant period to another, but basically the funding provides various technology enhancements that are designed for law enforcement purposes.

These funds support multi-year revenues and expenditures spanning inception to completion of the grant. However, for annual financial reporting purposes, revenues and expenditures are also recognized by fiscal year. Open budget balances at June 30, 2008 of Estimated Revenues and Appropriations are carried forward to the ensuing fiscal year.

FEDERAL EMERGENCY MANAGEMENT AGENCY (FEMA) GRANT FUND

The City of Holland is recipient to federal grant funding from the *Federal Emergency Management Agency (FEMA)* under the *Assistance to Firefighters Grant Program – Fire Prevention and Safety Grants*. Designated purposes include installation of hard wired residential smoke detectors, a fire safety training trailer and fire personal protective equipment.

This fund supports multi-year revenues and expenditures spanning inception to completion of the grant period. However, for annual financial reporting purposes, revenues and expenditures are also recognized by fiscal year. Open budget balances at June 30, 2009 of Estimated Revenues and Appropriations are carried forward to the ensuing fiscal year.

- - - **FUND TYPE: SPECIAL REVENUE FUNDS** - - -
(continued)

PALM LIVE SCAN GRANT FUND

The City of Holland is recipient to non-federal grant funding from the *Michigan Department of State Police*. This grant provides funding to support compliance of the federal Adam Walsh Act for capturing and retaining palm prints of registered sex offenders. Equipment was upgraded so that palm prints are now captured, in addition to the previous fingerprint only capability.

This fund supports multi-year revenues and expenditures spanning inception to completion of the grant period. However, for annual financial reporting purposes, revenues and expenditures are also recognized by fiscal year. This fund is closed as of June 30, 2009.

FOOD STAMP NUTRITION EDUCATION GRANT FUND

The City of Holland is recipient to federal pass-through grant funding for *Food Stamp Nutrition Education (FSNE)* under the *U.S. Department of Agriculture (USDA)*. These funds are passed through Ottawa County under an agreement to offer a community garden initiative under the Recreation Division of Leisure and Cultural Services.

This fund supports multi-year revenues and expenditures spanning inception to completion of the grant period. However, for annual financial reporting purposes, revenues and expenditures are also recognized by fiscal year. This fund is closed as of June 30, 2009.

DISTRICT LIBRARY TAXATION

Herrick Public Library (municipally-owned by City of Holland) became *Herrick District Library* (a separate area-wide library entity) in 1997. Rather than the library entity imposing its own tax levy, the intergovernmental contractual arrangement provides that the City and three adjacent townships (composing the library district) each levy an identical tax millage rate for the library, and each taxing unit will pay the collected taxes to the library district.

This fund was established effective July 1997 – concurrent with the City of Holland's 1997 property tax levy – to record property tax revenues designated specifically for Herrick District Library.

Revenues are established based upon tax levy amounts, while expenditures represent tax collections paid to the district library. Uncollected taxes are recorded as delinquent receivables.

BI-CENTENNIAL CELEBRATION

By City Council action on May 24, 2000, the unexpended cash balance of \$5,772 in the City's *Celebration 2000 Fund* was transferred into a new fund dedicated to the City's impending bi-centennial celebration to be held in the year 2047.

The City Council's intended purpose of this fund is to provide a mechanism for gradual enhancement of cash balance over a forty-six year period (continual investing of principal and interest earnings – compounded interest effect).

M.S.H.D.A. GRANT FUNDS

The City of Holland is recipient to grant funding from the *U.S. Dept of Housing and Urban Development* pursuant to provisions of the *U.S. Housing Act of 1937, as amended*; and administered by the *Michigan State Housing Development Authority (MSHDA)*. Designated purposes for this grant include down payment assistance for low-income homebuyers, housing rehabilitation, and lead remediation.

This fund supports multi-year revenues and expenditures spanning inception to completion of the grant. However, for annual financial reporting purposes, revenues and expenditures are also recognized by fiscal year. Open budget balances at June 30, 2009 of Estimated Revenues and Appropriations are carried forward to the ensuing fiscal year.

- - - FUND TYPE: SPECIAL REVENUE FUNDS - - -
(continued)

COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) ENTITLEMENT FUNDS

The City of Holland is recipient to grant funding made available pursuant to provisions of the Entitlement Category of Title I of the Housing and Community Development Act of 1974 as amended; and administered by the U.S. Department of Housing and Urban Development. The City of Holland's program includes activities that will primarily benefit low-to-moderate income persons, or assist in the prevention or elimination of slums and blight, as required by the Housing and Urban Rural Recovery Act of 1983.

This fund supports multi-year revenues and expenditures spanning inception to completion of the grant. However, for annual financial reporting purposes, revenues and expenditures are also recognized by fiscal year. Open budget balances at June 30, 2009 of Estimated Revenues and Appropriations are carried forward to the ensuing fiscal year.

NEIGHBORHOOD IMPACT PROGRAM (NIP) FUND

In April 2004, the *Federal Home Loan Bank of Indianapolis (grantor)* awarded funding to *Macatawa Bank (grantee)*, with the *City of Holland's Ourstreet Program* acting in the capacity of '*administering community partner*'. The grant objective is to assist low & moderate income residents (within a targeted area) with home improvement and repair projects. Approximately 14 to 15 home improvement projects are anticipated to benefit from this program.

Provisions of this arrangement allow for 10% of funding to be applied towards administrative overhead expenses of the City's Ourstreet Program, which is the only financing recorded in this fund. Actual expenditure outlays for home improvements are reported by the grantee (*Macatawa Bank*) directly to the grantor agency (*FHLB-I*).

This fund supports multi-year revenues and expenditures spanning inception to completion of the grant. However, for annual financial reporting purposes, revenues and expenditures are also recognized by fiscal year. Open budget balances at June 30, 2009 of Estimated Revenues and Appropriations are carried forward to the ensuing fiscal year.

BUDGET STABILIZATION (RAINY DAY) FUND

Pursuant to Michigan P.A. 30 of 1978, the City Council adopted Ordinance No. 757, that became effective June 25, 1980, authorizing the establishment of a *Budget Stabilization Fund*.

By City Ordinance and State of Michigan statutes, the balance maintained in this fund may be used to meet General Fund deficits, to alleviate the reduction of levels of essential services (if so desired by City Council), or offset costs incurred as the result of natural disasters. In recent years this fund has been used to directly fund prior years' portions of Michigan Tax Tribunal stipulated taxpayer refunds and make transfers to the General Fund to offset state revenue sharing reductions.

Investment income generated in this fund is credited, instead, to the General Fund.

As a part of the annual budgeting process, the balance of this fund is examined and, to the extent possible, maintained at ten percent of the General Fund operating appropriations for the ensuing fiscal year. Each year the balance in the Budget Stabilization Fund may be adjusted by way of a transfer from or to the General Fund.

- - - FUND TYPE: DEBT SERVICE FUNDS - - -

Debt Service Funds are governmental funds that account for financial resources accumulated to provide payment of principal, interest, and fees on general obligation, limited tax general obligation, building authority, and special assessment long-term debt.

MAJOR GOVERNMENTAL FUND (presented on pages 18 and 20):

BUILDING AUTHORITY DEBT SERVICE FUND

The *City of Holland Building Authority (Authority)* has issued various bonded debt obligations that include scheduled debt service maturity payments each year. The revenues are derived from 'rental payments' from the City of Holland – General Obligation Debt Service Fund (via property taxation) and from Herrick District Library (a separate jurisdictional agency).

This fund provides accountability for revenues and expenditures to meet the annual obligations of each bond issue.

The outstanding Building Authority bond issues include:

- Building Authority - Library Renovation/Expansion Project, Series 1999 (this was the final year on this issue)
- Building Authority - Police / Transportation / Western Gateway Construction Projects, Series 2002
- Building Authority - Refunding Bonds, Series 2004 **
- Building Authority - Refunding (Partial) Bonds, Series 2006 ***

** ADDED CLARIFICATION: Effective May 13, 2004, the City of Holland Building Authority issued "refunding bonds" for the intended purpose of calling and redeeming the outstanding principal balances on certain outstanding issues. The interest rate differential between the new bonds and the original bonds made this refunding a viable cost-saving option.

The two original issues that were called for early redemption and now cancelled include:

- Building Authority - City Hall Renovation/Expansion Project, Series 1996
- Building Authority - Library Renovation/Expansion Project, Series 1997

*** ADDED CLARIFICATION: Effective April 13, 2006, the City of Holland Building Authority issued partial "refunding bonds" for the intended purpose of calling and redeeming part of the outstanding principal balances on certain outstanding issues. The interest rate differential between the new bonds and the original bonds made this refunding a viable cost-saving option.

The original issue was advance refunded (partially), escrow funds have been deposited and the original (partial) bonds will be called on October 1, 2011 include:

- Building Authority – Police Building / Transportation Building / Western Gateway Projects, Series 2002

NONMAJOR GOVERNMENTAL FUNDS:

GENERAL OBLIGATION DEBT SERVICE FUND

The General Obligation Debt Service Fund accounts for revenues from property taxes, internal fund transfers-in, and investment income that is expended or distributed to certain other funds, as follows:

- as "debt service payment" of annual principal and interest on a ten-year land contract agreement dated June 18, 2003 with the firm, *S.J.&R. Land Development, LLC*, for twenty acres of vacant land acquired for development into a municipal park & recreation area (to be located on the City's far southern jurisdictional boundary).

- - - FUND TYPE: DEBT SERVICE FUNDS - - -
(continued)

- As "debt service payment" of annual principal and interest on a twenty-four year Act 34 Capital Improvement bond dated July 31, 2008 for construction of the 7th Street Parking Deck.
- as "rental payments" to the *City of Holland – Building Authority Debt Service Fund* for annual debt service requirements of the *2002 Building Authority Bond Issue, 2004 Building Authority Refunding Bond Issue, and the 2006 Building Authority Partial Refunding Bond Issue.*
- as "transfers" to the *Motor Vehicle Highway Major Fund and Local Street Fund*, as a pass-thru method of providing funding to the two street funds for financing annual debt service requirements of the *1996 Street Improvement Bond Issues* (i.e., the two street funds transfer these same amounts to the *Act 175 Street Debt Service Fund*).

ACT 175 STREET DEBT SERVICE FUND

The Act 175 (Michigan Transportation Fund) Street Debt Service Fund accounts for annual "transfers" received from the City's Motor Vehicle Highway Major & Local Street Funds that are applied towards servicing maturity requirements on the following long-term debt:

- City of Holland - Street Improvements LTGO Bonds, Series 1996 (this was the final year on this issue).

SPECIAL ASSESSMENT DEBT SERVICE FUND

The Special Assessment Debt Service Fund accounts for "special assessments" received from property owners in designated special assessment districts, and applied towards servicing maturity requirements on the following:

- City of Holland - Utility Improvements Special Assessment Bonds, Series 1997A
- City of Holland - Utility Improvements Special Assessment Bonds, Series 1998A
- County of Allegan - Sanitary Sewer Installation, Special Assessment Bonds, Series 1999
(note: 93.95% of a special assessment district in adjacent Fillmore Township was annexed on 12-31-1999)
- City of Holland - Utility Improvements Special Assessment Bonds, Series 2000A
- City of Holland - Utility Improvements Special Assessment Bonds, Series 2002A
- City of Holland – Utility Improvements Special Assessment Bonds, Series 2006A

- - - FUND TYPE: CAPITAL PROJECTS FUNDS - - -

Capital Project Funds are governmental funds that account for financial resources designated for the acquisition or construction of major capital facilities (other than those projects that are financed by proprietary funds).

CAPITAL PROJECT FUNDS

Capital Project Funds are established for new construction or major improvements / enhancements to municipal facilities, non-infrastructure land or equipment improvements, and infrastructure. Such projects are most frequently of a multi-year nature (i.e., a duration that overlaps two or more fiscal years). As budget appropriations for various municipal capital improvement projects are established, corresponding reserves are established to assure project financing requirements are met.

Financing for capital projects is derived from various sources, to include property taxes and special assessments, grants from other government and non-government agencies, inter-fund transfers, contributions from private sector, investment earnings, etc. Larger projects frequently will require financing through the issuance of long-term debt instruments, such as bond issues, allowable borrowing arrangements with financial institutions, and land contracts.

Each capital project fund supports multi-year revenues and expenditures spanning inception to completion. However, for annual financial reporting purposes, revenues and expenditures are also recognized by fiscal year. Open budget balances at June 30, 2009 of Estimated Revenues and Appropriations are carried forward to the ensuing fiscal year.

The following listing reflects such projects with financial activity during the fiscal year:

MAJOR GOVERNMENTAL FUND (presented on pages 18 and 20):

C A P I T A L P R O J E C T S D E T A I L L I S T I N G
- M U N I C I P A L F A C I L I T I E S A N D L A N D I M P R O V E M E N T S -

CEMETERIES:

- Pilgrim Home Cemetery:
 - > Irrigation System Enhancements
 - > Undeveloped Area Improvements
- Graafschap Cemetery:
 - > Asphalt 2 Sections

PARKS, RECREATION, AND LEISURE SERVICES:

- Kollen Park and Boardwalk:
 - > Implementation of Phased Renovations & Improvements Including Boat Launch, Entry Road & Parking
 - > North Parking Lot & Walkways at Boatwerks
 - > Signage
 - > Design for Picnic Shelter and Concession
- Civic Center:
 - > Study of New or Renovated Facility
- Window-on-the-Waterfront:
 - > Beautification Project Van Bragt Park
 - > Boardwalk Improvements
- Matt Urban Sports Complex:
 - > Scoreboards
 - > Field Repairs (Storm Damage)
- Municipal Stadium:
 - > Press Box Repairs

- - - FUND TYPE: CAPITAL PROJECTS FUNDS - - -
(continued)

CAPITAL PROJECTS DETAIL LISTING
- MUNICIPAL FACILITIES AND LAND IMPROVEMENTS -

PARKS, RECREATION, AND LEISURE SERVICES (continued):

- Museum:
 - > Roof Replacement
- Ice Skating Facility:
 - > Design Work
- Smallenburg Park:
 - > Playground Improvements
 - > Ice Skating and Skate Park Design Work

PUBLIC SAFETY:

- Waverly Fire Station:
 - > Concrete Driveway
 - > Foundation Repairs Design Work
- Public Facilities
 - > Defibrillators (AED's) in Public Buildings

TRANSPORATION SERVICES:

- 16th Street Boulevard:
 - > Irrigation Repairs
- 7th Street Parking Deck:
 - > Construction Phase for Two Story Parking Structure

ALL OTHER MUNICIPAL PROJECTS & PROGRAMS:

- Sustainability:
 - > Study and Public Workshop
- Ourstreet Program and Central Neighborhoods Restoration:
 - > Funding Assistance for Home Repairs/Replacements in Central City Area

- - - FUND TYPE: CAPITAL PROJECTS FUNDS - - -
(continued)

NONMAJOR GOVERNMENTAL FUND:

C A P I T A L P R O J E C T S D E T A I L L I S T I N G
- I N F R A S T R U C T U R E -

STREET DEVELOPMENT AND/OR REDEVELOPMENT PROJECTS:

- Downtown Area Street Projects:
 - * Pine Avenue, from 7th Street to River Avenue Bridge
 - > engineering
 - * Michigan/River, from 15th Street to the River Avenue Bridge:
 - > street reconstruction, to include replacement of utilities, snowmelt expansion and streetscape
(additional note: primary project revenue through State's MDOT and MDOT Turnback payment).
(Final MDOT closeout).
 - * 7th Street Resurfacing
 - (additional note: primary project financing through State's MDOT)

- Columbia Avenue, from 16th Street to 24th Street:
 - > streetscape improvements
- Central Avenue / Colonial Court / 40th Street:
 - > street reconstruction, to include replacement of utilities
- Annual Resurfacing Program of Various Streets
 - > 2008 Project - resurface 15 streets at various locations throughout the City
 - > 2009 Project – preliminary work
- 32nd Street Resurfacing, from Old Orchard to Lincoln:
 - > advance funding repayment
(additional note: major project financing through State's MDOT)
- Matt Urban & 48th, Washington to City Limits:
 - > street reconstruction and enhancements
- 40th Street, from Washington Avenue to Lincoln Avenue:
 - > street reconstruction, sidewalks and enhancements, to include utilities
(additional note: primary project financing through State's MDOT).
- 8th Street, from Ferris Avenue to Country Club Road:
 - > street reconstruction and enhancements, to include utilities
(additional note: primary project financing through State's MDOT).
- Country Club Road, from 8th Street to 16th Street:
 - > street reconstruction and enhancements, to include utilities

- - - FUND TYPE: CAPITAL PROJECTS FUNDS - - -
(continued)

C A P I T A L P R O J E C T S D E T A I L L I S T I N G
- I N F R A S T R U C T U R E -

STREET DEVELOPMENT AND/OR REDEVELOPMENT PROJECTS

- 12th Street, Pine to Fairbanks
 - > street reconstruction, to include replacement of utilities
- 40th Street Culvert Repair, between Industrial Avenue and Brooks Avenue
 - > major storm wash-out repair of storm drain, roadway, culvert

INTERSECTIONS AND RAILROAD CROSSING PROJECTS

- Railroad Crossings @ Various Street Crossings
 - > total discontinuance of thru-street capability at 11th, 12th, and 17th Streets

DRAIN PROJECTS

- Major Drain System Project:
 - > Watershed / Storm Water Regulation (MACC Project)
- 8th Street and Central Avenue:
 - > replacement of storm sewer
- Azalea Storm Outlet:
 - > dredging at Lake Macatawa outlet
- West 32nd Street:
 - > retaining wall storm damage repair
- Washington Avenue Tunnel:
 - > retaining wall storm damage repair
- Maple Avenue Drain, 12th Street to 24th Street:
 - > including street reconstruction and enhancements

TRAFFIC SIGNALIZATION PROJECTS

- Installation of New Signals or Upgrades to Existing Signals:
 - > 7th Street and 9th Street @ Columbia

SIDEWALK PROJECTS

- Sidewalk Repair / Replacement:
 - > designated areas for removal and replacement
- Central Avenue, from 7th Street to 8th Street, at Resthaven
 - > snowmelt and brick paver sidewalk installation

- - - FUND TYPE: PERMANENT FUNDS - - -

Permanent Funds are governmental funds reporting upon legally restricted resources to the extent that only earnings, and not principal, may be used for purposes supporting the government's programs and benefit the citizenry.

CEMETERY PERPETUAL CARE FUND

As required by State of Michigan statutes and directives, this fund provides financial accountability for fifty percent of revenues from the sale of cemetery lots (which includes perpetual care service). Perpetual Care is a one-time charge assessed upon sale of individual cemetery lots. The other fifty percent of cemetery lot sales is credited to General Fund revenues. 100% of the revenues from the sale of niches (cremains) are credited to the expendable portion of the fund to help defray the capital costs related to Columbarium transfers.

Revenues accumulate in the Cemetery Perpetual Care Fund, with the cash balance being continuously invested. Investment earnings are credited to this fund. However, an amount approximately equivalent to annual investment earnings is transferred to the General Fund to assist in defraying the cost of operating the Cemetery Department.

The principal within this fund (represented by accumulated revenues of cemetery lot sales) is designated as non-expendable. Legally appropriated amounts of the expendable fund balance may be transferred to Capital Projects that are specific to enhancements and/or development of municipal cemetery facilities.

CITY OF HOLLAND

CITY OF HOLLAND, MICHIGAN

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2009

SPECIAL REVENUE FUNDS

STREET MAINTENANCE AND IMPROVEMENTS

	MOTOR VEHICLE HIGHWAY		ALLEGAN COUNTY ROAD TAX FUND	STREET IMPROVEMENTS RESERVE FUND
	MAJOR STREET FUND	LOCAL STREET FUND		
<u>ASSETS</u>				
Cash and pooled investments	\$ 913,708	\$ -	\$ 178,711	\$ 131,560
Receivables:				
Accounts	3,452	3,295	-	-
Taxes and special assessments	-	-	-	-
Due from other governmental units	314,631	86,186	-	-
Due from other funds	45	1,641	-	-
Prepaid items	-	-	-	-
Assets held for sale	-	-	-	-
Total assets	\$ 1,231,836	\$ 91,122	\$ 178,711	\$ 131,560
<u>LIABILITIES AND FUND BALANCES</u>				
LIABILITIES:				
Accounts payable	\$ 42,813	\$ 27,098	\$ -	\$ -
Accrued payroll and benefits	10,683	10,798	-	-
Due to other governmental units	-	-	-	-
Due to other funds	57,991	51,226	-	-
Deferred revenue	-	-	-	-
Total liabilities	111,487	89,122	-	-
FUND BALANCES:				
Reserved for:				
Prepaid items	-	-	-	-
Assets held for sale	-	-	-	-
Permanent fund corpus	-	-	-	-
Permanent fund expendable	-	-	-	-
Unreserved:				
Undesignated	1,120,349	2,000	178,711	131,560
Total fund balances	1,120,349	2,000	178,711	131,560
Total liabilities and fund balances	\$ 1,231,836	\$ 91,122	\$ 178,711	\$ 131,560

SPECIAL REVENUE FUNDS

DOWNTOWN OPERATIONS			MISCELLANEOUS GOVERNMENTAL FUNCTIONS		
PUBLIC PARKING SYSTEM FUND	SNOWMELT OPERATING SYSTEM FUND	PRINCIPAL SHOPPING DISTRICT FUND	CONTESTED ASSESSMENTS DEFENSE FUND	CATV - (PUBLIC ACCESS CHANNELS) FUND	REVOLVING CASH ASSISTANCE FUND
\$ 50,311	\$ 269,773	\$ 131,874	\$ -	\$ 182,019	\$ 59,735
-	-	-	-	71,706	-
-	-	-	-	-	486,910
-	-	-	-	-	-
-	-	300	-	-	-
-	-	-	-	-	-
\$ 50,311	\$ 269,773	\$ 132,174	\$ -	\$ 253,725	\$ 546,645
\$ 2,986	\$ -	\$ 3,914	\$ -	\$ 4,734	\$ 5,000
982	-	2,722	-	-	-
-	-	-	-	-	-
308	35,302	11	-	-	-
-	-	-	-	-	486,910
4,276	35,302	6,647	-	4,734	491,910
-	-	300	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
46,035	234,471	125,227	-	248,991	54,735
46,035	234,471	125,527	-	248,991	54,735
\$ 50,311	\$ 269,773	\$ 132,174	\$ -	\$ 253,725	\$ 546,645

(Continued)

CITY OF HOLLAND, MICHIGAN
 COMBINING BALANCE SHEET (CONTINUED)
 NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2009

SPECIAL REVENUE FUNDS

	SPECIAL REVENUE FUNDS			
	MISCELLANEOUS GOVERNMENTAL FUNCTIONS			PROPERTY AND IMPROVEMENTS
	SPECIFIED DONATIONS FUND	DANGEROUS STRUCTURES FUND	EMPLOYEES BENEFIT FUND	PROPERTY ACQUISITION FUND
<u>ASSETS</u>				
Cash and pooled investments	\$ 61,192	\$ 2,229	\$ 9,367	\$ 420
Receivables:				
Accounts	1,421	-	62	-
Taxes and special assessments	-	-	-	-
Due from other governmental units	-	-	-	-
Due from other funds	-	-	-	-
Prepaid items	-	-	-	-
Assets held for sale	-	-	-	-
Total assets	\$ 62,613	\$ 2,229	\$ 9,429	\$ 420
<u>LIABILITIES AND FUND BALANCES</u>				
LIABILITIES:				
Accounts payable	\$ 6,380	\$ -	\$ 269	\$ 420
Accrued payroll and benefits	-	-	-	-
Due to other governmental units	-	-	-	-
Due to other funds	-	-	-	-
Deferred revenue	-	-	-	-
Total liabilities	6,380	-	269	420
FUND BALANCES:				
Reserved for:				
Prepaid items	-	-	-	-
Assets held for sale	-	-	-	-
Permanent fund corpus	-	-	-	-
Permanent fund expendable	-	-	-	-
Unreserved:				
Undesignated	56,233	2,229	9,160	-
Total fund balances	56,233	2,229	9,160	-
Total liabilities and fund balances	\$ 62,613	\$ 2,229	\$ 9,429	\$ 420

SPECIAL REVENUE FUNDS

PROPERTY AND IMPROVEMENTS		PUBLIC SAFETY			
ENVIRONMENTAL CLEANUP FUND	AIRPORT DONATIONS FUND	POLICE CRIMINAL JUSTICE TRAINING FUND	OTTAWA COUNTY BATMOBILE GRANT FUND	ANTI-DRUG ABUSE ACT GRANT - "W.E.M.E.T." FUND	OFFICE OF HIGHWAY SAFETY PLANNING (OHSP) GRANTS FUND
\$ -	\$ -	\$ 1,823	\$ -	\$ 6,304	\$ -
-	-	-	-	-	-
-	-	-	-	512	66,132
-	-	-	-	-	-
-	-	-	-	-	-
\$ -	\$ -	\$ 1,823	\$ -	\$ 6,816	\$ 66,132
\$ -	\$ -	\$ 88	\$ -	\$ 1,915	\$ 1,189
-	-	-	-	4,901	1,324
-	-	-	-	-	23,734
-	-	-	-	-	39,885
-	-	-	-	-	-
-	-	88	-	6,816	66,132
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	1,735	-	-	-
-	-	1,735	-	-	-
\$ -	\$ -	\$ 1,823	\$ -	\$ 6,816	\$ 66,132

(Continued)

CITY OF HOLLAND, MICHIGAN
 COMBINING BALANCE SHEET (CONTINUED)
 NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2009

SPECIAL REVENUE FUNDS

	PUBLIC SAFETY			CULTURE AND COMMUNITY IMPROVEMENT
	LAW ENFORCEMENT BLOCK GRANT FUND	FEDERAL EMERGENCY MANAGEMENT AGENCY (FEMA) GRANT FUND		FOOD STAMP NUTRITION EDUCATION GRANT FUND
		PALM LIVE SCAN GRANT FUND		
<u>ASSETS</u>				
Cash and pooled investments	\$ -	\$ -	\$ -	\$ -
Receivables:				
Accounts	-	-	-	-
Taxes and special assessments	-	-	-	-
Due from other governmental units	4,861	19,290	15,955	-
Due from other funds	-	-	-	-
Prepaid items	-	-	-	-
Assets held for sale	-	-	-	-
Total assets	\$ 4,861	\$ 19,290	\$ 15,955	\$ -
<u>LIABILITIES AND FUND BALANCES</u>				
LIABILITIES:				
Accounts payable	\$ -	\$ 8,667	\$ 15,955	\$ -
Accrued payroll and benefits	-	-	-	-
Due to other governmental units	954	-	-	-
Due to other funds	3,907	10,623	-	-
Deferred revenue	-	-	-	-
Total liabilities	4,861	19,290	15,955	-
FUND BALANCES:				
Reserved for:				
Prepaid items	-	-	-	-
Assets held for sale	-	-	-	-
Permanent fund corpus	-	-	-	-
Permanent fund expendable	-	-	-	-
Unreserved:				
Undesignated	-	-	-	-
Total fund balances	-	-	-	-
Total liabilities and fund balances	\$ 4,861	\$ 19,290	\$ 15,955	\$ -

SPECIAL REVENUE FUNDS

CULTURE AND COMMUNITY IMPROVEMENT						
DISTRICT LIBRARY TAXATION FUND	BICENTENNIAL CELEBRATION FUND	M.S.H.D.A. GRANTS FUND	COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) FUND	NEIGHBORHOOD IMPACT PROGRAM (NIP) FUND	BUDGET STABILIZATION FUND	
\$ 427	\$ 8,263	\$ -	\$ 931	\$ 5,053	\$ 1,176,446	
-	-	1,725	-	-	-	
286	-	-	-	-	-	
-	-	16,799	181,326	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	20,000	-	-	
\$ 713	\$ 8,263	\$ 18,524	\$ 202,257	\$ 5,053	\$ 1,176,446	
\$ 421	\$ -	\$ 6,515	\$ 24,499	\$ 450	\$ -	
-	-	-	1,378	267	-	
-	-	-	-	-	-	
-	-	12,009	156,380	-	-	
-	-	-	-	4,336	-	
421	-	18,524	182,257	5,053	-	
-	-	-	-	-	-	
-	-	-	20,000	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
292	8,263	-	-	-	1,176,446	
292	8,263	-	20,000	-	1,176,446	
\$ 713	\$ 8,263	\$ 18,524	\$ 202,257	\$ 5,053	\$ 1,176,446	

(Continued)

CITY OF HOLLAND, MICHIGAN
 COMBINING BALANCE SHEET (CONCLUDED)
 NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2009

	<u>DEBT SERVICE FUNDS</u>			<u>CAPITAL PROJECTS FUNDS</u>
	<u>GENERAL OBLIGATION DEBT SERVICE FUND</u>	<u>ACT 175 STREET DEBT SERVICE FUND</u>	<u>SPECIAL ASSESSMENT DEBT SERVICE FUND</u>	<u>INFRASTRUCTURE PROJECTS</u>
<u>ASSETS</u>				
Cash and pooled investments	\$ 17,984	\$ -	\$ 723,468	\$ 566,628
Receivables:				
Accounts	-	-	-	95
Taxes and special assessments	425	-	998,785	2,030
Due from other governmental units	-	-	-	-
Due from other funds	-	-	-	165,036
Prepaid items	-	-	-	-
Assets held for sale	-	-	-	-
Total assets	\$ 18,409	\$ -	\$ 1,722,253	\$ 733,789
<u>LIABILITIES AND FUND BALANCES</u>				
LIABILITIES:				
Accounts payable	\$ -	\$ -	\$ -	\$ 377,752
Accrued payroll and benefits	-	-	-	1,086
Due to other governmental units	-	-	-	-
Due to other funds	-	-	-	113,050
Deferred revenue	-	-	998,785	2,030
Total liabilities	-	-	998,785	493,918
FUND BALANCES:				
Reserved for:				
Prepaid items	-	-	-	-
Assets held for sale	-	-	-	-
Permanent fund corpus	-	-	-	-
Permanent fund expendable	-	-	-	-
Unreserved:				
Undesignated	18,409	-	723,468	239,871
Total fund balances	18,409	-	723,468	239,871
Total liabilities and fund balances	\$ 18,409	\$ -	\$ 1,722,253	\$ 733,789

<u>PERMANENT TRUST FUND</u>		
<u>CEMETERY PERPETUAL CARE FUND</u>		<u>TOTAL NONMAJOR GOVERNMENTAL FUNDS</u>
\$ 1,536,797		\$ 6,035,023
1,900		83,656
-		1,488,436
-		705,692
-		166,722
-		300
-		20,000
<u>\$ 1,538,697</u>		<u>\$ 8,499,829</u>
\$ -		\$ 531,065
-		34,141
-		24,688
-		480,692
-		1,492,061
<u>-</u>		<u>2,562,647</u>
-		300
-		20,000
1,411,567		1,411,567
127,130		127,130
<u>-</u>		<u>4,378,185</u>
<u>1,538,697</u>		<u>5,937,182</u>
<u>\$ 1,538,697</u>		<u>\$ 8,499,829</u>

CITY OF HOLLAND, MICHIGAN

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

FOR THE YEAR ENDED JUNE 30, 2009

SPECIAL REVENUE FUNDS

STREET MAINTENANCE AND IMPROVEMENTS

	MOTOR VEHICLE HIGHWAY		ALLEGAN COUNTY ROAD TAX FUND	STREET IMPROVEMENTS RESERVE FUND
	MAJOR STREET FUND	LOCAL STREET FUND		
REVENUES:				
Special assessments	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	1,180,657
Intergovernmental	2,128,989	533,622	418,593	-
Charges for services	29,675	65,018	-	-
Fines and fees	-	-	-	-
Contributions from private sector	-	-	-	-
Interest and rents	29,686	2,771	7,438	7,774
Miscellaneous	-	-	-	-
Total revenues	2,188,350	601,411	426,031	1,188,431
EXPENDITURES:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	1,325,098	1,286,033	-	-
Welfare and social services	-	-	-	-
Culture and recreation	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	1,325,098	1,286,033	-	-
Excess (deficiency) of revenues over (under) expenditures	863,252	(684,622)	426,031	1,188,431
OTHER FINANCING SOURCES (USES):				
Transfers in	506,124	761,835	60,000	989,021
Transfers out	(1,395,786)	(88,025)	(679,345)	(2,478,666)
Total other financing sources (uses)	(889,662)	673,810	(619,345)	(1,489,645)
NET CHANGE IN FUND BALANCES	(26,410)	(10,812)	(193,314)	(301,214)
FUND BALANCE - Beginning of year	1,146,759	12,812	372,025	432,774
FUND BALANCE - End of year	\$ 1,120,349	\$ 2,000	\$ 178,711	\$ 131,560

SPECIAL REVENUE FUNDS

DOWNTOWN OPERATIONS			MISCELLANEOUS GOVERNMENTAL FUNCTIONS		
PUBLIC PARKING SYSTEM FUND	SNOWMELT OPERATING SYSTEM FUND	PRINCIPAL SHOPPING DISTRICT FUND	CONTESTED ASSESSMENTS DEFENSE FUND	CATV - (PUBLIC ACCESS CHANNELS) FUND	REVOLVING CASH ASSISTANCE FUND
\$ 160,476	\$ 103,666	\$ 177,000	\$ -	\$ -	\$ 66,779
-	-	-	-	-	-
-	-	-	-	-	-
16,254	-	66,292	-	-	-
-	-	-	-	276,837	-
-	-	42,127	-	-	-
837	10,389	3,040	-	5,467	8,239
-	-	-	26,138	-	-
177,567	114,055	288,459	26,138	282,304	75,018
-	-	247,997	44,261	219,436	-
-	-	-	-	-	-
152,583	188,509	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
364	-	-	-	-	-
-	-	-	-	-	-
152,947	188,509	247,997	44,261	219,436	-
24,620	(74,454)	40,462	(18,123)	62,868	75,018
-	269,335	-	17,543	-	-
(9,112)	-	-	-	-	(42,024)
(9,112)	269,335	-	17,543	-	(42,024)
15,508	194,881	40,462	(580)	62,868	32,994
30,527	39,590	85,065	580	186,123	21,741
\$ 46,035	\$ 234,471	\$ 125,527	\$ -	\$ 248,991	\$ 54,735

(Continued)

CITY OF HOLLAND, MICHIGAN

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2009

SPECIAL REVENUE FUNDS

	SPECIAL REVENUE FUNDS			
	MISCELLANEOUS GOVERNMENTAL FUNCTIONS			PROPERTY AND IMPROVEMENTS
	SPECIFIED DONATIONS FUND	DANGEROUS STRUCTURES FUND	EMPLOYEES BENEFIT FUND	PROPERTY ACQUISITION FUND
REVENUES:				
Special assessments	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	9,906	4,505
Fines and fees	-	-	-	-
Contributions from private sector	81,607	-	1,022	-
Interest and rents	-	-	304	612
Miscellaneous	-	-	-	-
Total revenues	81,607	-	11,232	5,117
EXPENDITURES:				
Current:				
General government	80,581	42	10,062	4,837
Public safety	-	-	-	-
Public works	-	-	-	-
Welfare and social services	-	-	-	-
Culture and recreation	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	-	-	-	61,185
Total expenditures	80,581	42	10,062	66,022
Excess (deficiency) of revenues over (under) expenditures	1,026	(42)	1,170	(60,905)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	1,500	-	76,530
Transfers out	-	-	-	(15,625)
Total other financing sources (uses)	-	1,500	-	60,905
NET CHANGE IN FUND BALANCES	1,026	1,458	1,170	-
FUND BALANCE - Beginning of year	55,207	771	7,990	-
FUND BALANCE - End of year	\$ 56,233	\$ 2,229	\$ 9,160	\$ -

SPECIAL REVENUE FUNDS

PROPERTY AND IMPROVEMENTS		PUBLIC SAFETY			
ENVIRONMENTAL CLEANUP FUND	AIRPORT DONATIONS FUND	POLICE CRIMINAL JUSTICE TRAINING FUND	OTTAWA COUNTY BATMOBILE GRANT FUND	ANTI-DRUG ABUSE ACT GRANT - "W.E.M.E.T." FUND	OFFICE OF HIGHWAY SAFETY PLANNING (OHSP) GRANTS FUND
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	12,836	2,445	82,126	173,885
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	12,836	2,445	82,126	173,885
8,796	-	-	-	-	-
-	-	10,239	2,445	247,371	148,159
-	231	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	1,455	-	-	25,726
8,796	231	11,694	2,445	247,371	173,885
(8,796)	(231)	1,142	-	(165,245)	-
8,796	-	-	-	165,245	-
-	-	-	-	-	-
8,796	-	-	-	165,245	-
-	(231)	1,142	-	-	-
-	231	593	-	-	-
\$ -	\$ -	\$ 1,735	\$ -	\$ -	\$ -

(Continued)

CITY OF HOLLAND, MICHIGAN

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2009

	SPECIAL REVENUE FUNDS			
	PUBLIC SAFETY			CULTURE AND COMMUNITY IMPROVEMENT
	LAW ENFORCEMENT BLOCK GRANT FUND	FEDERAL	PALM LIVE SCAN GRANT FUND	FOOD STAMP NUTRITION EDUCATION GRANT FUND
		EMERGENCY MANAGEMENT AGENCY (FEMA) GRANT FUND		
REVENUES:				
Special assessments	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	-
Intergovernmental	15,573	114,567	15,955	2,151
Charges for services	-	-	-	-
Fines and fees	-	-	-	-
Contributions from private sector	-	-	-	-
Interest and rents	36	-	-	-
Miscellaneous	-	-	-	-
Total revenues	15,609	114,567	15,955	2,151
EXPENDITURES:				
Current:				
General government	-	-	-	-
Public safety	4,359	26,939	-	-
Public works	-	-	-	-
Welfare and social services	-	-	-	2,151
Culture and recreation	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	11,250	100,357	15,955	-
Total expenditures	15,609	127,296	15,955	2,151
Excess (deficiency) of revenues over (under) expenditures	-	(12,729)	-	-
OTHER FINANCING SOURCES (USES):				
Transfers in	-	12,729	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	12,729	-	-
NET CHANGE IN FUND BALANCES	-	-	-	-
FUND BALANCE - Beginning of year	-	-	-	-
FUND BALANCE - End of year	\$ -	\$ -	\$ -	\$ -

SPECIAL REVENUE FUNDS

CULTURE AND COMMUNITY IMPROVEMENT

DISTRICT LIBRARY TAXATION FUND	BICENTENNIAL CELEBRATION FUND	M.S.H.D.A. GRANTS FUND	COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) FUND	NEIGHBORHOOD IMPACT PROGRAM (NIP) FUND	BUDGET STABILIZATION FUND
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1,558,058	-	-	-	-	-
-	-	65,618	436,276	-	-
-	-	-	-	-	-
-	-	-	143,624	1,544	-
-	291	-	-	-	-
-	-	-	13,373	-	-
1,558,058	291	65,618	593,273	1,544	-
-	-	-	-	-	56,669
-	-	-	-	-	-
-	-	-	-	-	-
-	-	65,618	573,273	1,094	-
1,558,151	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	450	-
1,558,151	-	65,618	573,273	1,544	56,669
(93)	291	-	20,000	-	(56,669)
-	-	-	12,335	-	-
-	-	-	(12,335)	-	(250,000)
-	-	-	-	-	(250,000)
(93)	291	-	20,000	-	(306,669)
385	7,972	-	-	-	1,483,115
\$ 292	\$ 8,263	\$ -	\$ 20,000	\$ -	\$ 1,176,446

(Continued)

CITY OF HOLLAND, MICHIGAN

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (CONCLUDED)
NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2009

	DEBT SERVICE FUNDS			CAPITAL PROJECTS FUNDS
	GENERAL OBLIGATION DEBT SERVICE FUND	ACT 175 STREET DEBT SERVICE FUND	SPECIAL ASSESSMENT DEBT SERVICE FUND	INFRASTRUCTURE PROJECTS
REVENUES:				
Special assessments	\$ -	\$ -	\$ 151,154	\$ 254
Property taxes	2,351,204	-	-	58,839
Intergovernmental	-	-	-	404,779
Charges for services	-	-	-	-
Fines and fees	-	-	-	-
Contributions from private sector	-	-	-	-
Interest and rents	16,317	-	90,374	7,789
Miscellaneous	130,232	-	-	-
Total revenues	2,497,753	-	241,528	471,661
EXPENDITURES:				
Current:				
General government	1,835,145	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Welfare and social services	-	-	-	-
Culture and recreation	-	-	-	-
Debt service:				
Principal retirement	12,500	525,000	225,463	-
Interest and fiscal charges	133,358	14,175	82,951	-
Capital outlay	-	-	-	3,056,972
Total expenditures	1,981,003	539,175	308,414	3,056,972
Excess (deficiency) of revenues over (under) expenditures	516,750	(539,175)	(66,886)	(2,585,311)
OTHER FINANCING SOURCES (USES):				
Transfers in	15,625	539,175	-	2,762,346
Transfers out	(539,176)	-	-	(297,700)
Total other financing sources (uses)	(523,551)	539,175	-	2,464,646
NET CHANGE IN FUND BALANCES	(6,801)	-	(66,886)	(120,665)
FUND BALANCE - Beginning of year	25,210	-	790,354	360,536
FUND BALANCE - End of year	\$ 18,409	\$ -	\$ 723,468	\$ 239,871

PERMANENT
TRUST FUND

CEMETERY PERPETUAL CARE FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
\$ -	\$ 659,329
-	5,148,758
-	4,407,415
25,700	217,350
-	276,837
-	269,924
56,711	248,075
-	169,743
<u>82,411</u>	<u>11,397,431</u>
-	2,507,826
-	439,512
-	2,952,454
-	642,136
-	1,558,151
-	762,963
-	230,848
-	3,273,350
<u>-</u>	<u>12,367,240</u>
<u>82,411</u>	<u>(969,809)</u>
1,862	6,200,001
<u>(151,555)</u>	<u>(5,959,349)</u>
<u>(149,693)</u>	<u>240,652</u>
(67,282)	(729,157)
<u>1,605,979</u>	<u>6,666,339</u>
<u>\$ 1,538,697</u>	<u>\$ 5,937,182</u>

CITY OF HOLLAND, MICHIGAN
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL

MAJOR STREET FUND

FOR THE YEAR ENDED JUNE 30, 2009

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Special assessments	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	-
Intergovernmental	2,209,200	2,128,365	2,128,989	624
Charges for services	35,000	30,000	29,675	(325)
Fines and fees	-	-	-	-
Contributions from private sector	-	-	-	-
Interest and rents	24,100	24,000	29,686	5,686
Miscellaneous	-	-	-	-
Total revenues	2,268,300	2,182,365	2,188,350	5,985
EXPENDITURES:				
Current:				
Public works:				
Personal services	565,571	597,357	543,330	(54,027)
Other services and charges	963,100	876,635	781,768	(94,867)
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	1,528,671	1,473,992	1,325,098	(148,894)
Excess (deficiency) of revenues over (under) expenditures	739,629	708,373	863,252	154,879
OTHER FINANCING SOURCES (USES):				
Transfers in	506,124	506,124	506,124	-
Transfers out	(1,668,875)	(1,587,519)	(1,395,786)	191,733
Total other financing sources (uses)	(1,162,751)	(1,081,395)	(889,662)	191,733
NET CHANGE IN FUND BALANCES	(423,122)	(373,022)	(26,410)	346,612
FUND BALANCE - Beginning of year	1,146,759	1,146,759	1,146,759	-
FUND BALANCE - End of year	\$ 723,637	\$ 773,737	\$ 1,120,349	\$ 346,612

CITY OF HOLLAND, MICHIGAN
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL

LOCAL STREET FUND

FOR THE YEAR ENDED JUNE 30, 2009

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Special assessments	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	-
Intergovernmental	554,100	531,866	533,622	1,756
Charges for services	43,000	55,000	65,018	10,018
Fines and fees	-	-	-	-
Contributions from private sector	-	-	-	-
Interest and rents	(100)	1,225	2,771	1,546
Miscellaneous	-	-	-	-
Total revenues	597,000	588,091	601,411	13,320
EXPENDITURES:				
Current:				
Public works:				
Personal services	646,138	667,147	622,080	(45,067)
Other services and charges	707,400	720,336	663,953	(56,383)
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	1,353,538	1,387,483	1,286,033	(101,450)
Excess (deficiency) of revenues over (under) expenditures	(756,538)	(799,392)	(684,622)	114,770
OTHER FINANCING SOURCES (USES):				
Transfers in	789,589	876,605	761,835	(114,770)
Transfers out	(33,051)	(88,025)	(88,025)	-
Total other financing sources (uses)	756,538	788,580	673,810	(114,770)
NET CHANGE IN FUND BALANCES	-	(10,812)	(10,812)	-
FUND BALANCE - Beginning of year	12,812	12,812	12,812	-
FUND BALANCE - End of year	\$ 12,812	\$ 2,000	\$ 2,000	\$ -

CITY OF HOLLAND, MICHIGAN
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL

ALLEGAN COUNTY ROAD TAX FUND

FOR THE YEAR ENDED JUNE 30, 2009

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Special assessments	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	-
Intergovernmental	429,600	429,600	418,593	(11,007)
Charges for services	-	-	-	-
Fines and fees	-	-	-	-
Contributions from private sector	-	-	-	-
Interest and rents	12,000	6,700	7,438	738
Miscellaneous	-	-	-	-
Total revenues	441,600	436,300	426,031	(10,269)
EXPENDITURES:				
Current:				
Public works:				
Personal services	-	-	-	-
Other services and charges	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	441,600	436,300	426,031	(10,269)
OTHER FINANCING SOURCES (USES):				
Transfers in	60,000	60,000	60,000	-
Transfers out	(531,359)	(809,570)	(679,345)	130,225
Total other financing sources (uses)	(471,359)	(749,570)	(619,345)	130,225
NET CHANGE IN FUND BALANCES	(29,759)	(313,270)	(193,314)	119,956
FUND BALANCE - Beginning of year	372,025	372,025	372,025	-
FUND BALANCE - End of year	\$ 342,266	\$ 58,755	\$ 178,711	\$ 119,956

CITY OF HOLLAND, MICHIGAN
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL

STREET IMPROVEMENTS RESERVE FUND

FOR THE YEAR ENDED JUNE 30, 2009

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Special assessments	\$ -	\$ -	\$ -	\$ -
Property taxes	1,179,144	1,180,329	1,180,657	328
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and fees	-	-	-	-
Contributions from private sector	-	-	-	-
Interest and rents	-	6,700	7,774	1,074
Miscellaneous	-	-	-	-
Total revenues	1,179,144	1,187,029	1,188,431	1,402
EXPENDITURES:				
Current:				
Public works:				
Personal services	-	-	-	-
Other services and charges	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	1,179,144	1,187,029	1,188,431	1,402
OTHER FINANCING SOURCES (USES):				
Transfers in	445,000	886,401	989,021	102,620
Transfers out	(2,056,463)	(2,697,181)	(2,478,666)	218,515
Total other financing sources (uses)	(1,611,463)	(1,810,780)	(1,489,645)	321,135
NET CHANGE IN FUND BALANCES	(432,319)	(623,751)	(301,214)	322,537
FUND BALANCE - Beginning of year	432,774	432,774	432,774	-
FUND BALANCE (DEFICIT) - End of year	\$ 455	\$ (190,977)	\$ 131,560	\$ 322,537

CITY OF HOLLAND, MICHIGAN
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL

PUBLIC PARKING SYSTEM FUND

FOR THE YEAR ENDED JUNE 30, 2009

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Special assessments	\$ 137,900	\$ 160,475	\$ 160,476	\$ 1
Property taxes	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	34,050	15,000	16,254	1,254
Fines and fees	-	-	-	-
Contributions from private sector	-	-	-	-
Interest and rents	1,300	240	837	597
Miscellaneous	-	-	-	-
Total revenues	173,250	175,715	177,567	1,852
EXPENDITURES:				
Current:				
Public Works:				
Personal services	77,450	75,600	70,125	(5,475)
Other services and charges	100,600	80,683	82,458	1,775
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	414	364	364	-
Capital outlay	-	-	-	-
Total expenditures	178,464	156,647	152,947	(3,700)
Excess (deficiency) of revenues over (under) expenditures	(5,214)	19,068	24,620	5,552
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	(9,112)	(9,112)	(9,112)	-
Total other financing sources (uses)	(9,112)	(9,112)	(9,112)	-
NET CHANGE IN FUND BALANCES	(14,326)	9,956	15,508	5,552
FUND BALANCE - Beginning of year	30,527	30,527	30,527	-
FUND BALANCE - End of year	\$ 16,201	\$ 40,483	\$ 46,035	\$ 5,552

CITY OF HOLLAND, MICHIGAN
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL

SNOWMELT OPERATING SYSTEM FUND

FOR THE YEAR ENDED JUNE 30, 2009

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Special assessments	\$ 108,900	\$ 103,666	\$ 103,666	\$ -
Property taxes	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and fees	-	-	-	-
Contributions from private sector	-	-	-	-
Interest and rents	6,700	7,300	10,389	3,089
Miscellaneous	-	-	-	-
Total revenues	115,600	110,966	114,055	3,089
EXPENDITURES:				
Current:				
Public works:				
Personal services	-	-	-	-
Other services and charges	197,650	214,823	188,509	(26,314)
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	197,650	214,823	188,509	(26,314)
Excess (deficiency) of revenues over (under) expenditures	(82,050)	(103,857)	(74,454)	29,403
OTHER FINANCING SOURCES (USES):				
Transfers in	24,750	419,335	269,335	(150,000)
Transfers out	-	(150,000)	-	150,000
Total other financing sources (uses)	24,750	269,335	269,335	-
NET CHANGE IN FUND BALANCES	(57,300)	165,478	194,881	29,403
FUND BALANCE - Beginning of year	39,590	39,590	39,590	-
FUND BALANCE (DEFICIT) - End of year	\$ (17,710)	\$ 205,068	\$ 234,471	\$ 29,403

CITY OF HOLLAND, MICHIGAN
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL

PRINCIPAL SHOPPING DISTRICT FUND

FOR THE YEAR ENDED JUNE 30, 2009

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Special assessments	\$ 146,000	\$ 177,000	\$ 177,000	\$ -
Property taxes	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	11,100	51,669	66,292	14,623
Fines and fees	-	-	-	-
Contributions from private sector	61,000	60,100	42,127	(17,973)
Interest and rents	900	1,330	3,040	1,710
Miscellaneous	-	-	-	-
Total revenues	219,000	290,099	288,459	(1,640)
EXPENDITURES:				
Current:				
Culture and recreation:				
Personal services	108,100	110,100	109,513	(587)
Other services and charges	105,400	142,858	138,484	(4,374)
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	213,500	252,958	247,997	(4,961)
Excess (deficiency) of revenues over (under) expenditures	5,500	37,141	40,462	3,321
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
NET CHANGE IN FUND BALANCES	5,500	37,141	40,462	3,321
FUND BALANCE - Beginning of year	85,065	85,065	85,065	-
FUND BALANCE - End of year	\$ 90,565	\$ 122,206	\$ 125,527	\$ 3,321

CITY OF HOLLAND, MICHIGAN
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL

CONTESTED ASSESSMENTS DEFENSE FUND

FOR THE YEAR ENDED JUNE 30, 2009

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Special assessments	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and fees	-	-	-	-
Contributions from private sector	-	-	-	-
Interest and rents	-	-	-	-
Miscellaneous	500	26,200	26,138	(62)
Total revenues	500	26,200	26,138	(62)
EXPENDITURES:				
Current:				
General government:				
Personal services	-	-	-	-
Other services and charges	28,000	43,000	44,261	1,261
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	28,000	43,000	44,261	1,261
Excess (deficiency) of revenues over (under) expenditures	(27,500)	(16,800)	(18,123)	(1,323)
OTHER FINANCING SOURCES (USES):				
Transfers in	28,000	17,000	17,543	543
Transfers out	-	-	-	-
Total other financing sources (uses)	28,000	17,000	17,543	543
NET CHANGE IN FUND BALANCES	500	200	(580)	(780)
FUND BALANCE - Beginning of year	580	580	580	-
FUND BALANCE - End of year	\$ 1,080	\$ 780	\$ -	\$ (780)

CITY OF HOLLAND, MICHIGAN
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL

CATV - (PUBLIC ACCESS CHANNELS) FUND

FOR THE YEAR ENDED JUNE 30, 2009

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Special assessments	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and fees	189,300	265,000	276,837	11,837
Contributions from private sector	-	-	-	-
Interest and rents	4,800	3,800	5,467	1,667
Miscellaneous	-	-	-	-
Total revenues	194,100	268,800	282,304	13,504
EXPENDITURES:				
Current:				
General government:				
Personal services	3,330	3,330	2,485	(845)
Other services and charges	226,300	221,000	216,951	(4,049)
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	229,630	224,330	219,436	(4,894)
Excess (deficiency) of revenues over (under) expenditures	(35,530)	44,470	62,868	18,398
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
NET CHANGE IN FUND BALANCES	(35,530)	44,470	62,868	18,398
FUND BALANCE - Beginning of year	186,123	186,123	186,123	-
FUND BALANCE - End of year	\$ 150,593	\$ 230,593	\$ 248,991	\$ 18,398

CITY OF HOLLAND, MICHIGAN
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL

REVOLVING CASH ASSISTANCE FUND

FOR THE YEAR ENDED JUNE 30, 2009

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Special assessments	\$ 38,600	\$ 62,451	\$ 66,779	\$ 4,328
Property taxes	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and fees	-	-	-	-
Contributions from private sector	-	-	-	-
Interest and rents	14,800	7,513	8,239	726
Miscellaneous	-	-	-	-
Total revenues	53,400	69,964	75,018	5,054
EXPENDITURES:				
Current:				
General government:				
Personal services	-	-	-	-
Other services and charges	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	53,400	69,964	75,018	5,054
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	(42,024)	(42,024)	-
Total other financing sources (uses)	-	(42,024)	(42,024)	-
NET CHANGE IN FUND BALANCES	53,400	27,940	32,994	5,054
FUND BALANCE - Beginning of year	21,741	21,741	21,741	-
FUND BALANCE - End of year	\$ 75,141	\$ 49,681	\$ 54,735	\$ 5,054

CITY OF HOLLAND, MICHIGAN
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL

SPECIFIED DONATIONS FUND

FOR THE YEAR ENDED JUNE 30, 2009

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Special assessments	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and fees	-	-	-	-
Contributions from private sector	-	81,608	81,607	(1)
Interest and rents	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	-	81,608	81,607	(1)
EXPENDITURES:				
Current:				
General government:				
Personal services	-	-	-	-
Other services and charges	-	118,575	80,581	(37,994)
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	-	5,740	-	(5,740)
Total expenditures	-	124,315	80,581	(43,734)
Excess (deficiency) of revenues over (under) expenditures	-	(42,707)	1,026	43,733
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	(12,500)	-	12,500
Total other financing sources (uses)	-	(12,500)	-	12,500
NET CHANGE IN FUND BALANCES	-	(55,207)	1,026	56,233
FUND BALANCE - Beginning of year	55,207	55,207	55,207	-
FUND BALANCE - End of year	\$ 55,207	\$ -	\$ 56,233	\$ 56,233

CITY OF HOLLAND, MICHIGAN
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL

DANGEROUS STRUCTURES FUND

FOR THE YEAR ENDED JUNE 30, 2009

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Special assessments	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	22,000	-	-	-
Fines and fees	-	-	-	-
Contributions from private sector	-	-	-	-
Interest and rents	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	22,000	-	-	-
EXPENDITURES:				
Current:				
General government:				
Personal services	-	-	-	-
Other services and charges	23,500	750	42	(708)
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	23,500	750	42	(708)
Excess (deficiency) of revenues over (under) expenditures	(1,500)	(750)	(42)	708
OTHER FINANCING SOURCES (USES):				
Transfers in	1,500	1,500	1,500	-
Transfers out	-	-	-	-
Total other financing sources (uses)	1,500	1,500	1,500	-
NET CHANGE IN FUND BALANCES	-	750	1,458	708
FUND BALANCE - Beginning of year	771	771	771	-
FUND BALANCE - End of year	\$ 771	\$ 1,521	\$ 2,229	\$ 708

CITY OF HOLLAND, MICHIGAN
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL

EMPLOYEES BENEFIT FUND

FOR THE YEAR ENDED JUNE 30, 2009

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Special assessments	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	9,950	9,814	9,906	92
Fines and fees	-	-	-	-
Contributions from private sector	-	1,022	1,022	-
Interest and rents	345	252	304	52
Miscellaneous	-	-	-	-
Total revenues	10,295	11,088	11,232	144
EXPENDITURES:				
Current:				
General government:				
Personal services	-	-	-	-
Other services and charges	9,500	11,664	10,062	(1,602)
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	9,500	11,664	10,062	(1,602)
Excess (deficiency) of revenues over (under) expenditures	795	(576)	1,170	1,746
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
NET CHANGE IN FUND BALANCES	795	(576)	1,170	1,746
FUND BALANCE - Beginning of year	7,990	7,990	7,990	-
FUND BALANCE - End of year	\$ 8,785	\$ 7,414	\$ 9,160	\$ 1,746

CITY OF HOLLAND, MICHIGAN
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL

PROPERTY ACQUISITION FUND

FOR THE YEAR ENDED JUNE 30, 2009

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Special assessments	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	50,000	3,500	4,505	1,005
Fines and fees	-	-	-	-
Contributions from private sector	-	-	-	-
Interest and rents	750	12	612	600
Miscellaneous	-	-	-	-
Total revenues	50,750	3,512	5,117	1,605
EXPENDITURES:				
Current:				
General government:				
Personal services	-	-	-	-
Other services and charges	-	4,183	4,837	654
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	4,000	62,095	61,185	(910)
Total expenditures	4,000	66,278	66,022	(256)
Excess (deficiency) of revenues over (under) expenditures	46,750	(62,766)	(60,905)	1,861
OTHER FINANCING SOURCES (USES):				
Transfers in	-	78,391	76,530	(1,861)
Transfers out	(15,625)	(15,625)	(15,625)	-
Total other financing sources (uses)	(15,625)	62,766	60,905	(1,861)
NET CHANGE IN FUND BALANCES	31,125	-	-	-
FUND BALANCE - Beginning of year	-	-	-	-
FUND BALANCE - End of year	\$ 31,125	\$ -	\$ -	\$ -

CITY OF HOLLAND, MICHIGAN
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL

ENVIRONMENTAL CLEANUP FUND

FOR THE YEAR ENDED JUNE 30, 2009

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Special assessments	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and fees	-	-	-	-
Contributions from private sector	-	-	-	-
Interest and rents	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	-	-	-	-
EXPENDITURES:				
Current:				
General government:				
Personal services	-	-	-	-
Other services and charges	6,000	9,296	8,796	(500)
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	6,000	9,296	8,796	(500)
Excess (deficiency) of revenues over (under) expenditures	(6,000)	(9,296)	(8,796)	500
OTHER FINANCING SOURCES (USES):				
Transfers in	6,000	9,296	8,796	(500)
Transfers out	-	-	-	-
Total other financing sources (uses)	6,000	9,296	8,796	(500)
NET CHANGE IN FUND BALANCES	-	-	-	-
FUND BALANCE - Beginning of year	-	-	-	-
FUND BALANCE - End of year	\$ -	\$ -	\$ -	\$ -

CITY OF HOLLAND, MICHIGAN
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL

AIRPORT DONATIONS FUND

FOR THE YEAR ENDED JUNE 30, 2009

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Special assessments	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and fees	-	-	-	-
Contributions from private sector	-	-	-	-
Interest and rents	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	-	-	-	-
EXPENDITURES:				
Current:				
Public works:				
Personal services	-	-	-	-
Other services and charges	-	231	231	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	-	231	231	-
Excess (deficiency) of revenues over (under) expenditures	-	(231)	(231)	-
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
NET CHANGE IN FUND BALANCES	-	(231)	(231)	-
FUND BALANCE - Beginning of year	231	231	231	-
FUND BALANCE - End of year	\$ 231	\$ -	\$ -	\$ -

CITY OF HOLLAND, MICHIGAN
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL

POLICE CRIMINAL JUSTICE TRAINING FUND

FOR THE YEAR ENDED JUNE 30, 2009

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Special assessments	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	-
Intergovernmental	14,700	14,700	12,836	(1,864)
Charges for services	-	-	-	-
Fines and fees	-	-	-	-
Contributions from private sector	-	-	-	-
Interest and rents	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	14,700	14,700	12,836	(1,864)
EXPENDITURES:				
Current:				
Public safety:				
Personal services	-	-	-	-
Other services and charges	14,700	14,700	10,239	(4,461)
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	-	-	1,455	1,455
Total expenditures	14,700	14,700	11,694	(3,006)
Excess (deficiency) of revenues over (under) expenditures	-	-	1,142	1,142
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
NET CHANGE IN FUND BALANCES	-	-	1,142	1,142
FUND BALANCE - Beginning of year	593	593	593	-
FUND BALANCE - End of year	\$ 593	\$ 593	\$ 1,735	\$ 1,142

CITY OF HOLLAND, MICHIGAN
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL

OTTAWA COUNTY BATMOBILE GRANT FUND

FOR THE YEAR ENDED JUNE 30, 2009

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Special assessments	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	-
Intergovernmental	2,451	2,451	2,445	(6)
Charges for services	-	-	-	-
Fines and fees	-	-	-	-
Contributions from private sector	-	-	-	-
Interest and rents	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	2,451	2,451	2,445	(6)
EXPENDITURES:				
Current:				
Public safety:				
Personal services	2,451	2,451	2,445	(6)
Other services and charges	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	2,451	2,451	2,445	(6)
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
NET CHANGE IN FUND BALANCES	-	-	-	-
FUND BALANCE - Beginning of year	-	-	-	-
FUND BALANCE - End of year	\$ -	\$ -	\$ -	\$ -

CITY OF HOLLAND, MICHIGAN
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
 ANTI-DRUG ABUSE ACT GRANT - "W.E.M.E.T." FUND
 FOR THE YEAR ENDED JUNE 30, 2009

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Special assessments	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	-
Intergovernmental	26,596	81,401	82,126	725
Charges for services	-	-	-	-
Fines and fees	-	-	-	-
Contributions from private sector	-	-	-	-
Interest and rents	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	26,596	81,401	82,126	725
EXPENDITURES:				
Current:				
Public safety:				
Personal services	53,192	246,701	247,371	670
Other services and charges	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	53,192	246,701	247,371	670
Excess (deficiency) of revenues over (under) expenditures	(26,596)	(165,300)	(165,245)	55
OTHER FINANCING SOURCES (USES):				
Transfers in	26,596	165,300	165,245	(55)
Transfers out	-	-	-	-
Total other financing sources (uses)	26,596	165,300	165,245	(55)
NET CHANGE IN FUND BALANCES	-	-	-	-
FUND BALANCE - Beginning of year	-	-	-	-
FUND BALANCE - End of year	\$ -	\$ -	\$ -	\$ -

CITY OF HOLLAND, MICHIGAN

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL

OFFICE OF HIGHWAY SAFETY PLANNING (OHSP) GRANTS FUND

FOR THE YEAR ENDED JUNE 30, 2009

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Special assessments	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	-
Intergovernmental	34,158	312,325	173,885	(138,440)
Charges for services	-	-	-	-
Fines and fees	-	-	-	-
Contributions from private sector	-	-	-	-
Interest and rents	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	34,158	312,325	173,885	(138,440)
EXPENDITURES:				
Current:				
Public safety:				
Personal services	19,058	201,221	137,777	(63,444)
Other services and charges	1,204	19,094	10,382	(8,712)
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	13,896	92,010	25,726	(66,284)
Total expenditures	34,158	312,325	173,885	(138,440)
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
NET CHANGE IN FUND BALANCES	-	-	-	-
FUND BALANCE - Beginning of year	-	-	-	-
FUND BALANCE - End of year	\$ -	\$ -	\$ -	\$ -

CITY OF HOLLAND, MICHIGAN
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL

LAW ENFORCEMENT BLOCK GRANT FUND

FOR THE YEAR ENDED JUNE 30, 2009

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Special assessments	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	-
Intergovernmental	26,739	102,508	15,573	(86,935)
Charges for services	-	-	-	-
Fines and fees	-	-	-	-
Contributions from private sector	265	265	-	(265)
Interest and rents	-	37	36	(1)
Miscellaneous	-	-	-	-
Total revenues	27,004	102,810	15,609	(87,201)
EXPENDITURES:				
Current:				
Public safety:				
Personal services	14,065	14,065	4,359	(9,706)
Other services and charges	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	12,939	95,036	11,250	(83,786)
Total expenditures	27,004	109,101	15,609	(93,492)
Excess (deficiency) of revenues over (under) expenditures	-	(6,291)	-	6,291
OTHER FINANCING SOURCES (USES):				
Transfers in	-	6,291	-	(6,291)
Transfers out	-	-	-	-
Total other financing sources (uses)	-	6,291	-	(6,291)
NET CHANGE IN FUND BALANCES	-	-	-	-
FUND BALANCE - Beginning of year	-	-	-	-
FUND BALANCE - End of year	\$ -	\$ -	\$ -	\$ -

CITY OF HOLLAND, MICHIGAN

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL

FEDERAL EMERGENCY MANAGEMENT AGENCY (FEMA) GRANT FUND

FOR THE YEAR ENDED JUNE 30, 2009

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Special assessments	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	-
Intergovernmental	49,018	161,671	114,567	(47,104)
Charges for services	-	-	-	-
Fines and fees	-	-	-	-
Contributions from private sector	-	-	-	-
Interest and rents	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	49,018	161,671	114,567	(47,104)
EXPENDITURES:				
Current:				
Public safety:				
Personal services	-	-	-	-
Other services and charges	52,940	26,940	26,939	(1)
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	2,605	152,694	100,357	(52,337)
Total expenditures	55,545	179,634	127,296	(52,338)
Excess (deficiency) of revenues over (under) expenditures	(6,527)	(17,963)	(12,729)	5,234
OTHER FINANCING SOURCES (USES):				
Transfers in	6,527	17,963	12,729	(5,234)
Transfers out	-	-	-	-
Total other financing sources (uses)	6,527	17,963	12,729	(5,234)
NET CHANGE IN FUND BALANCES	-	-	-	-
FUND BALANCE - Beginning of year	-	-	-	-
FUND BALANCE - End of year	\$ -	\$ -	\$ -	\$ -

CITY OF HOLLAND, MICHIGAN
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL

PALM LIVE SCAN GRANT FUND

FOR THE YEAR ENDED JUNE 30, 2009

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Special assessments	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	-
Intergovernmental	-	16,000	15,955	(45)
Charges for services	-	-	-	-
Fines and fees	-	-	-	-
Contributions from private sector	-	-	-	-
Interest and rents	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	-	16,000	15,955	(45)
EXPENDITURES:				
Current:				
Public safety:				
Personal services	-	-	-	-
Other services and charges	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	-	16,000	15,955	(45)
Total expenditures	-	16,000	15,955	(45)
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
NET CHANGE IN FUND BALANCES	-	-	-	-
FUND BALANCE - Beginning of year	-	-	-	-
FUND BALANCE - End of year	\$ -	\$ -	\$ -	\$ -

CITY OF HOLLAND, MICHIGAN
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
 FOOD STAMP NUTRITION EDUCATION GRANT FUND
 FOR THE YEAR ENDED JUNE 30, 2009

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Special assessments	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	-
Intergovernmental	2,542	2,542	2,151	(391)
Charges for services	-	-	-	-
Fines and fees	-	-	-	-
Contributions from private sector	-	-	-	-
Interest and rents	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	2,542	2,542	2,151	(391)
EXPENDITURES:				
Current:				
Welfare and social services:				
Personal services	2,542	2,542	2,151	(391)
Other services and charges	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	2,542	2,542	2,151	(391)
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
NET CHANGE IN FUND BALANCES	-	-	-	-
FUND BALANCE - Beginning of year	-	-	-	-
FUND BALANCE - End of year	\$ -	\$ -	\$ -	\$ -

CITY OF HOLLAND, MICHIGAN
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL

DISTRICT LIBRARY TAXATION FUND

FOR THE YEAR ENDED JUNE 30, 2009

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Special assessments	\$ -	\$ -	\$ -	\$ -
Property taxes	1,549,762	1,556,493	1,558,058	1,565
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and fees	-	-	-	-
Contributions from private sector	-	-	-	-
Interest and rents	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	1,549,762	1,556,493	1,558,058	1,565
EXPENDITURES:				
Current:				
Culture and recreation:				
Personal services	-	-	-	-
Other services and charges	1,549,762	1,555,893	1,558,151	2,258
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	1,549,762	1,555,893	1,558,151	2,258
Excess (deficiency) of revenues over (under) expenditures	-	600	(93)	(693)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
NET CHANGE IN FUND BALANCES	-	600	(93)	(693)
FUND BALANCE - Beginning of year	385	385	385	-
FUND BALANCE - End of year	\$ 385	\$ 985	\$ 292	\$ (693)

CITY OF HOLLAND, MICHIGAN
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL

BICENTENNIAL CELEBRATION FUND

FOR THE YEAR ENDED JUNE 30, 2009

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Special assessments	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and fees	-	-	-	-
Contributions from private sector	-	-	-	-
Interest and rents	300	270	291	21
Miscellaneous	-	-	-	-
Total revenues	300	270	291	21
EXPENDITURES:				
Current:				
Culture and recreation:				
Personal services	-	-	-	-
Other services and charges	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	300	270	291	21
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
NET CHANGE IN FUND BALANCES	300	270	291	21
FUND BALANCE - Beginning of year	7,972	7,972	7,972	-
FUND BALANCE - End of year	\$ 8,272	\$ 8,242	\$ 8,263	\$ 21

CITY OF HOLLAND, MICHIGAN
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL

M.S.H.D.A. GRANTS FUND

FOR THE YEAR ENDED JUNE 30, 2009

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Special assessments	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	-
Intergovernmental	144,378	144,378	65,618	(78,760)
Charges for services	-	-	-	-
Fines and fees	-	-	-	-
Contributions from private sector	-	-	-	-
Interest and rents	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	144,378	144,378	65,618	(78,760)
EXPENDITURES:				
Current:				
Welfare and social services:				
Personal services	-	-	-	-
Other services and charges	144,378	144,378	65,618	(78,760)
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	144,378	144,378	65,618	(78,760)
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
NET CHANGE IN FUND BALANCES	-	-	-	-
FUND BALANCE - Beginning of year	-	-	-	-
FUND BALANCE - End of year	\$ -	\$ -	\$ -	\$ -

CITY OF HOLLAND, MICHIGAN

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL

COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) FUND

FOR THE YEAR ENDED JUNE 30, 2009

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Special assessments	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	-
Intergovernmental	476,340	899,581	436,276	(463,305)
Charges for services	-	-	-	-
Fines and fees	-	-	-	-
Contributions from private sector	19,429	143,629	143,624	(5)
Interest and rents	-	-	-	-
Miscellaneous	(300)	12,789	13,373	584
Total revenues	495,469	1,055,999	593,273	(462,726)
EXPENDITURES:				
Current:				
Welfare and social services:				
Personal services	105,420	213,655	102,156	(111,499)
Other services and charges	390,049	842,344	471,117	(371,227)
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	495,469	1,055,999	573,273	(482,726)
Excess (deficiency) of revenues over (under) expenditures	-	-	20,000	20,000
OTHER FINANCING SOURCES (USES):				
Transfers in	12,335	25,424	12,335	(13,089)
Transfers out	(12,335)	(25,424)	(12,335)	13,089
Total other financing sources (uses)	-	-	-	-
NET CHANGE IN FUND BALANCES	-	-	20,000	20,000
FUND BALANCE - Beginning of year	-	-	-	-
FUND BALANCE - End of year	\$ -	\$ -	\$ 20,000	\$ 20,000

CITY OF HOLLAND, MICHIGAN

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL

NEIGHBORHOOD IMPACT PROGRAM (NIP) GRANT FUND

FOR THE YEAR ENDED JUNE 30, 2009

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Special assessments	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and fees	-	-	-	-
Contributions from private sector	923	5,880	1,544	(4,336)
Interest and rents	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	923	5,880	1,544	(4,336)
EXPENDITURES:				
Current:				
Welfare and social services:				
Personal services	923	5,880	1,094	(4,786)
Other services and charges	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	-	-	450	450
Total expenditures	923	5,880	1,544	(4,336)
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
NET CHANGE IN FUND BALANCES	-	-	-	-
FUND BALANCE - Beginning of year	-	-	-	-
FUND BALANCE - End of year	\$ -	\$ -	\$ -	\$ -

CITY OF HOLLAND, MICHIGAN
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL

BUDGET STABILIZATION FUND

FOR THE YEAR ENDED JUNE 30, 2009

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Special assessments	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and fees	-	-	-	-
Contributions from private sector	-	-	-	-
Interest and rents	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	-	-	-	-
EXPENDITURES:				
Current:				
General government:				
Personal services	-	-	-	-
Other services and charges	20,000	59,100	56,669	(2,431)
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	20,000	59,100	56,669	(2,431)
Excess (deficiency) of revenues over (under) expenditures	(20,000)	(59,100)	(56,669)	2,431
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	(250,000)	(250,000)	(250,000)	-
Total other financing sources (uses)	(250,000)	(250,000)	(250,000)	-
NET CHANGE IN FUND BALANCES	(270,000)	(309,100)	(306,669)	2,431
FUND BALANCE - Beginning of year	1,483,115	1,483,115	1,483,115	-
FUND BALANCE - End of year	\$ 1,213,115	\$ 1,174,015	\$ 1,176,446	\$ 2,431

CITY OF HOLLAND, MICHIGAN
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL

CEMETERY PERPETUAL CARE FUND

FOR THE YEAR ENDED JUNE 30, 2009

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Special assessments	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	36,000	30,700	25,700	(5,000)
Fines and fees	-	-	-	-
Contributions from private sector	-	-	-	-
Interest and rents	61,410	47,564	56,711	9,147
Miscellaneous	-	-	-	-
Total revenues	97,410	78,264	82,411	4,147
EXPENDITURES:				
Current				
General government:				
Personal services	-	-	-	-
Other services and charges	500	-	-	-
Debt service				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	500	-	-	-
Excess (deficiency) of revenues over (under) expenditures	96,910	78,264	82,411	4,147
OTHER FINANCING SOURCES (USES):				
Transfers in	1,862	1,862	1,862	-
Transfers out	(164,412)	(157,402)	(151,555)	5,847
Total other financing sources (uses)	(162,550)	(155,540)	(149,693)	5,847
NET CHANGE IN FUND BALANCES	(65,640)	(77,276)	(67,282)	9,994
FUND BALANCE - Beginning of year	1,605,979	1,605,979	1,605,979	-
FUND BALANCE - End of year	\$ 1,540,339	\$ 1,528,703	\$ 1,538,697	\$ 9,994

-- - - FUND TYPE: ENTERPRISE FUNDS - - -

Enterprise Funds are proprietary funds that account for operations (a) financed and operated in a manner similar to private-sector business entities - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed primarily through user charges; or, (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

MAJOR ENTERPRISE FUNDS (presented on pages 24-31):

ELECTRIC UTILITY FUND

Mandated by chapter 12 of the City Charter, the Electric Utility Fund provides financial accountability for a municipally-owned electric generating facility and distribution system that supplies electrical power to residential, commercial, industrial, and other users. Fiber Optics (broadband) is also supplied to a limited customer base. The City has entered into agreements with several of the surrounding governmental jurisdictions to supply electrical power to various residential, commercial, and industrial areas outside of the City.

By way of a Joint Venture with the Michigan Public Power Agency, contractual arrangements have been adopted with other electric generating companies and authorities for the purchase of additional electricity to meet anticipated local requirements into future years, and also to sell excess electrical capacity generated locally.

Outstanding long-term debt may be reflected in this fund in the form of electric system revenue bonds payable (currently no debt). This fund provides financial accountability for revenues, expenses, and balance sheet items.

This utility is managed and operated by a Board of Public Works appointed by and responsible to the City Council.

WASTEWATER UTILITY FUND

The Wastewater Utility Fund provides financial accountability for a municipally-owned sewage treatment facility and collection system that services residential, commercial, industrial, and other users within the City of Holland.

In 1979, a joint agreement was established between the City of Holland and surrounding townships to expand the sewage treatment plant, and provide sewage collection services to an expanded area. In 1994 and 1995 these same governing units took action to construct another large expansion of the treatment plant capacity to service the ever-increasing volumes of sewage treatment requirements.

Because the City of Holland retains significant control within the governing body of the system, together with responsibility for system operations, the Wastewater Utility Fund is accounted and reported as an entity of the City.

Outstanding long-term debt is reflected in the form of assessment payable to County of Ottawa for 70% commitment of debt service for a county sewage bonds. This fund provides financial accountability for revenues, expenses, and balance sheet items.

This utility is managed and operated by a Board of Public Works appointed by and responsible to the City Council.

WATER UTILITY FUND

Mandated by chapter 12 of the Holland City Charter, the Water Utility Fund provides financial accountability for a municipally-owned water treatment facility and distribution system that supplies water – drawn from Lake Michigan and treated for cleanliness – to residential, commercial, industrial, and other users within the City of Holland.

The City of Holland has entered into joint agreements with several of the surrounding governmental jurisdictions for the sale and distribution of water to various areas outside of the City.

In response to projected significant increases in demand for water usage by both residential and commercial/industrial customers, additional long-term debt (Water Utility Revenue Bonds) was issued during fiscal year 2005 to finance the expansion of water treatment capacity, together with installation of additional primary watermain lines.

This utility is managed and operated by a Board of Public Works appointed by and responsible to the City Council.

- - - FUND TYPE: ENTERPRISE FUNDS - - -
(continued)

NONMAJOR ENTERPRISE FUNDS:

REFUSE AND RECYCLING PICKUP FUND

Since 1992, the City of Holland has administered a mandatory refuse and recycling pickup program for all single family residences, as well as multi-family residential units. Each residence is provided the choice of using either refuse bags or municipally-owned refuse containers, plus a recycling container.

At June 30, 2009, the residential customer count for this service is:

- Single-family residences and multi-family housing developments of up to 4-family units = 8,607
- Multi-family housing developments of greater than 4-family units = 5

The entire pickup and hauling operation is contracted to one private sector hauler, with options for contract extension if stipulated by both parties. Administration, billing and collection functions are performed by the City; with payment made to the hauling firm at the conclusion of each month.

Additionally, this fund accounts for the financing and costs of a year round program referred to as *Project Pride*. This program provides residents opportunity to dispose of unwanted scrap household items (such as old appliances, furniture, etc) as well as hazardous household waste items (such as old paint, turpentine, or various chemical items).

This fund provides financial accountability of revenues, expenses, capital outlays, and balance sheet items.

WINDMILL ISLAND FUND

Since 1964, the City of Holland owns and operates a public attraction referred to as Windmill Island that exhibits an imported authentic operating windmill from The Netherlands, along with various authentic Dutch buildings and facilities. This attraction remains open approximately six months from May thru October, providing visitors with an authentic re-creation of picturesque structures, architectures and landscaping similar to that found in The Netherlands approximately 100 to 200 years earlier.

Presently there is no long-term debt outstanding for Windmill Island. Two earlier revenue bond issues (originally issued in 1964 and 1988) had financed major acquisitions, developments and enhancements for Windmill Island. Management continually studies ideas and concepts regarding the most feasible and prudent uses for Windmill Island. During fiscal year 2005, a new 40' x 80' open space facility – referred to as the 'Pavilion' – was acquired and constructed, primarily financed from fund reserves. This facility is proving to be a popular attraction for private-party events (such as weddings and company picnics). Rental income from event usage indicates a relatively quick payback of costs.

The revenue base for Windmill Island consists of admission fees, concession fees, and other miscellaneous revenues; together with an annual General Fund transfer to subsidize operating deficits.

This fund provides financial accountability of revenues, expenses, capital outlays, and balance sheet items.

DEPOT OPERATIONS FUND

The City of Holland owns and leases out a renovated railroad depot located on the main street of the downtown area. Referred to as the Holland Transportation Center, this facility provides:

- a passenger loading/unloading stop for Amtrak Railroad – Indian Trails Bus – MAX local-area bus system.
- administrative offices - for the Macatawa Area Express Transportation Authority (MAX).

Per agreement the MAX Authority operates and maintains the building and grounds and also receives related rental income from the other tenants. No long term debt exists in this fund.

This fund provides financial accountability for capital grants, assets, related depreciation and balance sheet items.

- - - FUND TYPE: ENTERPRISE FUNDS - - -
(continued)

MUNICIPAL AIRPORT FUND

Reference the following fund description for the Airport Facilities and Management System Fund which discusses the transition of this former airport fund which was dissolved when the new West Michigan Airport Authority began full fledged existence on July 1, 2008. Working capital and construction in progress were transferred from the City fund to the Authority at the beginning of the fiscal year ending June 30, 2009. At June 30, 2009 this fund is now closed.

AIRPORT FACILITIES AND MANAGEMENT SYSTEM FUND

In previous years, since 1986, the City of Holland owned and operated the Tulip City Airport. The initial purchase and major enhancements to the airport were financed primarily by grants from the Federal Aviation Administration and the Michigan Bureau of Aeronautics, along with several contributions from the private sector with no local tax dollars used.

On January 18, 2007 the City of Holland adopted a resolution to form the West Michigan Airport Authority along with Holland Charter Township, Park Township and the City of Zeeland. The tax levy up to 0.1 mill was approved by voters in all jurisdictions, except Holland Charter Township, in May 2008. Rather than the airport entity imposing its own tax levy, the intergovernmental contractual arrangement provides that the City and two adjacent jurisdictions (composing the airport authority) each levy an identical tax millage rate for the airport, and each taxing unit will pay the collected taxes to the Authority. The City's portion of this tax levy is accounted for by this fund.

Effective July 1, 2008 the Authority became an entirely separate entity and is no longer included in the City's financial report. New grants administered by the Michigan Bureau of Aeronautics will be issued to the Authority from the transition forward. Airport operations, including payments to the Fixed Base Operator (FBO) which manages and operates the airport and lease revenues from T-hangar, private hangar and agricultural rentals are separately accounted for by the West Michigan Airport Authority and no longer included in this City fund.

Capital assets formerly acquired by the City of Holland, prior to the formation of the Authority, remain under the City's ownership and continue to be accounted for in this City fund. These City owned assets are leased to the Authority for their use, operation and maintenance. The Authority contracts with the City for managerial staff, fiscal agent services and some minor administrative costs which continue to be accounted for in this fund.

Two long-term *Installment Purchase Obligation* debt instruments (originally issued in 1989 and 1995) provided financing for construction of three T-Hanger buildings for smaller-sized aircraft. At June 30, 2009, there remains an outstanding liability balance on the 1995 obligation; whereas the final maturity on the 1989 obligation occurred in fiscal year 2005. Debt service is now financed by a payment from the West Michigan Airport Authority.

PUBLIC TRANSIT FACILITY AND MANAGEMENT FUND

In previous years the City of Holland, together with the neighboring municipalities of Holland Charter Township and City of Zeeland entered into a joint agreement to provide public busing transportation services. This system was officially titled the Macatawa Area Express System ("MAX" = short-name). The MAX served the citizens of these communities with both a fixed-route bus system, as well as a demand-response personalized system.

On June 7, 2006 the City of Holland adopted a resolution to form the Macatawa Area Express Transportation Authority with an incorporation date of 7/1/06, along with Holland Charter Township. The authority was authorized to levy a tax up to 0.4 mills as approved by the voters in the City of Holland and Holland Charter Township (not approved in the City of Zeeland) at the November 7, 2006 election. The millage cannot be increased to an amount exceeding 0.4 mills without the prior approval of the City of Holland and Holland Charter Township as well as a majority of the voters within the Authority boundaries. Between July 1, 2006 and June 30, 2007 the Authority existed under an "interim period" status, operating as a City of Holland fund (Macatawa Area Public Transit System Fund), as in prior years.

Effective July 1, 2007 the Authority became an entirely separate entity and is no longer included in the City's financial report. The MAX administrative staff remain as City of Holland employees, in this new separate City fund, with a contractual charge back arrangement to the Authority. Most of the capital assets in the former fund, including buses and equipment, were transferred to the Authority, but the dispatch building assets are retained in this fund by the City. The City continues to receive a very small portion of the Authority's grant funds, for older grants previously formally granted to the City, which are immediately passed through to the Authority.

CITY OF HOLLAND, MICHIGAN
COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS

JUNE 30, 2009

<u>ASSETS</u>	<u>REFUSE AND RECYCLING PICKUP</u>	<u>WINDMILL ISLAND</u>	<u>DEPOT OPERATIONS</u>	<u>MUNICIPAL AIRPORT</u>
CURRENT ASSETS:				
Cash and pooled investments	\$ 337,272	\$ 90,378	\$ 1	\$ -
Receivables:				
Accounts	158,871	7,005	-	-
Taxes and special assessments	-	-	-	-
Due from other governmental units	-	-	-	-
Due from other funds	191,699	-	-	-
Prepaid items	-	1,090	-	-
Total current assets	687,842	98,473	1	-
NONCURRENT ASSETS:				
Capital assets:				
Land	-	99,809	291,300	-
Construction in progress	-	250	-	-
Machinery and equipment	444,142	1,914,787	1,667,199	-
Accumulated depreciation	(262,961)	(1,204,772)	(939,696)	-
Total capital assets	181,181	810,074	1,018,803	-
Total assets	869,023	908,547	1,018,804	-
LIABILITIES				
CURRENT LIABILITIES:				
Accounts payable	134,027	8,181	-	-
Accrued payroll and benefits	1,535	14,338	-	-
Accrued compensated absences - current	-	13,500	-	-
Due to other governmental units	-	-	-	-
Due to other funds	93,273	690	-	-
Deposits	-	47,813	-	-
Unearned revenue	-	-	-	-
Bonds payable - current	-	-	-	-
Total current liabilities	228,835	84,522	-	-
NONCURRENT LIABILITIES:				
Accrued compensated absences	-	1,768	-	-
Total liabilities	228,835	86,290	-	-
NET ASSETS:				
Invested in capital assets, net of related debt	181,181	810,074	1,018,803	-
Unrestricted	459,007	12,183	1	-
Total net assets	\$ 640,188	\$ 822,257	\$ 1,018,804	\$ -

AIRPORT FACILITIES AND MANAGEMENT SYSTEM	PUBLIC TRANSIT FACILITIES AND MANAGEMENT SYSTEM	TOTAL
\$ 18,459	\$ 18,282	\$ 464,392
3,681	3,025	172,582
21	-	21
12,496	-	12,496
-	-	191,699
-	-	1,090
<u>34,657</u>	<u>21,307</u>	<u>842,280</u>
5,961,250	-	6,352,359
-	-	250
14,043,709	508,254	18,578,091
(6,598,430)	(194,766)	(9,200,625)
<u>13,406,529</u>	<u>313,488</u>	<u>15,730,075</u>
<u>13,441,186</u>	<u>334,795</u>	<u>16,572,355</u>
-	222	142,430
926	4,750	21,549
-	-	13,500
17,731	-	17,731
-	-	93,963
-	-	47,813
-	15,000	15,000
16,000	-	16,000
<u>34,657</u>	<u>19,972</u>	<u>367,986</u>
-	-	1,768
<u>34,657</u>	<u>19,972</u>	<u>369,754</u>
13,406,529	313,488	15,730,075
-	1,335	472,526
<u>\$ 13,406,529</u>	<u>\$ 314,823</u>	<u>\$ 16,202,601</u>

CITY OF HOLLAND, MICHIGAN
 COMBINING STATEMENT OF REVENUES, EXPENSES
 AND CHANGES IN FUND NET ASSETS
 NONMAJOR ENTERPRISE FUNDS

FOR THE YEAR ENDED JUNE 30, 2009

	REFUSE AND RECYCLING PICKUP	WINDMILL ISLAND	DEPOT OPERATIONS	MUNICIPAL AIRPORT
OPERATING REVENUES				
Usage fees and charges for services	\$ 1,280,311	\$ 44,826	\$ -	\$ -
Admissions and fares	-	304,067	-	-
Rentals	-	101,137	1	-
Total operating revenues	1,280,311	450,030	1	-
OPERATING EXPENSES:				
Personal services	113,553	412,310	-	-
Other current expenses	1,202,761	214,486	-	-
Depreciation	61,678	67,841	55,229	-
Total operating expenses	1,377,992	694,637	55,229	-
OPERATING LOSS	(97,681)	(244,607)	(55,228)	-
NONOPERATING REVENUES (EXPENSES):				
Property taxes	-	-	-	-
Federal and/or state grants	-	-	-	-
Federal awards passed-through to the Macatawa Area Express Transportation Authority	-	-	-	-
Investment earnings	14,781	3,133	-	-
Interest expense	-	-	-	-
Loss on disposal of capital assets	(2,006)	(80,938)	(1,979)	-
Total nonoperating revenues (expenses)	12,775	(77,805)	(1,979)	-
INCOME (LOSS) - Before transfers, contributions and special item	(84,906)	(322,412)	(57,207)	-
TRANSFERS AND CONTRIBUTIONS				
Other private donations	1,296	-	-	-
Transfers in	-	195,567	-	-
Transfers out	-	-	-	(13,093,604)
Net transfers and contributions	1,296	195,567	-	(13,093,604)
CHANGE IN NET ASSETS BEFORE SPECIAL ITEM	(83,610)	(126,845)	(57,207)	(13,093,604)
SPECIAL ITEM:				
Transfer of assets to West Michigan Airport Authority	-	-	-	-
CHANGE IN NET ASSETS	(83,610)	(126,845)	(57,207)	(13,093,604)
NET ASSETS - Beginning of year	723,798	949,102	1,076,011	13,093,604
NET ASSETS - End of year	\$ 640,188	\$ 822,257	\$ 1,018,804	\$ -

AIRPORT FACILITIES AND MANAGEMENT SYSTEM	PUBLIC TRANSIT FACILITIES AND MANAGEMENT SYSTEM	TOTAL
\$ 72,553	\$ 229,619	\$ 1,627,309
-	-	304,067
-	-	101,138
72,553	229,619	2,032,514
25,424	228,020	779,307
142,764	1,600	1,561,611
694,586	11,762	891,096
862,774	241,382	3,232,014
(790,221)	(11,763)	(1,199,500)
117,952	-	117,952
1,406,288	87,739	1,494,027
-	(87,739)	(87,739)
2,641	408	20,963
(2,383)	-	(2,383)
(2,094)	-	(87,017)
1,522,404	408	1,455,803
732,183	(11,355)	256,303
-	-	1,296
13,093,604	-	13,289,171
-	-	(13,093,604)
13,093,604	-	196,863
13,825,787	(11,355)	453,166
(419,258)	-	(419,258)
13,406,529	(11,355)	33,908
-	326,178	16,168,693
\$ 13,406,529	\$ 314,823	\$ 16,202,601

CITY OF HOLLAND, MICHIGAN
 COMBINING STATEMENT OF CASH FLOWS
 NONMAJOR ENTERPRISE FUNDS

FOR THE YEAR ENDED JUNE 30, 2009

	REFUSE AND RECYCLING PICKUP	WINDMILL ISLAND	DEPOT OPERATIONS	MUNICIPAL AIRPORT
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers and users	\$ 1,281,267	\$ 436,865	\$ 1	\$ 670
Payments to suppliers	(1,151,025)	(230,667)	-	(3,032)
Payments to employees	(112,876)	(408,391)	-	-
Net cash provided by (used in) operating activities	17,366	(202,193)	1	(2,362)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Property taxes	-	-	-	-
Other private donations	1,296	-	-	-
Payments to outside authorities	-	-	-	-
Intragovernmental payments	93,273	(756)	-	(375,752)
Intragovernmental receipts	(191,699)	195,567	-	-
Net cash (used in) provided by noncapital financing activities	(97,130)	194,811	-	(375,752)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Federal and/or state grants	-	-	-	32,407
Federal awards pass-through to the Macatawa Area Express Transportation Authority	-	-	-	-
Principal payments on long-term debt	-	-	-	-
Interest on long-term debt	-	-	-	-
Proceeds from sale of fixed assets	-	9,613	-	-
Purchase of capital assets	(36,136)	(19,364)	-	-
Net cash (used in) provided by capital and related financing activities	(36,136)	(9,751)	-	32,407
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment earnings	14,781	3,133	-	-
Net cash provided by investing activities	14,781	3,133	-	-
NET (DECREASE) INCREASE IN CASH AND POOLED INVESTMENTS	(101,119)	(14,000)	1	(345,707)
CASH AND POOLED INVESTMENTS - Beginning of year	438,391	104,378	-	345,707
CASH AND POOLED INVESTMENTS - End of year	\$ 337,272	\$ 90,378	\$ 1	\$ -

AIRPORT FACILITIES AND MANAGEMENT SYSTEM	PUBLIC TRANSIT FACILITIES AND MANAGEMENT SYSTEM	TOTAL
\$ 68,872	\$ 230,162	\$ 2,017,837
(142,764)	(1,740)	(1,529,228)
(24,498)	(227,775)	(773,540)
(98,390)	647	(284,931)
117,931	5	117,936
-	-	1,296
(331,162)	-	(331,162)
-	-	(283,235)
375,646	-	379,514
162,415	5	(115,651)
1,411,523	87,739	1,531,669
-	(87,739)	(87,739)
(15,000)	-	(15,000)
(2,383)	-	(2,383)
-	-	9,613
(1,442,347)	-	(1,497,847)
(48,207)	-	(61,687)
2,641	408	20,963
2,641	408	20,963
18,459	1,060	(441,306)
-	17,222	905,698
\$ 18,459	\$ 18,282	\$ 464,392

(Continued)

CITY OF HOLLAND, MICHIGAN

COMBINING STATEMENT OF CASH FLOWS (CONCLUDED)
NONMAJOR ENTERPRISE FUNDS

FOR THE YEAR ENDED JUNE 30, 2009

	REFUSE AND RECYCLING PICKUP	WINDMILL ISLAND	DEPOT OPERATIONS	MUNICIPAL AIRPORT
Reconciliation of operating loss to net cash provided by (used in) operating activities:				
Operating loss	\$ (97,681)	\$ (244,607)	\$ (55,228)	\$ -
Adjustment to reconcile operating loss to net cash provided by (used in) operating activities:				
Depreciation	61,678	67,841	55,229	-
Changes in operating assets and liabilities which provided (used) cash:				
Accounts receivable	956	1,522	-	4,240
Accounts payable	51,736	(16,181)	-	(3,032)
Accrued payroll and benefits	677	(2,891)	-	-
Earned employee compensated absences	-	6,810	-	-
Unearned revenue	-	(14,687)	-	(3,570)
Net cash provided by (used in) operating activities	\$ 17,366	\$ (202,193)	\$ 1	\$ (2,362)
Noncash investing, capital and financing activities:				
Noncash capital transfers	\$ -	\$ -	\$ -	\$ (12,717,958)

AIRPORT FACILITIES AND MANAGEMENT SYSTEM	PUBLIC TRANSIT FACILITIES AND MANAGEMENT SYSTEM	TOTAL
\$ (790,221)	\$ (11,763)	\$ (1,199,500)
694,586	11,762	891,096
(3,681)	543	3,580
-	(140)	32,383
926	245	(1,043)
-	-	6,810
-	-	(18,257)
<u>\$ (98,390)</u>	<u>\$ 647</u>	<u>\$ (284,931)</u>
<u>\$ (88,097)</u>	<u>\$ -</u>	<u>\$ (12,806,055)</u>

CITY OF HOLLAND

- - - FUND TYPE: INTERNAL SERVICE FUNDS - - -

Internal Service Funds are used to account for the financing of services provided by one department or activity to other departments or activities of the City, and/or to other governmental units on a cost-reimbursement basis. These types of funds are established, managed, and operated as a proprietary type operation, providing financial accountability for revenues, expenses, and balance sheet items.

COMPUTER SERVICES FUND

The Technology Services Dept provides computer-processing capabilities to several departments and programs; and to a small extent, to other local area governmental units.

Basic functions of the Technology Services Dept include:

- administration, maintenance, backup and development of entire computer system
- centralized server-driven systems for local area networking and for specific software applications
- end-user client equipment such as PC's and remote printers
- internet access
- website development, modifications, and routine updating of information
- g.i.s. and mapping capabilities
- assistance in evaluating and purchasing commercial software systems
- software training sessions and assistance.

Established user fee charges to departments include the following elements:

- number of active directories
- number of computers
- in-house staff time that is responsible to:
 - maintain a multiple server system and network system
 - maintain sufficient storage capability on the City's network system to accommodate all City users
 - maintain and service PC's located at individual workstations throughout the City departments
 - maintain functionality of various proprietary software programs loaded on computer center servers
 - develop & maintain an Internet capability, to include the City's website.
 - develop & maintain a G.I.S. system
- annual surcharges (assessed to all user departments) for the purpose of maintaining reserves for future new and/or replacement acquisitions.

Departments and offices of the City have access to various console and desktop photocopying equipment that serves most departmental photocopying requirements.

Established user fee charges to departments include the following elements:

- recovery of costs for supplies, such as photocopier paper, machine toner, etc.
- recovery of overhead costs for maintenance to equipment

This fund provides financial accountability for revenues, expenses, and balance sheet items.

- - - **FUND TYPE: INTERNAL SERVICES FUNDS** - - -
(continued)

POSTAGE SERVICES FUND

An automated postage meter machine provides centralized support services to all City Hall departments for U.S. Postal Service mailing purposes. A separate machine provides services at the Transportation Services facility. Applicable postage rates are affixed to individual pieces of mail by each metered machine.

Established user fee charges to departments include the following elements:

- recovery of actual postage use, as recorded by the equipment with each use
- recovery of overhead costs for meter-box rental, operating supplies, and equipment maintenance
- equipment replacement reserves are not accumulated in this fund

This fund provides financial accountability for revenues, expenses, and balance sheet items.

COMMUNICATION SERVICES FUND

A networked telephone system provides internally connected voice communication services for most departments and activities of the City, as well as communications outside the network. Driven by in-house phone servers, the system provides multiple capabilities for communicating both inside and outside the network. The City has entered into a contractual arrangement with *TDS Metrocom* as the communication link and processor for all incoming and outgoing phone calls and fax messages outside of the network, to include both local-area and long-distance outgoing calls.

Also captured are operating costs across all departments for usage of Nextel cellular phones, pager units, fax machines, broadband fiber as well as modems for computers and credit card validation machines.

Established user fee charges to departments include the following elements:

- recovery of costs billed to City of Holland by TDS Metrocom
- surcharge to accumulate a sufficient reserve for system maintenance and, to a limited extent, universal system equipment.

This fund provides financial accountability for revenues, expenses, and balance sheet items.

FUEL DISPENSING

By formal agreement, the *City of Holland* and *Holland Public School District* share the operating, maintenance, and capital costs for underground storage tanks and automated fuel dispensing systems. The fuel storage and dispensing facility is located at the site of the *Holland Public Schools – Transportation Center*.

Fuel is purchased in bulk quantities, and stored in large underground tanks. Users (departments) are billed monthly for gasoline and diesel fuel, as recorded and summarized by computer-generated records of gallons dispensed.

Established user fee charges to departments include the following elements:

- recovery of actual fuel dispensed, using a first-in first-out method of inventory accounting
- recovery of administrative overhead costs to operate the system
- surcharge to accumulate reserve for future replacement of equipment and underground tanks

The contractual arrangement between the City and School District for shared facility and operation is determined not to be a joint-venture operation, as defined in *Governmental Accounting Standards Board (GASB) – Statement No. 14*. The Macatawa Area Express Transportation Authority participates as a customer in the shared fuel dispensing system.

This fund provides financial accountability for revenues, expenses, and balance sheet items.

- - - **FUND TYPE: INTERNAL SERVICE FUNDS** - - -
(continued)

CENTRALIZED VEHICLE/EQUIPMENT FUND

The following activities comprise the operations and assets of this fund:

GENERAL VEHICLE & EQUIPMENT POOL

- All vehicles & equipment assigned to this pool are fixed assets (minus depreciation) of this fund.
- Several departments are provided with specifically assigned vehicles and/or equipment. Detailed accounting is maintained for each such vehicle or equipment item. Also included in this pool are a certain number of unassigned vehicles made available for sign-out by any department with a mileage fee assessed. An annual flat-fee 'rental and use charge' is assessed to respective departments for each individual vehicle or equipment item.
 - Vehicles and equipment assigned to this pool (other than signout cars) are assessed an annual flat-fee for:
 - > recovery of fuel costs
 - > recovery of overhead costs for vehicle/equipment maintenance and upkeep
 - > surcharge to accumulate reserve for future replacements of vehicles/equipment.

STREETS VEHICLE & EQUIPMENT POOL

- All vehicles & equipment assigned to this pool are fixed assets (minus depreciation) of this fund.
- State of Michigan Act 51 of 1951 (as amended) requires identifiable accounting for vehicles & equipment dedicated to street maintenance & construction. Detailed accounting is maintained for each such vehicle or equipment item. Michigan Dept of Transportation (MDOT) annually provides a mandatory schedule of hourly 'rental and use' rates applicable to each individual type of vehicle or equipment for actual time of use.
 - Vehicles and equipment assigned to this pool are assessed an established hourly rate for:
 - > recovery of fuel costs
 - > recovery of overhead costs for vehicle/equipment maintenance and upkeep
 - > surcharge to accumulate reserve for future replacements of vehicles/equipment.

CENTRAL MAINTENANCE ACTIVITY

- A centralized vehicle & equipment maintenance activity is operated at the City's Transportation Services facility. Various support staff (including several vehicle & equipment mechanics) are permanently assigned to this function.
 - The mechanics staff performs virtually all maintenance service work for the two Vehicle & Equipment Pools described above; and their services are compensated from the fee structures as described above for each of the two pools.
 - In addition, the mechanics perform maintenance services for vehicles & equipment that are not assigned to either of the two pools (such as the MAX Bus Transportation Services System and the City's Fire Emergency Vehicles). Annually an internally-determined hourly rate is established using a 'Cost Allocation Plan' that is acceptable to state & federal agencies providing grant subsidies to the MAX Transportation System. This rate is charged to the appropriate agency for mechanics time to provide repair and maintenance services on vehicles & equipment outside of the two pools described above.

This fund provides financial accountability for revenues, expenses, and balance sheet items.

FIRE VEHICLES & EQUIPMENT FUND

The Fire Vehicle and Equipment Pool provides a centralized vehicle and equipment support service for the Holland Fire Department. This fund provides financial accountability for cash reserves, for purchase of additional or replacement emergency vehicles, and for major renovations to emergency vehicles.

Primary financing for this fund is an annual operating transfer from the General Fund derived from a schedule – updated annually – projecting both short-term and long-term cash requirements. Other revenue sources may include Sale of Existing Capital Assets and Investment Income.

- - - **FUND TYPE: INTERNAL SERVICE FUNDS** - - -
(continued)

WORKERS COMPENSATION FUND

The City of Holland provides workers compensation insurance coverage through a first-dollar coverage (no self-insured retention) commercial plan with *Accident Fund of Michigan*. Claims are administered by this carrier. The policy provides specific and aggregate coverage limits up to the maximum level requirements, per state statutes.

Revenues to this fund are generated primarily from internally-developed premium charges to various governmental and proprietary funds. Expenses of the fund include commercial insurance premiums on the current policy.

A small number of medical / indemnity claims of prior years have continued to linger (retroactive to a time when the City's workers compensation coverage was partially self-insured). However, all such claims have reached the stop-loss limits of self-insured coverage, thereby transferring further claim payment burden to a commercial insurance carrier.

EMPLOYEE DISABILITY INCOME PROTECTION FUND

The City of Holland provides a short-term disability income protection coverage through a fully self-funded plan, with the City acting as the administrator. For a legitimate and certified disability, the plan provides for 65% of the employee's gross weekly income (up to \$1,000), but only after the employee's accumulated sick leave balance is exhausted and a minimum of 30 calendar days of disability has elapsed.

The 'short-term' disability coverage continues for up to a maximum of 48 weeks. A commercial long-term disability plan then provides continuation of coverage (for certain groups), per the employee handbook or applicable union contract. The commercial carrier for this plan administers disability claim cases.

Revenues to this fund are generated from a combination of internally-developed premium charges (short-term) and commercial carrier rates (long-term) to various departments and funds. Expenses include disability income claims, as well as commercial insurance premiums for long-term income protection.

EMPLOYEE & RETIREE HEALTH / DENTAL FUND

Medical/dental insurance is provided for full-time employees and dependents, as well as for retirees, through a partially self-funded plan, with claims administration contracted out to *Blue Cross Blue Shield of Michigan (BCBSM)*. A commercial policy with BCBSM provides a specific stop-loss threshold on individual policies, and an aggregate stop-loss threshold on the entire City of Holland group plan.

Financial planning takes into consideration probable claims and potential worst case scenarios to assure adequate funding to meet medical and dental claims. Revenues to this fund are generated primarily from internal premium charges to departments and funds, to employees and retirees with required premium co-payments. Expenses include payments for claims, administrative claim-handling fees, and commercial insurance premiums for stop-loss (excess) coverage's. Various co-pays for certain claims are delineated in the policy.

As a methodology for establishing internal premium rate structure for employer/employees/retirees for an ensuing calendar year, a determination is made to project a fund reserve that is equivalent to approximately 25% of the new calendar year Projected Aggregate Exposure, as calculated. In this process, '*Illustrative Rates*' provided by BCBSM, together with the fund balance cash reserves as of the most recent June 30th are examined as a starting point. If the June 30 cash reserves balance exceeds 25% of the new calendar year Projected Aggregate Exposure, then '*Illustrative Rates*' can be adjusted downward to – in effect – reduce the reserve balance of the next June 30 date. If the June 30 cash reserves balance is less than 25% of the Projected Aggregate Exposure, then the '*Illustrative Rates*' can be adjusted higher to – in effect – increase the reserve balance of the next June 30 date. Notwithstanding this theoretical methodology for establishing internal premium rate structures, for the past seven years the '*Illustrative Rates*' as provided by BCBSM have been implemented without adjustments.

- - - **FUND TYPE: INTERNAL SERVICE FUNDS** - - -
(continued)

VEHICLE DAMAGE & LIABILITY FUND

The City of Holland partially self-insures for the cost of repairs or replacement to its damaged vehicles, other than fire emergency vehicles. Claims administration is handled internally by City staff, unless excess coverage or liability claims are involved. No commercial excess coverage is purchased for damages to City vehicles, with the exception of coverage for fire trucks, for which a \$1,000 deductible threshold has been established.

A commercial policy provides aggregate coverage for the remote possibility of an entire group of vehicles being simultaneously damaged in a single disaster. The same policy provides first dollar liability coverage for all personal injuries and for property damages to other parties, up to specified coverage limits for 'per occurrence' and 'aggregate'.

Revenues to this fund are generated primarily from internally-developed premium charges to various departments and funds.

Expenses are primarily for self-retention vehicle damage claims, as well as commercial insurance premiums for stop-loss (excess) coverage.

PROPERTY DAMAGE FUND

The City of Holland partially self-insures coverage for the cost of repairs or replacement to its damaged property (other than vehicles). Claims administration is handled internally, except when a claim for excess coverage would be involved. Commercial umbrella coverage is purchased for damages in excess of a \$100,000 retention, per occurrence. The commercial umbrella policies designate specific upper limits of coverage based upon the type of property line. Commercial excess coverage policies provide an aggregate coverage across all municipally-owned property (excluding the Electric Generating Plant and Municipal Airport Property, which are insured under a separate policies outside of this fund).

Revenues to this fund are generated primarily from internally-developed premium charges to various departments and funds.

Expenses are primarily for self-retention property damage claims, as well as commercial insurance premiums for stop-loss (excess) coverage.

GENERAL & PROFESSIONAL LIABILITY FUND

The City of Holland partially self-insures coverage for the cost of General Liability claims against the City. Coverage's for Public Officials Liability and Law Enforcement Liability are also included in this fund. Administration of claims is handled by a contracted third-party administrator. Commercial insurance coverage is purchased for each individual claim occurrence that exceeds a self-funded retention of \$100,000. The commercial policies provide stop-loss protection at \$100,000 'per occurrence' and 'aggregate' after \$1,000,000 of individual occurrences. The commercial policies also provide additional 'umbrella coverage' up to \$10,000,000 'per occurrence'.

Revenues to this fund are generated primarily from internally-developed premium charges to various departments and funds. Expenses are primarily for payment of liability claims of the general public related to injuries and/or damaged property resulting from administrative errors & omissions, faulty design, negligence, carelessness, etc. Expenses also include commercial insurance premiums for stop-loss (excess) coverage.

COMPENSATED ABSENCES FUND

This fund is used to account for liabilities related to accumulated vacation, longevity, unused sick, time off in lieu of holiday (Fire), comp time and related mandatory fringes across the General Fund and Special Revenue Funds

Revenues and expenses relate to the annual adjustment of this liability.

CITY OF HOLLAND, MICHIGAN
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS

JUNE 30, 2009

<u>ASSETS</u>	TECHNOLOGY SERVICES		
	COMPUTER SERVICES	POSTAGE SERVICES	COMMUNICATION SERVICES
CURRENT ASSETS:			
Cash and pooled investments	\$ 344,835	\$ 2,371	\$ 5,937
Accounts receivable	1,817	-	2,399
Due from other funds	-	-	-
Prepaid items	-	350	-
Inventories	-	4,480	-
Total current assets	346,652	7,201	8,336
NONCURRENT ASSETS:			
Capital assets:			
Machinery and equipment	741,263	-	122,261
Accumulated depreciation	(597,906)	-	(100,377)
Total capital assets	143,357	-	21,884
Total assets	490,009	7,201	30,220
<u>LIABILITIES</u>			
CURRENT LIABILITIES:			
Accounts payable	3,919	-	60
Claims payable	-	-	-
Accrued payroll and benefits	7,221	-	-
Accrued compensated absences - current	-	-	-
Due to other funds	420	-	-
Total current liabilities	11,560	-	60
NONCURRENT LIABILITIES:			
Accrued compensated absences	27,095	-	-
Total liabilities	38,655	-	60
<u>NET ASSETS</u>			
Invested in capital assets	143,357	-	21,884
Unrestricted	307,997	7,201	8,276
Total net assets	\$ 451,354	\$ 7,201	\$ 30,160

EQUIPMENT SERVICES			INSURANCE SERVICES		
FUEL DISPENSING	CENTRALIZED VEHICLE/ EQUIPMENT	FIRE VEHICLE/ EQUIPMENT	WORKERS COMPENSATION	EMPLOYEE DISABILITY INCOME PROTECTION	EMPLOYEE & RETIREE HEALTH/ DENTAL
\$ 66,988	\$ 1,666,789	\$ 234,176	\$ 449,669	\$ 172,858	\$ 1,767,008
30,924	21,978	-	-	581	31,199
10,232	927	-	-	-	78,568
-	-	-	10,000	-	82,085
24,083	44,219	-	-	-	-
132,227	1,733,913	234,176	459,669	173,439	1,958,860
50,906	6,788,107	2,175,300	-	-	-
(40,087)	(3,696,612)	(829,387)	-	-	-
10,819	3,091,495	1,345,913	-	-	-
143,046	4,825,408	1,580,089	459,669	173,439	1,958,860
48,147	29,629	-	20,935	-	320
-	-	-	-	-	263,700
-	14,504	-	-	-	11
-	-	-	-	-	-
17,091	75	-	-	-	400
65,238	44,208	-	20,935	-	264,431
-	61,273	-	-	-	-
65,238	105,481	-	20,935	-	264,431
10,819	3,091,495	1,345,913	-	-	-
66,989	1,628,432	234,176	438,734	173,439	1,694,429
\$ 77,808	\$ 4,719,927	\$ 1,580,089	\$ 438,734	\$ 173,439	\$ 1,694,429

(Continued)

CITY OF HOLLAND, MICHIGAN
 COMBINING STATEMENT OF NET ASSETS (CONCLUDED)
 INTERNAL SERVICE FUNDS

JUNE 30, 2009

INSURANCE SERVICES

<u>ASSETS</u>	<u>VEHICLE DAMAGE & LIABILITY</u>	<u>PROPERTY DAMAGE</u>	<u>GENERAL & PROFESSIONAL LIABILITY</u>	<u>COMPENSATED ABSENCES</u>	<u>TOTAL</u>
CURRENT ASSETS:					
Cash and pooled investments	\$ 207,093	\$ 489,052	\$ 336,863	\$ 1,615,308	\$ 7,358,947
Accounts receivable	364	-	-	-	89,262
Due from other funds	-	-	3,669	-	93,396
Prepaid items	-	-	20,000	-	112,435
Inventories	-	-	-	-	72,782
Total current assets	207,457	489,052	360,532	1,615,308	7,726,822
NONCURRENT ASSETS:					
Capital assets:					
Machinery and equipment	-	-	-	-	9,877,837
Accumulated depreciation	-	-	-	-	(5,264,369)
Total capital assets	-	-	-	-	4,613,468
Total assets	207,457	489,052	360,532	1,615,308	12,340,290
LIABILITIES					
CURRENT LIABILITIES:					
Accounts payable	1,350	8,006	16,141	-	128,507
Claims payable	-	-	12,000	-	275,700
Accrued payroll and benefits	-	-	-	-	21,736
Accrued compensated absences - current	-	-	-	945,000	945,000
Due to other funds	-	-	-	-	17,986
Total current liabilities	1,350	8,006	28,141	945,000	1,388,929
NONCURRENT LIABILITIES:					
Accrued compensated absences	-	-	-	670,308	758,676
Total liabilities	1,350	8,006	28,141	1,615,308	2,147,605
NET ASSETS					
Invested in capital assets	-	-	-	-	4,613,468
Unrestricted	206,107	481,046	332,391	-	5,579,217
Total net assets	\$ 206,107	\$ 481,046	\$ 332,391	\$ -	\$ 10,192,685

CITY OF HOLLAND

CITY OF HOLLAND, MICHIGAN

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

FOR THE YEAR ENDED JUNE 30, 2009

	TECHNOLOGY SERVICES		
	COMPUTER SERVICES	POSTAGE SERVICES	COMMUNICATION SERVICES
OPERATING REVENUES:			
Charges for services	\$ 511,675	\$ 20,574	\$ 108,748
Premiums	-	-	-
Rentals	-	-	-
Miscellaneous	-	-	-
Total operating revenues	511,675	20,574	108,748
OPERATING EXPENSES:			
Personal services	329,088	-	-
Other current expenses	203,279	20,175	108,832
Depreciation expense	42,816	-	4,398
Total operating expenses	575,183	20,175	113,230
OPERATING (LOSS) INCOME	(63,508)	399	(4,482)
NONOPERATING REVENUES (EXPENSES):			
Investment earnings	12,239	35	-
Loss on disposal of capital assets	(163,491)	(5,484)	(7,546)
Total nonoperating revenues (expenses)	(151,252)	(5,449)	(7,546)
(LOSS) INCOME - Before transfers and contributions	(214,760)	(5,050)	(12,028)
TRANSFERS:			
Transfers in	-	-	-
Transfers out	-	-	-
Net transfers	-	-	-
CHANGE IN NET ASSETS	(214,760)	(5,050)	(12,028)
NET ASSETS - Beginning of year	666,114	12,251	42,188
NET ASSETS - End of year	\$ 451,354	\$ 7,201	\$ 30,160

EQUIPMENT SERVICES			INSURANCE SERVICES		
FUEL DISPENSING	CENTRALIZED VEHICLE/ EQUIPMENT	FIRE VEHICLE/ EQUIPMENT	WORKERS COMPENSATION	EMPLOYEE DISABILITY INCOME PROTECTION	EMPLOYEE & RETIREE HEALTH/ DENTAL
\$ 722,008	\$ 334,194	\$ -	\$ -	\$ -	\$ -
-	-	-	247,071	110,726	4,152,403
-	1,886,107	-	-	-	-
-	619	-	28,458	-	109,242
722,008	2,220,920	-	275,529	110,726	4,261,645
2,317	696,502	-	-	1,690	81
714,199	1,058,458	-	275,639	62,739	4,882,323
2,545	479,227	91,093	-	-	-
719,061	2,234,187	91,093	275,639	64,429	4,882,404
2,947	(13,267)	(91,093)	(110)	46,297	(620,759)
-	80,091	6,562	14,881	4,995	64,680
-	(206,206)	(13,384)	-	-	-
-	(126,115)	(6,822)	14,881	4,995	64,680
2,947	(139,382)	(97,915)	14,771	51,292	(556,079)
-	272,000	100,000	-	-	-
-	(629,347)	(7,175)	-	-	-
-	(357,347)	92,825	-	-	-
2,947	(496,729)	(5,090)	14,771	51,292	(556,079)
74,861	5,216,656	1,585,179	423,963	122,147	2,250,508
\$ 77,808	\$ 4,719,927	\$ 1,580,089	\$ 438,734	\$ 173,439	\$ 1,694,429

(Continued)

CITY OF HOLLAND, MICHIGAN

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS (CONCLUDED)
INTERNAL SERVICE FUNDS

FOR THE YEAR ENDED JUNE 30, 2009

	INSURANCE SERVICES				TOTAL
	VEHICLE DAMAGE & LIABILITY	PROPERTY DAMAGE	GENERAL & PROFESSIONAL LIABILITY	COMPENSATED ABSENCES	
OPERATING REVENUES:					
Charges for services	\$ -	\$ -	\$ -	\$ 32,997	\$ 1,730,196
Premiums	137,624	20,818	130,280	-	4,798,922
Rentals	-	-	-	-	1,886,107
Miscellaneous	364	11,371	-	-	150,054
Total operating revenues	137,988	32,189	130,280	32,997	8,565,279
OPERATING EXPENSES:					
Personal services	-	-	-	32,997	1,062,675
Other current expenses	132,533	50,480	179,946	-	7,688,603
Depreciation expense	-	-	-	-	620,079
Total operating expenses	132,533	50,480	179,946	32,997	9,371,357
OPERATING (LOSS) INCOME	5,455	(18,291)	(49,666)	-	(806,078)
NONOPERATING REVENUES (EXPENSES):					
Investment earnings	5,371	17,080	10,435	-	216,369
Loss on disposal of capital assets	-	-	-	-	(396,111)
Total nonoperating revenues (expenses)	5,371	17,080	10,435	-	(179,742)
(LOSS) INCOME - Before transfers and contributions	10,826	(1,211)	(39,231)	-	(985,820)
TRANSFERS:					
Transfers in	-	-	-	-	372,000
Transfers out	-	-	-	-	(636,522)
Net transfers	-	-	-	-	(264,522)
CHANGE IN NET ASSETS	10,826	(1,211)	(39,231)	-	(1,250,342)
NET ASSETS - Beginning of year	195,281	482,257	371,622	-	11,443,027
NET ASSETS - End of year	\$ 206,107	\$ 481,046	\$ 332,391	\$ -	\$ 10,192,685

CITY OF HOLLAND

CITY OF HOLLAND, MICHIGAN
 COMBINING STATEMENT OF CASH FLOWS
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2009

	TECHNOLOGY SERVICES		
	COMPUTER SERVICES	POSTAGE SERVICES	COMMUNICATION SERVICES
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from interfund services provided	\$ 510,037	\$ 20,574	\$ 106,349
Payments to suppliers	(200,854)	(21,954)	(108,772)
Payments to employees	(322,483)	-	-
Net cash (used in) provided by operating activities	(13,300)	(1,380)	(2,423)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Intragovernmental payments	-	-	-
Intragovernmental receipts	-	-	-
Net cash (used in) provided by noncapital financing activities	-	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from sale of capital assets	6,620	-	-
Purchase of capital assets	(61,053)	-	-
Net cash (used in) provided by capital and related financing activities	(54,433)	-	-
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment earnings	12,239	35	-
NET (DECREASE) INCREASE IN CASH AND POOLED INVESTMENTS	(55,494)	(1,345)	(2,423)
CASH AND POOLED INVESTMENTS - Beginning of year	400,329	3,716	8,360
CASH AND POOLED INVESTMENTS - End of year	\$ 344,835	\$ 2,371	\$ 5,937
Reconciliation of operating (loss) income to net cash provided by (used in) by operating activities			
Operating (loss) income	\$ (63,508)	\$ 399	\$ (4,482)
Adjustment to reconcile operating (loss) income to net cash provided by (used in) operating activities:			
Depreciation	42,816	-	4,398
Changes in operating assets and liabilities which provided (used) cash:			
Accounts receivable	(1,638)	-	(2,399)
Due from other funds	-	-	-
Prepaid items	-	-	-
Inventories	-	(1,779)	-
Accounts payable	2,425	-	60
Claims payable	-	-	-
Accrued payroll and benefits	1,150	-	-
Accrued compensated absences	5,455	-	-
Due to other funds	-	-	-
Unearned revenue	-	-	-
Net cash (used in) provided by operating activities	\$ (13,300)	\$ (1,380)	\$ (2,423)

EQUIPMENT SERVICES			INSURANCE SERVICES		
FUEL DISPENSING	CENTRALIZED VEHICLE/ EQUIPMENT	FIRE VEHICLE/ EQUIPMENT	WORKERS COMPENSATION	EMPLOYEE DISABILITY INCOME PROTECTION	EMPLOYEE & RETIREE HEALTH/ DENTAL
\$ 742,319	\$ 2,219,189	\$ -	\$ 276,731	\$ 110,815	\$ 4,182,847
(734,511)	(1,058,174)	-	(281,122)	(62,739)	(4,735,522)
(2,317)	(704,393)	-	-	(1,690)	(70)
5,491	456,622	-	(4,391)	46,386	(552,745)
-	(629,347)	(7,175)	-	-	-
-	272,000	100,000	-	-	-
-	(357,347)	92,825	-	-	-
-	43,965	23,552	-	-	-
-	(551,115)	-	-	-	-
-	(507,150)	23,552	-	-	-
-	80,091	6,562	14,881	4,995	64,680
5,491	(327,784)	122,939	10,490	51,381	(488,065)
61,497	1,994,573	111,237	439,179	121,477	2,255,073
\$ 66,988	\$ 1,666,789	\$ 234,176	\$ 449,669	\$ 172,858	\$ 1,767,008
\$ 2,947	\$ (13,267)	\$ (91,093)	\$ (110)	\$ 46,297	\$ (620,759)
2,545	479,227	91,093	-	-	-
17,648	(299)	-	1,202	89	(630)
5,544	494	-	-	-	(78,568)
-	-	-	-	-	103,607
45,257	(6,588)	-	-	-	-
(65,569)	6,872	-	(5,483)	-	94
-	-	-	-	-	43,100
-	(10,515)	-	-	-	11
-	2,624	-	-	-	-
(2,881)	-	-	-	-	400
-	(1,926)	-	-	-	-
\$ 5,491	\$ 456,622	\$ -	\$ (4,391)	\$ 46,386	\$ (552,745)

(Continued)

CITY OF HOLLAND, MICHIGAN

COMBINING STATEMENT OF CASH FLOWS (CONCLUDED)
INTERNAL SERVICE FUNDS

FOR THE YEAR ENDED JUNE 30, 2009

INSURANCE SERVICES

	VEHICLE DAMAGE & LIABILITY	PROPERTY DAMAGE	GENERAL & PROFESSIONAL LIABILITY	COMPENSATED ABSENCES	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from interfund services provided	\$ 137,624	\$ 32,189	\$ 126,694	\$ 32,997	\$ 8,498,365
Payments to suppliers	(131,373)	(42,474)	(166,398)	-	(7,543,893)
Payments to employees	-	-	-	-	(1,030,953)
Net cash (used in) provided by operating activities	6,251	(10,285)	(39,704)	32,997	(76,481)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Intragovernmental payments	-	-	-	-	(636,522)
Intragovernmental receipts	-	-	-	-	372,000
Net cash (used in) provided by noncapital financing activities	-	-	-	-	(264,522)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Proceeds from sale of capital assets	-	-	-	-	74,137
Purchase of capital assets	-	-	-	-	(612,168)
Net cash (used in) provided by capital and related financing activities	-	-	-	-	(538,031)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Investment earnings	5,371	17,080	10,435	-	216,369
NET (DECREASE) INCREASE IN CASH AND POOLED INVESTMENTS	11,622	6,795	(29,269)	32,997	(662,665)
CASH AND POOLED INVESTMENTS - Beginning of year	195,471	482,257	366,132	1,582,311	8,021,612
CASH AND POOLED INVESTMENTS - End of year	\$ 207,093	\$ 489,052	\$ 336,863	\$ 1,615,308	\$ 7,358,947
Reconciliation of operating (loss) income to net cash provided by (used in) by operating activities					
Operating (loss) income	\$ 5,455	\$ (18,291)	\$ (49,666)	\$ -	\$ (806,078)
Adjustment to reconcile operating (loss) income to net cash provided by (used in) operating activities:					
Depreciation	-	-	-	-	620,079
Changes in operating assets and liabilities which provided (used) cash:					
Accounts receivable	(364)	-	-	-	13,609
Due from other funds	-	-	(3,586)	-	(76,116)
Prepaid items	-	-	-	-	103,607
Inventories	-	-	-	-	36,890
Accounts payable	1,160	8,006	13,548	-	(38,887)
Claims payable	-	-	-	-	43,100
Accrued payroll and benefits	-	-	-	45,000	35,646
Accrued compensated absences	-	-	-	(12,003)	(3,924)
Due to other funds	-	-	-	-	(2,481)
Unearned revenue	-	-	-	-	(1,926)
Net cash (used in) provided by operating activities	\$ 6,251	\$ (10,285)	\$ (39,704)	\$ 32,997	\$ (76,481)

- - - **FUND TYPE: FIDUCIARY FUNDS** - - -

Fiduciary Funds account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, and other governmental units. Included are:

- trust funds
- agency funds

CURRENT TAX COLLECTIONS FUND (an Agency Fund)

The Current Tax Collections Fund performs the role of a central receiving agency for collection and disposition of all current year property taxes that are levied on the City of Holland tax roll.

Receipts include property taxes that are collected on behalf of various local area district library, local area swimming pool authority, local area public schools, an intermediate school district, public transit authority, airport authority, state education, two counties, as well as the City of Holland. Collections of special assessment installments are also recorded in this fund.

Distribution payments are made semi-monthly to each of the respective taxing jurisdictional units, as determined from analysis of software-generated detail.

OUTSIDE AGENCIES COLLECTIONS FUND (an Agency Fund)

This fund performs the role of a central receiving agency for collection and disposition of various delinquent taxes, assessments, and certain other designated revenues of other governmental jurisdictions and authorities.

Receipts include such items as delinquent personal property taxes, mobile home park monthly fees, dog license fees, advance payments on unbonded utility special assessments, utility connection fees, sex offender registration fees, and state food license fees.

Distribution payments are made to the respective governmental units at the conclusion of each calendar month, as determined from analysis of software-generated detail.

EMPLOYEES FLEXIBLE SPENDING PLAN FUND (an Agency Fund)

Section 125 of the Internal Revenue Code authorizes an employer to establish an *Employee Flexible Spending Account Plan* to receive designated funds from employee pre-tax withholdings, and to disburse payments for eligible employee expenses. Costs for dependent child care and various medical expenses are considered eligible under this plan.

A contracted third-party administrator provides a record-keeping service for all transactions of each employee, to include analysis and approval of individual expense submittals from each of the employees. Upon approval and preparation of flex reimbursement checks or electronic direct deposit to the employees for eligible expenses incurred, the third-party administrator bills the City of Holland for the total of all flex reimbursement payments for a particular time period.

This fund performs the role of custodial agent for unexpended employee cash withholding balances, together with financial accountability of employee withholdings (deposits into the fund) and reimbursements to employees for eligible expenses incurred (disbursements from the fund).

IMPREST PAYROLL FUND (an Agency Fund)

This fund provides custodial agent accountability for total cash of each individual payroll.

Receipts into the fund include payment received from each of the City's funds to which gross payroll amounts are charged.

Disbursements out of the fund include:

- payments to various governmental agencies and private-sector entities, representing mandatory and elective withholdings from employees 'gross pay'
- payments to the City's Self-Funded Employee Health & Dental Insurance Plan for related employee payroll withholdings
- payment of 'net pay' to employees, in the form of checks or as employee-designated electronic direct deposits to financial institutions.

CITY OF HOLLAND, MICHIGAN

COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS

JUNE 30, 2009

	CURRENT TAX COLLECTIONS	OUTSIDE AGENCIES COLLECTIONS	EMPLOYEES' FLEXIBLE SPENDING PLAN	IMPREST PAYROLL	TOTALS
<u>ASSETS</u>					
Cash and pooled investments	\$ -	\$ 21,098	\$ 15,165	\$ 69,996	\$ 106,259
Accounts receivable	-	-	440	-	440
Total assets	\$ -	\$ 21,098	\$ 15,605	\$ 69,996	\$ 106,699
<u>LIABILITIES</u>					
Accounts payable	\$ -	\$ 18,357	\$ 470	\$ 28,901	\$ 47,728
Other liabilities and deposits	-	-	15,135	-	15,135
Due to other governmental units	-	2,741	-	41,095	43,836
Total liabilities	\$ -	\$ 21,098	\$ 15,605	\$ 69,996	\$ 106,699

CITY OF HOLLAND, MICHIGAN
 COMBINING STATEMENT OF CHANGES IN
 FIDUCIARY ASSETS AND LIABILITIES
 AGENCY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2009

	BALANCE JULY 1, 2008	ADDITIONS	REDUCTION	BALANCE JUNE 30, 2009
<u>CURRENT TAX COLLECTIONS FUND</u>				
<u>ASSETS</u>				
Cash and pooled investments	\$ -	\$ 52,136,398	\$ 52,136,398	\$ -
Accounts receivable	-	705,312	705,312	-
Total assets	\$ -	\$ 52,841,710	\$ 52,841,710	\$ -
<u>LIABILITIES</u>				
Due to other funds	\$ -	\$ 467,368	\$ 467,368	\$ -
Due to other governmental units	-	52,374,342	52,374,342	-
Total liabilities	\$ -	\$ 52,841,710	\$ 52,841,710	\$ -
<u>OUTSIDE AGENCIES COLLECTION FUND</u>				
<u>ASSETS</u>				
Cash and pooled investments	\$ 29,743	\$ 423,306	\$ 431,951	\$ 21,098
Accounts receivable	-	282,864	282,864	-
Total assets	\$ 29,743	\$ 706,170	\$ 714,815	\$ 21,098
<u>LIABILITIES</u>				
Accounts payable	\$ 25,583	\$ 425,443	\$ 432,669	\$ 18,357
Due to other governmental units	4,160	280,727	282,146	2,741
Total liabilities	\$ 29,743	\$ 706,170	\$ 714,815	\$ 21,098
<u>EMPLOYEES' FLEXIBLE SPENDING PLAN</u>				
<u>ASSETS</u>				
Cash and pooled investments	\$ 24,735	\$ 270,305	\$ 279,875	\$ 15,165
Accounts receivable	385	144,969	144,914	440
Total assets	\$ 25,120	\$ 415,274	\$ 424,789	\$ 15,605
<u>LIABILITIES</u>				
Accounts payable	\$ 475	\$ 7,583	\$ 7,588	\$ 470
Other liabilities and deposits	24,645	407,691	417,201	15,135
Total liabilities	\$ 25,120	\$ 415,274	\$ 424,789	\$ 15,605

(Continued)

CITY OF HOLLAND, MICHIGAN
 COMBINING STATEMENT OF CHANGES IN
 ASSETS AND LIABILITIES (CONCLUDED)
 AGENCY FUNDS

FOR THE YEAR ENDED JUNE 30, 2009

	BALANCE JULY 1, 2008	ADDITIONS	REDUCTION	BALANCE JUNE 30, 2009
<u>IMPREST PAYROLL FUND</u>				
<u>ASSETS</u>				
Cash and pooled investments	\$ 70,595	\$ 42,151,248	\$ 42,151,847	\$ 69,996
Account receivable	-	312	312	-
Total assets	\$ 70,595	\$ 42,151,560	\$ 42,152,159	\$ 69,996
<u>LIABILITIES</u>				
Accounts payable	\$ 29,024	\$ 1,243,769	\$ 1,243,892	\$ 28,901
Due to other governmental units	41,571	3,295,406	3,295,882	41,095
Other liabilities and deposits	-	37,612,385	37,612,385	-
Total liabilities	\$ 70,595	\$ 42,151,560	\$ 42,152,159	\$ 69,996
<u>TOTALS - ALL FUNDS</u>				
<u>ASSETS</u>				
Cash and pooled investments	\$ 125,073	\$ 94,981,257	\$ 95,000,071	\$ 106,259
Accounts receivable	385	1,133,457	1,133,402	440
Total assets	\$ 125,458	\$ 96,114,714	\$ 96,133,473	\$ 106,699
<u>LIABILITIES</u>				
Accounts payable	\$ 55,082	\$ 1,676,795	\$ 1,684,149	\$ 47,728
Due to other funds	-	467,368	467,368	-
Due to other governmental units	45,731	55,950,475	55,952,370	43,836
Other liabilities and deposits	24,645	38,020,076	38,029,586	15,135
Total liabilities	\$ 125,458	\$ 96,114,714	\$ 96,133,473	\$ 106,699

- - - FUND TYPE: COMPONENT UNIT FUNDS - - -

A component unit is a legally separate entity that satisfies at least one of the following criteria:

- The primary government (City of Holland) is financially accountable for the legally separate entity.
- The nature and significance of the relationship between the primary government and the legally separate entity is such that to exclude the entity from the financial reporting entity would render the financial statements misleading or incomplete.

DOWNTOWN DEVELOPMENT AUTHORITY FUND

The Downtown Development Authority (DDA) Fund was established in May 1984 with adoption of City Ordinance Number 757, under authority granted by State of Michigan, Public Act 197 of 1975, as amended. The Main Street Program, modeled somewhat after the national program with the same name, is the mechanism used for administering operations and programs, under direction of a DDA board of directors.

At the current time funding is accomplished with a district wide tax levy rather than tax increment financing (TIF).

Activities include a program for low interest loans to improve both exteriors and interiors of downtown buildings; recruitment of new businesses to downtown area; improved ambiance for shoppers such as assistance with window displays, a sidewalk hanging banners program, improved shopping atmosphere through new and expanded decorations and music, underground electrical expansion programs; and presentations to area groups and news media which promotes the downtown area. Most activities performed by the DDA are provided for benefit of the private sector.

This fund provides financial accountability for the administration and general operations of the DDA.

HOLLAND HISTORICAL TRUST FUND

Holland Historical Trust is a Michigan non-profit corporation with its own board of directors that is not appointed by the Holland City Council. However, this fund is currently financially dependent upon the City of Holland for a substantial portion of its overall financing.

Primary revenue sources include an annual contribution from the City of Holland - General Fund and bequests from the private sector. The portion of this fund that represents accumulated bequests – with limitations placed upon use of the contributed principal – is established as non-expendable.

This fund provides financial accountability for the administration, operations and general maintenance of four local area historical buildings: Holland Museum, Holland Armory (currently offices), Cappon House and the Settlers House. The buildings, with the exception of the Armory, are owned by the City of Holland.

BROWNFIELD REDEVELOPMENT AUTHORITY FUNDS

The Brownfield Redevelopment Authority Financing Act, State of Michigan P.A. 381 of 1996, as amended, establishes a method for municipalities to facilitate and promote revitalization of environmentally contaminated and/or blighted and functionally obsolete sites. Two primary tax incentives made available through this legislation include:

- (1) State of Michigan Single Business Tax Credits (replaced with Michigan Business Tax in 2008)
- (2) City of Holland Tax Increment Financing (TIF).

By Action No. 01.613 dated September 19, 2001, the Holland City Council adopted a resolution to establish a Brownfield Redevelopment Authority for the City of Holland, together with a governing board of directors.

A separate fund is established for each approved project site, to record revenues from Tax Increment Financing 'captured property taxes'; and to record reimbursement payments to project developers for authorized redevelopment expenditure outlays. The City's Brownfield Redevelopment Authority Board – together with the State of Michigan – establish parameters for Tax Increment Financing captures and eligible types of reimbursable expenditures to developers.

- - - FUND TYPE: COMPONENT UNIT FUNDS - - -

(continued)

As of the fiscal year ending June 30, 2009 thirteen individual Brownfield Redevelopment Projects have been approved, with the current status of each project delineated as follows:

BROWNFIELD REDEVELOPMENT PROJECT SITES	T I F Capture Base Year	Brownfield Construction Activity
570 East 16 th Street (former General Electric location, new Menards)	2002	Completed
29 East 6 th St. (former City landfill location, new residential condos)	2002	Completed
635 East 48 th Street (former Lifesavers location, new industrial condos)	2002	In Progress
345 East 48 th Street (former Textron Micromatics location, new industrial condos including Hudsonville Ice Cream)	2004	Completed
13 West 4 th Street (current Steketee VanHuis location, new same use)	2003	Complete/TIF Done
573 Columbia Avenue (former Baker Furniture location, new residential condos, Till Midnight restaurant and commercial/retail, NEZ)	2004	Completed
[Note: 'Tax Increment Financing' (TIF) capture provisions for this specific project are delayed for up to seven years because this same Brownfield Project is also established as a 'Neighborhood Enterprise Zone' (NEZ), freezing property taxes at a fixed dollar level for the duration of this seven year NEZ period.]		
141 East 8 th St. (former muffler shop location, new Macatawa Bank)	2005	Complete/TIF Done
96 West 15 th Street (former Holland Public Schools location, new multiple commercial condos)	2006	In Progress
99 East 8 th Street (former auto supply store, new office and retail)	2006	In Progress
479 Columbia Ave (former auto repair shop, new Tic Tock Studios movie production company)	2006	In Progress
146 River Avenue (former manufacturing bldg., new residential condos, NEZ)	2007	In Progress
95-135 East 7 th Street (formerly vacant, new parking garage)	2007	In Progress
561 Crescent Drive (former marina, new residential condos and commercial space, NEZ on residential condos)	2008	Not Started

CITY OF HOLLAND, MICHIGAN
 DOWNTOWN DEVELOPMENT AUTHORITY
 BALANCE SHEET
 GOVERNMENTAL FUNDS

JUNE 30, 2009

ASSETS

CURRENT ASSETS:

Cash and pooled investments	\$	194,157
Taxes receivable		2
Prepaid items		200
<hr/>		
Total assets	\$	194,359
<hr/>		

LIABILITIES AND FUND BALANCE

LIABILITIES:

Accounts payable	\$	5,578
Accrued payroll and fringe benefits		2,320
<hr/>		
Total liabilities		7,898
<hr/>		

FUND BALANCES:

Reserved for prepaid items		200
Unreserved:		
Undesignated		186,261
<hr/>		
Total fund balances		186,461
<hr/>		
Total liabilities and fund balances	\$	194,359
<hr/>		

CITY OF HOLLAND, MICHIGAN

RECONCILIATION OF FUND BALANCES ON THE BALANCE SHEET
 FOR THE DOWNTOWN DEVELOPMENT AUTHORITY
 GOVERNMENTAL FUNDS TO NET ASSETS OF TO THE GOVERNMENTAL
 ACTIVITIES ON THE STATEMENT OF NET ASSETS

JUNE 30, 2009

Fund balances - total governmental funds	\$	186,461
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Add - capital assets, net		118,549
<hr/> Net assets of governmental activities	<hr/> \$	<hr/> 305,010 <hr/>

CITY OF HOLLAND, MICHIGAN

DOWNTOWN DEVELOPMENT AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2009

REVENUES:

Property taxes	\$	193,192
Charges for services		1,160
Investment earnings		8,977
Contributions and bequests		5,000
<hr/>		
Total revenues		208,329
<hr/>		
EXPENDITURES:		
Economic development:		
Personal services		93,813
Current operating expenditures		91,053
<hr/>		
Total expenditures		184,866
<hr/>		
NET CHANGE IN FUND BALANCES		23,463
<hr/>		
FUND BALANCES - Beginning of year		162,998
<hr/>		
FUND BALANCES - End of year	\$	186,461
<hr/>		

CITY OF HOLLAND, MICHIGAN

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGE IN FUND BALANCES OF THE DOWNTOWN DEVELOPMENT
AUTHORITY GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2009

Net change in fund balances - total governmental funds	\$	23,463
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 is allocated over their estimated useful lives and reported as depreciation expense.		
Add - purchases of capital assets		7,689
Deduct - disposals of capital assets		(9,449)
Deduct - depreciation expense		(10,450)
Change in net assets of governmental activities	\$	11,253

CITY OF HOLLAND, MICHIGAN
DOWNTOWN DEVELOPMENT AUTHORITY
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Property taxes	\$ 192,846	\$ 193,192	\$ 193,192	\$ -
Charges for services	500	700	1,160	460
Contributions from private sector	5,000	5,000	5,000	-
Investment earnings	9,700	6,200	8,977	2,777
Total revenues	208,046	205,092	208,329	3,237
EXPENDITURES:				
Economic development:				
Personal services	96,000	95,300	93,813	(1,487)
Other services and charges	170,800	112,555	91,053	(21,502)
Total expenditures	266,800	207,855	184,866	(22,989)
NET CHANGE IN FUND BALANCES	(58,754)	(2,763)	23,463	26,226
FUND BALANCES - Beginning of year	162,998	162,998	162,998	-
FUND BALANCES - End of year	\$ 104,244	\$ 160,235	\$ 186,461	\$ 26,226

CITY OF HOLLAND, MICHIGAN

BROWNFIELD REDEVELOPMENT AUTHORITY
BALANCE SHEET
GOVERNMENTAL FUNDS

JUNE 30, 2009

ASSETS

CURRENT ASSETS:

Cash and pooled investments	\$	11,740
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LIABILITIES AND FUND BALANCES

FUND BALANCES:

Unreserved:		
Undesignated	\$	11,740

CITY OF HOLLAND, MICHIGAN

BROWNFIELD REDEVELOPMENT AUTHORITY
 STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2009

REVENUES:	
Property taxes	\$ 768,756
Contributions	1,313
Investment earnings	13,331
<hr/>	
Total revenues	783,400
<hr/>	
EXPENDITURES:	
Economic development	936,761
<hr/>	
NET CHANGE IN FUND BALANCES	(153,361)
<hr/>	
FUND BALANCES - Beginning of year	165,101
<hr/>	
FUND BALANCES - End of year	\$ 11,740
<hr/>	

CITY OF HOLLAND, MICHIGAN
 BROWNFIELD REDEVELOPMENT AUTHORITY
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2009

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Property taxes	\$ 755,495	\$ 780,800	\$ 768,756	\$ (12,044)
Contributions	-	-	1,313	1,313
Investment earnings	-	11,485	13,331	1,846
Total revenues	755,495	792,285	783,400	(8,885)
EXPENDITURES:				
Economic development	912,630	941,632	936,761	(4,871)
NET CHANGE IN FUND BALANCES	(157,135)	(149,347)	(153,361)	(4,014)
FUND BALANCES - Beginning of year	165,101	165,101	165,101	-
FUND BALANCES - End of year	\$ 7,966	\$ 15,754	\$ 11,740	\$ (4,014)

CITY OF HOLLAND
STATISTICAL SECTION

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

Contents

	<u>Page</u>
Financial Trends	178-183
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
Revenue Capacity	184-189
These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	
Debt Capacity	190-198
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.	
Demographic and Economic Information	199-200
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	
Operating Information	201-204
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.	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year.

CITY OF HOLLAND
NET ASSETS BY COMPONENT
FOR THE LAST SEVEN FISCAL YEARS

	Fiscal Year						
	2009	2008	2007	2006	2005	2004	2003
Governmental activities							
Invested in capital assets, net of related debt	\$ 96,236,210	\$ 94,586,185	\$ 85,215,206	\$ 77,018,752	\$ 41,668,796	\$ 27,487,076	\$ 4,326,052
Restricted	4,739,586	5,726,977	6,836,980	8,068,218	11,469,701	3,412,885	3,041,791
Unrestricted	<u>11,443,984</u>	<u>13,044,127</u>	<u>18,854,026</u>	<u>22,673,963</u>	<u>21,156,010</u>	<u>30,711,466</u>	<u>41,516,219</u>
Total governmental activities net assets	<u>\$ 112,419,780</u>	<u>\$ 113,357,289</u>	<u>\$ 110,906,212</u>	<u>\$ 107,760,933</u>	<u>\$ 74,294,507</u>	<u>\$ 61,611,427</u>	<u>\$ 48,884,062</u>
Business-type activities							
Invested in capital assets, net of related debt	\$ 129,330,134	\$ 133,094,822	\$ 134,418,954	\$ 137,313,844	\$ 146,437,083	\$ 142,754,355	\$ 139,109,944
Restricted	11,591,211	13,532,257	14,296,104	6,770,323	6,402,803	10,712,670	10,089,985
Unrestricted	<u>111,446,733</u>	<u>101,113,510</u>	<u>92,581,178</u>	<u>86,838,111</u>	<u>74,394,903</u>	<u>70,573,561</u>	<u>71,126,895</u>
Total business-type activities net assets	<u>\$ 252,368,078</u>	<u>\$ 247,740,589</u>	<u>\$ 241,296,236</u>	<u>\$ 230,922,278</u>	<u>\$ 227,234,789</u>	<u>\$ 224,040,586</u>	<u>\$ 220,326,824</u>
Primary Government							
Invested in capital assets, net of related debt	\$ 225,566,344	\$ 227,681,007	\$ 219,634,160	\$ 214,332,596	\$ 188,105,879	\$ 170,241,431	\$ 143,435,996
Restricted	16,330,797	19,259,234	21,133,084	14,838,541	17,872,504	14,125,555	13,131,776
Unrestricted	<u>122,890,717</u>	<u>114,157,637</u>	<u>111,435,204</u>	<u>109,512,074</u>	<u>95,550,913</u>	<u>101,285,027</u>	<u>112,643,114</u>
Total primary government net assets	<u>\$ 364,787,858</u>	<u>\$ 361,097,878</u>	<u>\$ 352,202,448</u>	<u>\$ 338,683,211</u>	<u>\$ 301,529,296</u>	<u>\$ 285,652,013</u>	<u>\$ 269,210,886</u>

GASB 34 was implemented for Fiscal Year Ended June 30, 2003. Information on this schedule is reported prospectively for the seven years since the time of implementation. The City of Holland has chosen not to make the necessary calculations to retroactively report the information for the three Fiscal Years Ended June 30, 2000 to 2002.

CITY OF HOLLAND
CHANGES IN NET ASSETS
FOR THE LAST SEVEN FISCAL YEARS

	Fiscal Year						
	2009	2008	2007	2006	2005	2004	2003
Expense							
Governmental activities:							
General government	\$ 7,087,290	\$ 6,606,201	\$ 6,249,186	\$ 8,643,952	\$ 6,376,009	\$ 6,055,106	\$ 5,076,083
Public Safety	12,845,443	11,782,618	11,584,857	10,738,962	10,544,833	9,787,165	9,567,243
Public Works	9,420,191	7,270,495	6,996,667	4,382,884	5,324,083	3,330,034	3,267,272
Culture and recreation	1,495,708	5,457,951	5,818,508	6,060,666	6,013,457	5,725,045	5,755,879
Welfare and social services	6,048,286	1,093,507	1,310,221	1,372,729	1,310,458	1,371,551	1,390,845
Interest on debt	1,253,379	1,193,155	1,277,812	1,394,338	1,498,919	2,150,038	1,621,923
Total governmental activities expenses	<u>38,150,297</u>	<u>33,403,927</u>	<u>33,237,251</u>	<u>32,593,531</u>	<u>31,067,759</u>	<u>28,418,939</u>	<u>26,679,245</u>
Business-type activities:							
Electric Utility	67,823,832	71,198,426	70,982,822	76,883,149	65,698,626	59,519,913	56,964,153
Wastewater Utility	8,185,044	8,006,723	7,692,405	7,708,629	7,235,531	7,068,457	7,019,711
Water Utility	6,181,007	5,558,454	5,662,012	5,542,208	4,858,304	4,927,953	4,574,975
Other enterprise activities	3,409,153	4,471,485	5,940,049	5,533,235	5,086,577	4,793,862	4,524,561
Total business-type activities expenses	<u>85,599,036</u>	<u>89,235,088</u>	<u>90,277,288</u>	<u>95,667,221</u>	<u>82,879,038</u>	<u>76,310,185</u>	<u>73,083,400</u>
Total primary government expenses	<u>\$ 123,749,333</u>	<u>\$ 122,639,015</u>	<u>\$ 123,514,539</u>	<u>\$ 128,260,752</u>	<u>\$ 113,946,797</u>	<u>\$ 104,729,124</u>	<u>\$ 99,762,645</u>
Program Revenues							
Governmental activities:							
Charges for services:							
General government	\$ 3,040,152	\$ 2,514,224	\$ 2,475,575	\$ 2,450,074	\$ 2,418,923	\$ 2,639,966	\$ 1,993,105
Public safety	798,688	867,229	988,690	928,337	952,885	893,450	836,797
Culture and recreation	495,556	1,162,829	1,122,695	987,705	968,203	904,771	901,904
Other activities	982,413	618,367	691,541	917,065	651,398	520,492	465,134
Operating grants and contributions	4,807,025	4,156,784	1,471,960	1,727,564	1,961,673	1,813,765	1,625,468
Capital grants and contributions	2,534,159	1,858,530	5,969,801	7,028,471	14,868,097	13,085,189	3,710,288
Total governmental activities program revenues	<u>12,657,993</u>	<u>11,177,963</u>	<u>12,720,262</u>	<u>14,039,216</u>	<u>21,821,179</u>	<u>19,857,633</u>	<u>9,532,696</u>
Business-type activities:							
Charges for services:							
Electric Utility	75,466,722	79,166,950	81,276,323	78,272,801	67,001,967	64,819,973	64,463,883
Wastewater Utility	6,879,454	6,997,724	7,315,443	7,219,855	6,634,140	6,912,837	7,099,310
Water Utility	5,881,210	5,715,370	5,668,249	5,859,601	5,213,380	5,251,241	4,924,641
Other enterprise activities	2,032,514	1,997,363	2,273,950	2,103,966	2,158,971	1,731,232	1,690,390
Operating grants and contributions	89,035	1,605,962	2,075,992	2,172,593	1,701,262	1,829,910	1,796,648
Capital grants and contributions	1,670,442	1,465,771	834,580	3,513,337	3,484,614	1,136,306	1,487,949
Total business-type activities program revenue	<u>92,019,377</u>	<u>96,949,140</u>	<u>99,444,537</u>	<u>99,142,153</u>	<u>86,194,334</u>	<u>81,681,499</u>	<u>81,462,821</u>
Total primary government program revenue	<u>\$ 104,677,370</u>	<u>\$ 108,127,103</u>	<u>\$ 112,164,799</u>	<u>\$ 113,181,369</u>	<u>\$ 108,015,513</u>	<u>\$ 101,539,132</u>	<u>\$ 90,995,517</u>

CITY OF HOLLAND
CHANGES IN NET ASSETS
FOR THE LAST SEVEN FISCAL YEARS

	Fiscal Year						
	2009	2008	2007	2006	2005	2004	2003
Net (Expense)/Revenue							
Governmental activities	\$ (25,492,304)	\$ (22,225,964)	\$ (20,516,989)	\$ (18,554,315)	\$ (9,246,580)	\$ (8,561,306)	\$ (17,146,549)
Business-type activities	6,420,341	7,714,052	9,167,249	3,474,932	3,315,296	5,371,314	8,379,421
Total primary government net expense	<u>\$ (19,071,963)</u>	<u>\$ (14,511,912)</u>	<u>\$ (11,349,740)</u>	<u>\$ (15,079,383)</u>	<u>\$ (5,931,284)</u>	<u>\$ (3,189,992)</u>	<u>\$ (8,767,128)</u>
General Revenues and Other Changes in Net Assets							
Governmental Activities:							
Property taxes	\$ 17,089,338	\$ 17,313,526	\$ 16,771,182	\$ 16,368,318	\$ 16,033,637	\$ 15,286,387	\$ 14,898,818
Intergovernmental	3,041,193	3,168,205	3,133,796	3,229,886	3,265,596	3,412,306	3,700,383
Investment earnings	635,831	1,254,996	1,222,007	909,619	611,338	479,191	986,897
Miscellaneous	-	-	-	-	-	-	(156,220)
Transfers	3,788,433	2,940,314	2,535,283	2,041,365	2,019,089	2,110,785	1,378,919
Total governmental activities	<u>24,554,795</u>	<u>24,677,041</u>	<u>23,662,268</u>	<u>22,549,188</u>	<u>21,929,660</u>	<u>21,288,669</u>	<u>20,808,797</u>
Business-type activities:							
Property taxes	117,952	19	171,058	113,079	111,020	217,306	234,954
Investment earnings	2,296,887	4,213,060	3,953,403	2,138,700	1,786,976	235,927	2,037,688
Miscellaneous	-	-	(382,469)	2,143	-	-	19,348
Transfers	(3,788,433)	(2,940,314)	(2,535,283)	(2,041,365)	(2,019,089)	(2,110,785)	(1,378,919)
Special item:							
Transfer of assets to transportation authority	-	(2,542,464)	-	-	-	-	-
Transfer of assets to airport authority	(419,258)	-	-	-	-	-	-
Total business-type activities	<u>(1,792,852)</u>	<u>(1,269,699)</u>	<u>1,206,709</u>	<u>212,557</u>	<u>(121,093)</u>	<u>(1,657,552)</u>	<u>913,071</u>
Total primary government	<u>\$ 22,761,943</u>	<u>\$ 23,407,342</u>	<u>\$ 24,868,977</u>	<u>\$ 22,761,745</u>	<u>\$ 21,808,567</u>	<u>\$ 19,631,117</u>	<u>\$ 21,721,868</u>
Change in Net Assets							
Governmental activities	\$ (937,509)	\$ 2,451,077	\$ 3,145,279	\$ 3,994,873	\$ 12,683,080	\$ 12,727,363	\$ 3,662,248
Business-type activities	4,627,489	6,444,353	10,373,958	3,687,489	3,194,203	3,713,762	9,292,492
Total primary government	<u>\$ 3,689,980</u>	<u>\$ 8,895,430</u>	<u>\$ 13,519,237</u>	<u>\$ 7,682,362</u>	<u>\$ 15,877,283</u>	<u>\$ 16,441,125</u>	<u>\$ 12,954,740</u>

GASB 34 was implemented for Fiscal Year Ended June 30, 2003. Information on this schedule is reported prospectively for the seven years since the time of implementation. The City of Holland has chosen not to make the necessary calculations to retroactively report the information for the three Fiscal Years Ended June 30, 2000 to 2002.

CITY OF HOLLAND
 FUND BALANCES FOR GOVERNMENTAL FUNDS
 FOR THE LAST SEVEN FISCAL YEARS

	Fiscal Year						
	2009	2008	2007	2006	2005	2004	2003
General Fund							
Reserved	\$ 2,144	\$ 6,863	\$ 10,874	\$ 14,360	\$ -	\$ -	\$ -
Unreserved	2,563,468	2,329,183	2,575,413	2,528,264	2,543,921	2,551,853	2,789,935
Total general fund	<u>\$ 2,565,612</u>	<u>\$ 2,336,046</u>	<u>\$ 2,586,287</u>	<u>\$ 2,542,624</u>	<u>\$ 2,543,921</u>	<u>\$ 2,551,853</u>	<u>\$ 2,789,935</u>
All Other Governmental Funds							
Reserved							
Prepaid Items	\$ 300	\$ 50,169	\$ 1,241	\$ 41,525	\$ -	\$ -	\$ -
Assets held for resale	20,000	-	-	-	-	-	-
Special revenue funds	-	-	-	-	-	3,700,089	3,611,008
Capital projects funds	-	-	-	-	5,142,821	-	-
Debt service funds	-	-	-	-	907,645	-	-
Permanent trust funds	-	-	-	-	-	1,827,723	1,758,561
Permanent fund corpus	1,411,567	1,385,867	1,365,692	1,339,292	1,236,292	-	-
Permanent fund expendable	127,130	220,112	267,434	287,653	584,311	-	-
Unreserved, reported in:	-	-	-	-	-	-	-
Special revenue funds	3,396,437	3,883,960	4,803,171	4,749,558	6,815,229	4,402,875	6,627,218
Debt service funds	753,755	826,450	905,740	941,569	-	937,873	948,239
Capital projects funds	834,822	1,348,069	1,742,621	1,517,035	-	-	214,983
Other funds	-	-	-	-	-	5,119,179	15,178,311
Total all other governmental funds	<u>\$ 6,544,011</u>	<u>\$ 7,714,627</u>	<u>\$ 9,085,899</u>	<u>\$ 8,876,632</u>	<u>\$ 14,686,298</u>	<u>\$ 15,987,739</u>	<u>\$ 28,338,320</u>

GASB 34 was implemented for Fiscal Year Ended June 30, 2003. Information on this schedule is reported prospectively for the seven years since the time of implementation. The City of Holland has chosen not to make the necessary calculations to retroactively report the information for the three Fiscal Years Ended June 30, 2000 to 2002.

CITY OF HOLLAND
 CHANGES IN FUND BALANCES FOR GOVERNMENTAL FUNDS
 FOR THE LAST SEVEN FISCAL YEARS

	Fiscal Year						
	2009	2008	2007	2006	2005	2004	2003
Revenues							
Special assessments	\$ 659,329	\$ 624,352	\$ 682,982	\$ 728,498	\$ 583,084	\$ 609,316	\$ 546,185
Property taxes	17,089,338	17,313,526	16,771,182	16,368,318	16,033,637	15,633,888	15,190,306
Licenses, fees and permits	331,941	428,256	556,324	517,223	510,922	482,360	450,298
Intergovernmental	8,148,604	8,977,468	10,402,819	11,650,263	19,848,219	17,815,507	8,705,043
Charges for services	1,360,268	1,201,777	1,174,439	1,176,727	1,118,339	1,032,832	1,065,981
Fines and penalties	474,462	460,144	445,206	423,176	450,799	434,164	430,223
Contributions from private sector	408,948	375,206	408,474	542,430	456,891	811,369	599,173
Interest and rents	3,702,781	4,078,215	4,009,704	3,660,418	3,317,548	3,161,838	2,805,317
Other revenues	419,427	15,666	10,384	41,169	125,155	24,538	34,637
Total revenues	32,595,098	33,474,610	34,461,514	35,108,222	42,444,594	40,005,812	29,827,163
Expenditures							
General government	6,014,901	6,115,337	5,793,527	5,713,523	5,748,867	5,566,723	4,880,548
Public safety	11,336,176	11,353,454	11,274,392	10,301,845	10,438,435	9,529,234	9,022,053
Public works	4,273,397	4,005,177	3,760,112	3,290,658	3,043,671	3,024,687	3,068,727
Welfare and social services	1,289,774	1,112,074	1,304,323	1,399,094	1,369,692	582,131	543,109
Culture and recreation	5,134,093	5,408,323	5,156,184	5,439,768	5,196,498	5,844,799	5,773,547
Other	85,705	81,242	151,255	115,681	147,246	144,212	216,841
Debt service							
Principal	2,567,963	2,427,963	2,322,963	2,292,963	2,079,475	1,829,475	1,286,975
Interest	1,230,937	1,195,690	1,273,710	1,534,371	1,489,744	2,266,535	1,421,970
Bond issuance costs	151,980	-	-	-	-	-	-
Capital outlay	9,538,667	6,455,022	6,056,550	13,185,288	16,301,232	26,310,205	10,282,213
Total expenditures	41,623,593	38,154,282	37,093,016	43,273,191	45,814,860	55,098,001	36,495,983
Deficiency of revenues under expenditures	<u>\$ (9,028,495)</u>	<u>\$ (4,679,672)</u>	<u>\$ (2,631,502)</u>	<u>\$ (8,164,969)</u>	<u>\$ (3,370,266)</u>	<u>\$ (15,092,189)</u>	<u>\$ (6,668,820)</u>

CITY OF HOLLAND
 CHANGES IN FUND BALANCES FOR GOVERNMENTAL FUNDS
 FOR THE LAST SEVEN FISCAL YEARS

	Fiscal Year						
	2009	2008	2007	2006	2005	2004	2003
Other Financing Sources (Uses)							
Bond issue and land contract	\$ 4,000,000	\$ -	\$ -	\$ 7,410,000	\$ -	\$ 480,000	\$ 19,675,000
Bond Premium	34,490	-	-	1,676	-	-	-
Payment to Escrow Agent	-	-	-	(7,137,158)	-	-	-
Transfers in	12,243,923	10,118,589	8,866,486	10,033,423	8,919,203	7,835,073	9,688,603
Transfers out	(8,190,968)	(7,060,430)	(5,982,054)	(7,953,935)	(6,858,314)	(5,811,547)	(7,368,213)
Total other financing sources (uses)	<u>8,087,445</u>	<u>3,058,159</u>	<u>2,884,432</u>	<u>2,354,006</u>	<u>2,060,889</u>	<u>2,503,526</u>	<u>21,995,390</u>
Net change in fund balances	<u>\$ (941,050)</u>	<u>\$ (1,621,513)</u>	<u>\$ 252,930</u>	<u>\$ (5,810,963)</u>	<u>\$ (1,309,377)</u>	<u>\$(12,588,663)</u>	<u>\$ 15,326,570</u>
Debt service as a percentage of noncapital expenditures	11.8%	11.5%	11.3%	11.8%	11.3%	14.2%	10.2%

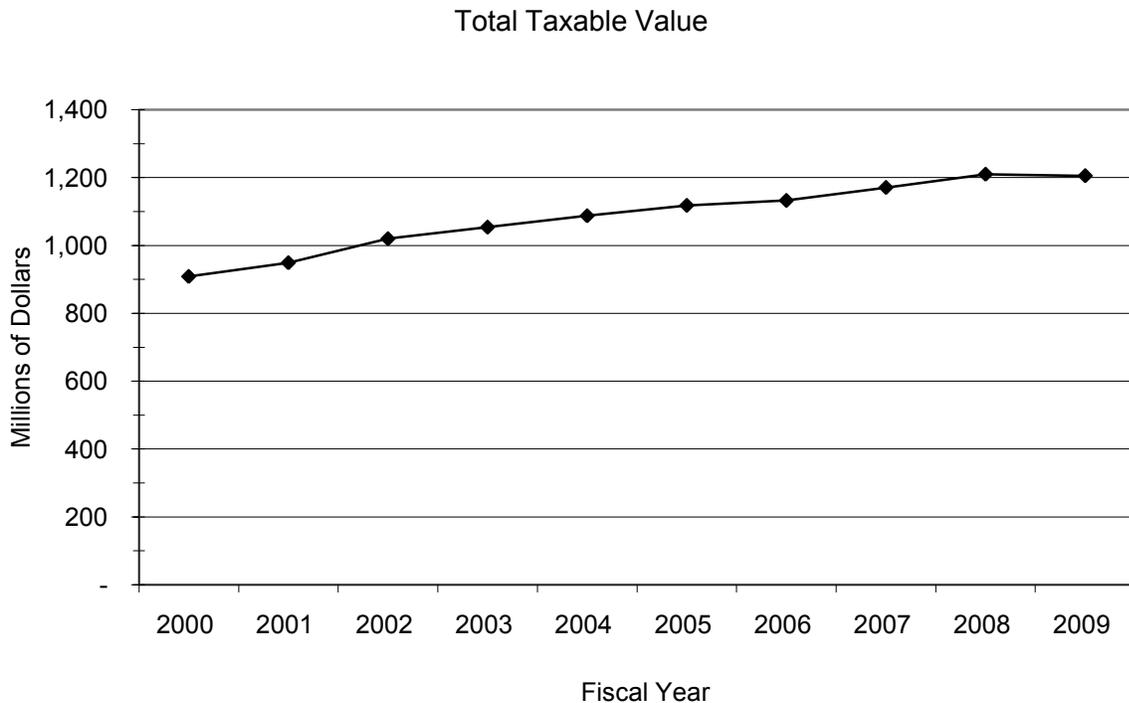
GASB 34 was implemented for Fiscal Year Ended June 30, 2003. Information on this schedule is reported prospectively for the seven years since the time of implementation. The City of Holland has chosen not to make the necessary calculations to retroactively report the information for the three Fiscal Years Ended June 30, 2000 to 2002.

CITY OF HOLLAND
 ACTUAL VALUE OF TAXABLE PROPERTY
 FOR THE LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	Residential Property	Commercial Property	Industrial Property	Other Property*	Less: Tax-Exempt Property	Total Taxable Value	Total Direct Tax Rate
2000	\$410,154,781	\$207,418,840	\$362,558,939	\$ 5,635,136	\$77,017,650	\$ 908,750,046	14.1827
2001	426,485,335	219,886,744	376,412,034	6,865,685	80,350,300	949,299,498	14.1827
2002	448,617,062	237,946,637	404,771,983	6,933,247	78,213,700	1,020,055,229	14.1827
2003	474,597,871	239,774,170	405,105,419	7,213,887	72,615,350	1,054,075,997	14.0000
2004	496,712,932	258,448,815	394,638,205	7,505,158	69,610,550	1,087,694,560	14.0000
2005	524,341,222	262,986,849	393,924,363	6,434,551	69,356,000	1,118,330,985	14.0000
2006	550,750,436	267,849,019	369,982,684	6,732,436	62,517,050	1,132,797,525	14.0000
2007	579,585,857	278,879,918	362,481,265	6,704,156	56,444,324	1,171,206,872	14.0000
2008	605,920,196	286,472,472	368,297,169	6,846,131	57,380,750	1,210,155,218	13.8500
2009	602,726,559	297,942,605	351,291,201	7,442,186	53,513,250	1,205,889,301	13.9500

*Other property includes agricultural, developmental and utilities.

Source: City of Holland Assessor's Office



CITY OF HOLLAND

CITY OF HOLLAND
 DIRECT AND OVERLAPPING PROPERTY TAX RATES
 FOR THE LAST TEN FISCAL YEARS
 (Rate per \$1,000 of assessed value)

City Direct Rates										
Fiscal Year	City Direct Rates							Ottawa Area Intermediate Schools		
	Basic Rate	General Obligation Debt Service	Capital Projects	Herrick District Library	MAX Public Transit	Airport Authority	Total Direct	State of Michigan	MAX Authority	Intermediate Schools
2000	8.8000	1.2500	2.6000	1.3827	0.1500	-	14.1827	6.0000	-	4.3353
2001	8.9389	1.1000	2.6000	1.3938	0.1500	-	14.1827	6.0000	-	4.2999
2002	8.8389	1.1108	2.6000	1.3830	0.2500	-	14.1827	6.0000	-	4.2854
2003	9.0000	1.3620	2.0376	1.3770	0.2234	-	14.0000	6.0000	-	4.2688
2004	9.2421	1.5000	1.7000	1.3579	0.2000	-	14.0000	5.0000	-	4.2305
2005	9.4590	2.0000	1.1000	1.3410	0.1000	-	14.0000	6.0000	-	4.2192
2006	9.4337	2.0910	1.0500	1.3253	0.1000	-	14.0000	6.0000	-	4.2109
2007	9.5188	1.9586	1.0642	1.3111	0.1473	-	14.0000	6.0000	-	4.2093
2008	9.3361	1.8551	1.3477	1.3111	-	-	13.8500	6.0000	0.3500	5.5234
2009	9.3361	1.9504	1.2549	1.3086	-	0.1000	13.9500	6.0000	0.3500	5.5234

1.8333 must be added to the city direct rate, for the fiscal year 2009, for all properties in the Downtown Development Authority (DDA) area. This rate applies to approximately 7.5% of the City of Holland's tax base.

* Overlapping rates:

The City of Holland is located in both Ottawa and Allegan County and Holland, Hamilton and Zeeland School District. The county and school tax paid by property owners depends on the location of their property. Approximately 80% of the City of Holland is located in Ottawa County and 20% in Allegan County.

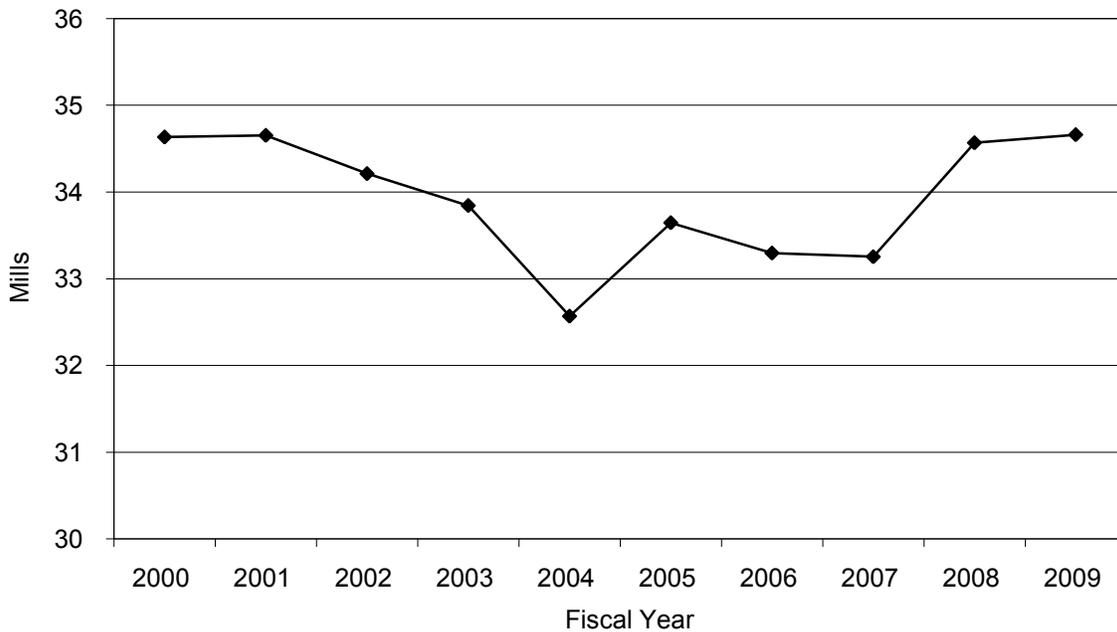
Principal residence rates apply to those homes that are owned and occupied as primary residence. Non-principal residence rates are applied to all other residences.

Sources: Various Taxing Jurisdictions

Overlapping Rates*

Holland Community Swimming Pool	Counties		School Districts					
	Ottawa	Allegan	Holland		Hamilton		Zeeland	
			Principal	Non-Principal	Principal	Non-Principal	Principal	Non-Principal
			Residence	Residence	Residence	Residence	Residence	Residence
1.4876	4.3812	6.9406	4.2468	22.2468	7.4000	25.4000	8.0236	26.0236
1.7500	4.3760	6.8551	4.0441	22.0441	7.4000	25.4000	8.0116	26.0116
1.7282	4.2722	6.7631	3.7426	21.7426	7.4000	25.4000	8.0074	26.0074
1.6667	4.1672	6.7583	3.7412	21.7412	7.4000	25.4000	7.9965	25.9965
1.5900	4.1611	6.6879	3.5868	21.5868	7.4000	25.4000	8.0010	26.0010
1.5700	4.2593	6.6275	3.5968	21.5968	7.4000	25.4000	8.0300	26.0300
1.5400	4.2579	5.6592	3.2868	21.2868	7.0000	25.0000	8.0300	26.0300
1.5000	4.2572	5.8686	3.2868	21.2868	7.0000	25.0000	8.0300	26.0300
1.4500	4.3572	5.8974	3.0368	21.0368	7.0000	25.0000	8.0300	26.0300
1.4300	4.3572	5.8974	3.0500	21.0500	7.0000	25.0000	8.0300	26.0300

Total Tax Levies



The total tax levy reflects principal residence tax rates for citizens living in Ottawa County and the Holland School District.

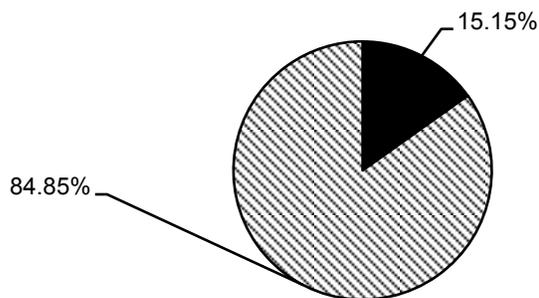
CITY OF HOLLAND
 PRINCIPAL PROPERTY TAX PAYERS
 FOR THE CURRENT FISCAL YEAR AND NINE YEARS AGO

Taxpayer	2009			2000		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Johnson Controls Interiors	\$ 59,800,801	1	4.96 %	\$ 42,549,750	2	4.68
Haworth, Inc	35,816,273	2	2.97	47,959,810	1	5.28 %
ARC Holland Real Estate - Freedom Village Retirement	19,514,397	3	1.62	16,490,100	4	1.81
Cadbury Schweppes	13,178,300	4	1.09	-----		----
Lumir LLC	11,466,350	5	0.95	-----		----
H.J. Heinz Co	11,180,703	6	0.93	8,173,667	6	0.90
Hydro Automotive Structures	10,126,000	7	0.84	6,655,633	10	0.73
Challenge MFG Company	7,955,850	8	0.66	-----		----
S-2 Yachts	6,864,700	9	0.57	-----		----
New West Michigan Ind Inv L	6,720,100	10	0.56	-----		----
Planters Lifesaver Co	-----		----	33,418,295	3	3.68
Herman Miller Inc	-----		----	9,933,112	5	1.09
L&W Engineering Co	-----		----	7,270,500	7	0.80
Holland Hitch	-----		----	7,017,324	8	0.77
Magna Donnelly	-----		----	6,779,424	9	0.75
	<u>\$ 182,623,474</u>		<u>15.15</u>	<u>\$ 186,247,615</u>		<u>20.49</u>

Source: City of Holland Assessor's Office

2009 Total Taxable Value is \$1,205,889,301, which includes IFT's at equivalency valuation.

Concentration of 2009 Taxpayers



■ Top Ten Taxpayers

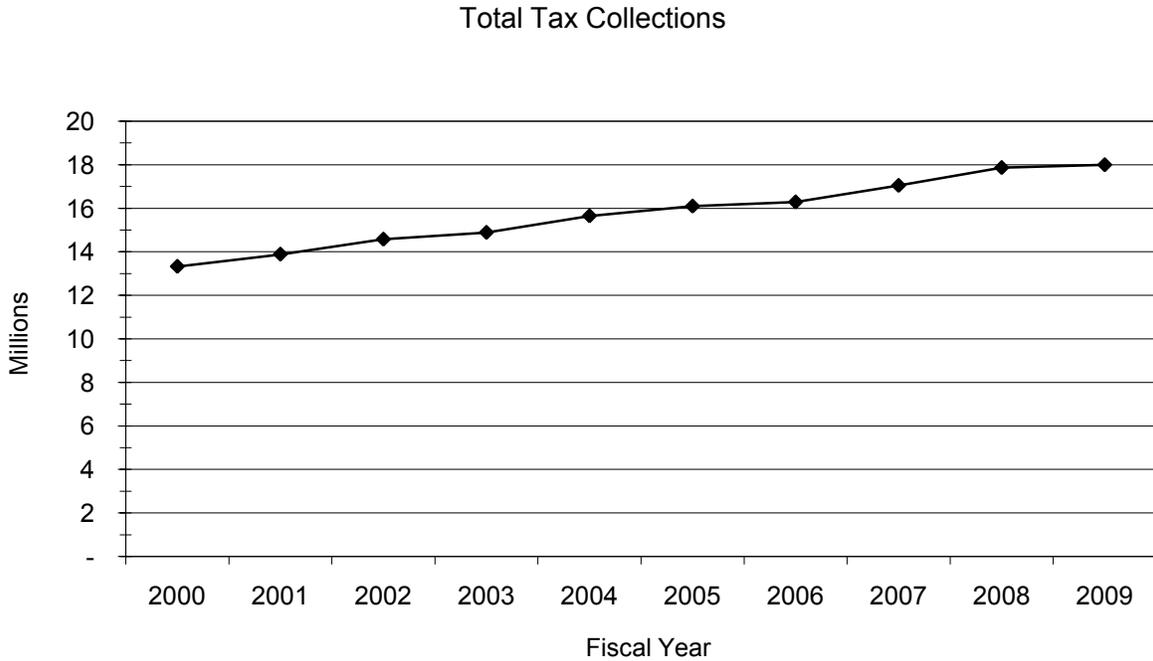
▨ All Other Taxpayers

CITY OF HOLLAND
 PROPERTY TAX LEVIES AND COLLECTIONS
 FOR THE LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year*	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2000	\$ 13,330,230	\$ 13,313,672	99.88 %	16,558	\$ 13,330,230	100.00 %
2001	13,918,773	13,858,935	99.57	28,458	13,887,393	99.77
2002	14,957,549	14,521,784	97.09	53,820	14,575,604	97.45
2003	15,221,185	14,826,300	97.41	63,955	14,890,255	97.83
2004	15,682,955	15,596,119	99.45	56,959	15,653,078	99.81
2005	16,111,453	16,015,933	99.41	80,168	16,096,101	99.90
2006	16,312,191	16,280,453	99.81	13,542	16,293,995	99.89
2007	17,067,702	17,037,496	99.82	15,340	17,052,836	99.91
2008	17,987,290	17,870,193	99.35	6,240	17,876,433	99.38
2009	18,028,276	17,999,874	99.84	-	17,999,874	99.84

Source: City of Holland Assessor's Office and Finance Office.

* Excludes the DDA tax levy and Brownfield Redevelopment Authority tax levy, both of which are component units.



CITY OF HOLLAND
RATIOS OF OUTSTANDING DEBT BY TYPE
FOR THE LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities					
	General Obligation Bonds	Building Authority Bonds	Michigan Transportation Bonds	Special Assessment Bonds	Environmental Clean-up Costs	Capital Improvement Bonds
2000	\$ -	\$ 13,465,000	\$ 4,590,000	\$ 2,524,838	\$ 135,000	\$ -
2001	-	12,990,000	4,135,000	2,332,863	120,000	-
2002	-	12,465,000	3,665,000	2,935,892	105,000	-
2003	175,000	31,365,000	3,185,000	2,728,913	90,000	-
2004	464,500	30,830,000	2,665,000	2,496,942	75,000	-
2005	452,000	29,550,000	2,105,000	2,269,963	60,000	-
2006	439,500	28,570,000	1,500,000	2,179,500	45,000	-
2007	427,000	26,970,000	1,025,000	1,944,037	30,000	-
2008	414,500	25,265,000	525,000	1,733,574	15,000	-
2009	402,000	23,460,000	-	1,508,111	-	4,000,000

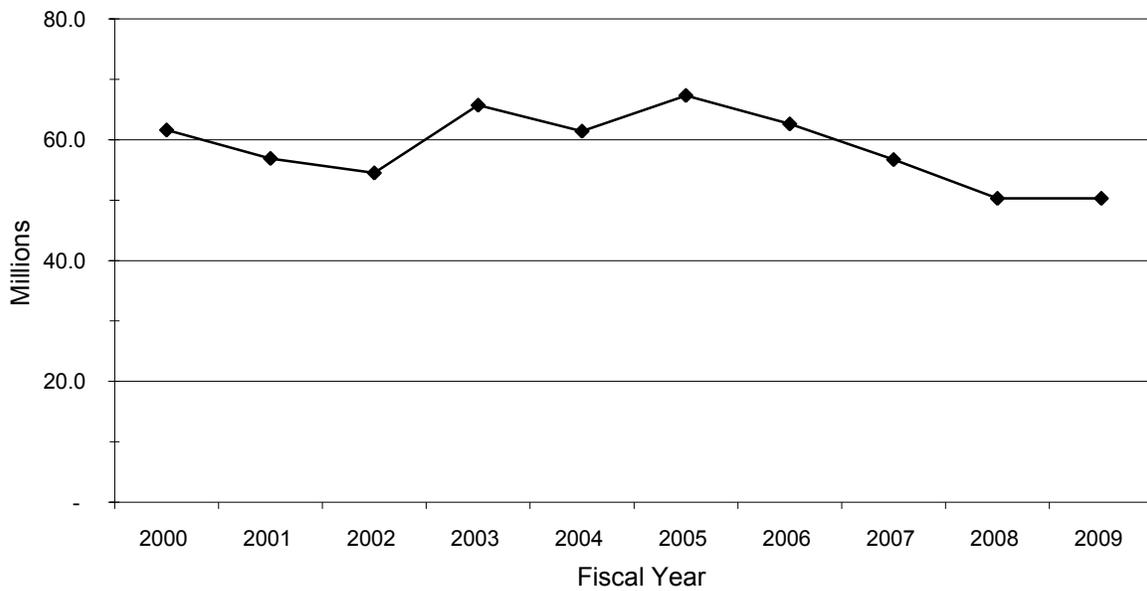
Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

** See Exhibit K-1 for personal income and population data.

Business-Type Activities

Windmill Island Bonds	Airport Bonds	County Bonds	Water Bonds	Electric Bonds	Total Primary Government	Percentage of Personal Income**	Per Capita**
\$ 175,000	\$246,277	\$ 6,814,500	\$10,385,000	\$23,310,000	\$61,645,615	N/A % \$	N/A
120,000	215,277	6,503,000	10,050,000	20,480,000	56,946,140	8.63	1,624
60,000	182,277	6,510,000	9,695,000	18,910,000	54,528,169	8.27	1,557
-	146,277	6,093,500	9,315,000	12,580,000	65,678,690	10.05	1,892
-	108,277	5,656,000	8,915,000	10,150,000	61,360,719	9.38	1,766
-	70,000	5,201,000	19,815,000	7,735,000	67,257,963	10.32	1,942
-	58,000	4,721,500	19,815,000	5,260,000	62,588,500	9.66	1,818
-	45,000	4,221,000	19,340,000	2,705,000	56,707,037	8.80	1,656
-	31,000	3,699,500	18,585,000	-	50,268,574	7.85	1,478
-	16,000	3,153,500	17,795,000	-	50,334,611	6.94	1,477

PRIMARY GOVERNMENT DEBT



CITY OF HOLLAND
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
FOR THE LAST TEN FISCAL YEARS

Fiscal Year	General Bonded Debt Outstanding			Percentage of Actual Taxable Value* of Property	Per Capita**
	General Obligation Bonds	Building Authority Bonds	Total		
2000	\$ -	\$ 13,465,000	\$ 13,465,000	1.48 %	\$ 400
2001	-	12,990,000	12,990,000	1.37	371
2002	-	12,465,000	12,465,000	1.22	356
2003	175,000	31,365,000	31,540,000	2.99	909
2004	464,500	30,830,000	31,294,500	2.88	901
2005	452,000	29,550,000	30,002,000	2.68	866
2006	439,500	28,570,000	29,009,500	2.56	843
2007	427,000	26,970,000	27,397,000	2.34	800
2008	414,500	25,265,000	25,679,500	2.12	755
2009	402,000	23,460,000	23,862,000	1.98	700

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

* See Exhibit I-1 for property value data.

** Population data can be found in Exhibit K-1.

CITY OF HOLLAND
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2009

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable*</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Ottawa Area Intermediate School District	\$ 6,787,433	10.02%	\$ 680,101
Hamilton School District	20,825,000	16.02%	3,336,165
Holland School District	13,583,526	75.34%	10,233,828
Zeeland School District	90,035,000	0.01%	9,004
Allegan County	23,138,764	7.47%	1,728,466
Ottawa County	124,274,234	7.39%	9,183,866
Holland Area Community Swimming Pool Authority	6,565,000	75.34%	<u>4,946,071</u>
Subtotal, overlapping debt			30,117,501
City direct debt			<u>27,436,500</u>
Total direct and overlapping debt			<u><u>\$ 57,554,001</u></u>

Sources: Assessed value data used to estimate applicable percentages provided by the 2008 Allegan and 2008 Ottawa Equalization Reports. Debt outstanding data provided by each governmental unit.

Note: Overlapping governments are those that coincide, at least in part, within the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Holland. This process recognizes that, when considering the city's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

* For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the city's boundaries and dividing it by each unit's total taxable assessed value.

CITY OF HOLLAND
LEGAL DEBT MARGIN INFORMATION
FOR THE LAST TEN FISCAL YEARS

	Fiscal Year			
	2000	2001	2002	2003
Debt Limit	\$ 90,875,005	\$ 94,929,950	\$ 102,005,523	\$ 105,407,600
Total net debt applicable to limit	<u>25,201,358</u>	<u>23,920,167</u>	<u>22,414,826</u>	<u>38,328,920</u>
Legal debt margin	<u>\$ 65,673,647</u>	<u>\$ 71,009,783</u>	<u>\$ 79,590,697</u>	<u>\$ 67,078,680</u>
Total net debt applicable to the limit as a percentage of debt limit	38.37%	33.69%	28.16%	57.14%

Note: The City of Holland is legally indebted for the Building Authority Bonds issued in 2004 for the Herrick District Library Expansion Project. Payment of approximately 62.1% of the debt is committed to be paid by three area local governmental jurisdictions based upon an executed Library Support Agreement. A uniform millage rate is levied annually across the four (including the City of Holland) participating governmental units to support this debt repayment. For practical purpose 62.1% of \$3,595,000, or \$2,232,495, should be added to the Legal Debt Margin shown above.

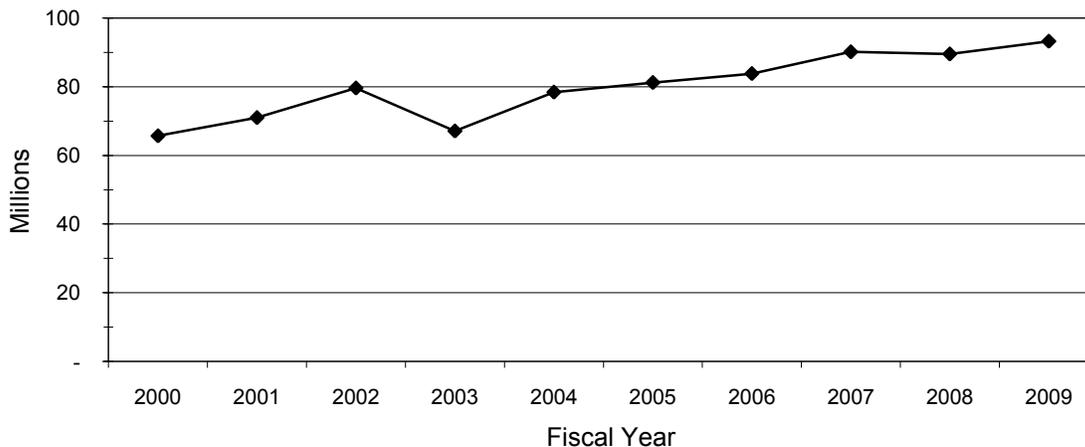
Under state finance law, the city's outstanding general obligation debt should not exceed 10% of total assessed property value.

Legal Debt Margin Calculation for Fiscal Year 2009

Assessed value	\$1,205,889,301
Debt limit (10% of assessed value)	120,588,930
Debt applicable to limit:	
General obligation bonds	402,000
Building authority bonds	19,865,000
County bonds	3,153,500
Capital improvement bonds	4,000,000
Less: Amount set aside for repayment of debt	<u>(30,288)</u>
Total net debt applicable to limit	<u>27,390,212</u>
Legal debt margin	<u><u>\$ 93,198,718</u></u>

2004	2005	2006	2007	2008	2009
\$ 108,769,456	\$ 111,833,099	\$ 113,279,753	\$ 117,120,687	\$ 115,235,643	\$ 120,588,930
<u>30,405,457</u>	<u>30,561,460</u>	<u>28,457,723</u>	<u>26,998,987</u>	<u>25,741,478</u>	<u>27,390,212</u>
<u><u>\$ 78,363,999</u></u>	<u><u>\$ 81,271,639</u></u>	<u><u>\$ 84,822,030</u></u>	<u><u>\$ 90,121,700</u></u>	<u><u>\$ 89,494,165</u></u>	<u><u>\$ 93,198,718</u></u>
38.80%	37.60%	33.55%	29.96%	28.76%	29.39%

Legal Debt Margin



CITY OF HOLLAND
 PLEDGED-REVENUE COVERAGE
 FOR THE LAST TEN FISCAL YEARS

Fiscal Year	Water Revenue Bonds					
	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2000	\$ 4,212,442	\$ 3,597,719	\$ 614,723	\$ 315,000	\$ 531,054	0.73
2001	4,163,215	3,976,810	186,405	335,000	517,399	0.22
2002	4,531,347	3,837,553	693,794	355,000	502,559	0.81
2003	4,924,641	4,086,454	838,187	380,000	486,383	0.97
2004	5,251,241	4,399,197	852,044	400,000	469,918	0.98
2005	5,213,380	4,361,641	851,739	7,875,534	368,866	0.10
2006	5,859,601	4,677,570	1,182,031	-	864,638	1.37
2007	5,668,249	4,822,704	845,545	475,000	839,308	0.64
2008	5,715,370	4,904,705	810,665	755,000	638,708	0.58
2009	5,881,210	5,315,683	565,527	790,000	770,500	0.36

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements. Operating expenses include depreciation but exclude interest expense. The 2005 principal payment for the water revenue bonds represents the amount of the outstanding debt refunded.

Electric Revenue Bonds

Fiscal Year	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2000	\$ 58,242,489	\$ 48,469,635	\$ 9,772,854	\$ 2,062,909	\$ 1,338,657	2.87
2001	65,355,287	53,510,216	11,845,071	2,774,684	1,161,439	3.01
2002	63,597,866	53,019,357	10,578,509	1,489,972	1,049,417	4.17
2003	64,463,883	56,134,987	8,328,896	6,493,955	829,166	1.14
2004	64,819,973	59,062,650	5,757,323	2,254,793	405,568	2.16
2005	67,001,967	65,382,432	1,619,535	2,415,000	316,350	0.59
2006	78,272,801	76,653,737	1,619,064	2,475,000	229,412	0.60
2007	81,276,323	70,857,856	10,418,467	2,555,000	124,966	3.89
2008	79,166,950	71,261,399	7,905,551	2,705,000	267	2.92
2009	75,466,722	67,827,040	7,639,682	-	3	-

CITY OF HOLLAND
 PLEDGED-REVENUE COVERAGE
 FOR THE LAST TEN FISCAL YEARS

Special Assessment Bonds

Fiscal Year	Special Assessment Collections	Debt Service		Coverage
		Principal	Interest	
2000	\$ 509,263	\$ 130,000	\$ 56,317	2.73
2001	211,193	191,975	124,878	0.67
2002	639,273	196,975	113,954	2.06
2003	321,621	206,975	142,923	0.92
2004	451,133	231,975	132,415	1.24
2005	298,087	226,975	118,420	0.86
2006	477,146	245,462	105,818	1.36
2007	464,465	235,463	102,159	1.38
2008	283,251	210,463	91,560	0.94
2009	252,483	225,463	81,655	0.82

CITY OF HOLLAND
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 FOR THE LAST TEN CALENDAR YEARS

Year	Estimated Population (1)	Personal Income (thousands of dollars)	Per Capita Personal Income (2)	Unemployment Rate (3)
1999	33,652	N/A	N/A	2.4%
2000	35,048	\$ 659,709	\$ 18,823	3.5%
2001	35,023	659,238	N/A	5.3%
2002	34,710	653,346	N/A	7.0%
2003	34,748	654,062	N/A	7.8%
2004	34,637	651,972	N/A	7.3%
2005	34,429	648,057	N/A	6.8%
2006	34,245	644,594	N/A	6.9%
2007	34,002	640,020	N/A	7.3%
2008	34,076	725,001	21,276	9.2%

Sources:

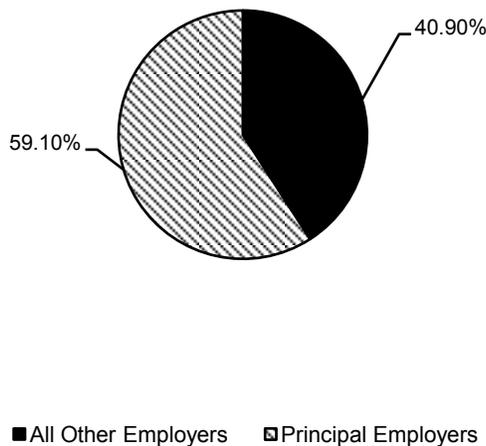
- (1) United States Census Bureau
- (2) United States Census Bureau - 2000 Census (last reported)
- (3) Michigan Bureau of Labor Statistics

CITY OF HOLLAND
PRINCIPAL EMPLOYERS
CURRENT YEAR AND THREE YEARS AGO

Employer	2009			2006		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Johnson Controls Interiors	2,293	1	15.24 %	2,705	1	15.87 %
Haworth Inc	1,699	2	11.29	1,608	2	9.43
Holland Community Hospital	1,304	3	8.67	1,600	3	9.39
Challenge Mfg Company	910	4	6.05	-		-
Hope College	780	5	5.18	750	4	4.40
Holland Public Schools	561	6	3.73	-		-
Tiara Yachts (S2)	433	7	2.88	750	5	4.40
City of Holland	405	8	2.69	429	7	2.52
HJ Heinz	286	9	1.90	-		-
USF Holland Inc	221	10	1.47	-		-
Louis Padnos Iron & Metal Co	-		-	450	6	2.64
ARC Holland Real Estate	-		-	400	8	2.35
' - Freedom Village Retirement						
L&W Engineering	-		-	353	9	2.07
Dr Pepper/Seven-Up Bottling	-		-	345	10	2.02
	<u>8,892</u>		<u>59.1</u>	<u>9,390</u>		<u>55.09</u>

Sources:
Michigan Department of Labor & Economic Growth
City of Holland Assessor's Office
Principal Employers

2009 Principal Employers



Note: Employment Information from 9 years ago is unavailable. The oldest available information is shown.

CITY OF HOLLAND
 FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
 FOR THE LAST TEN FISCAL YEARS

Function	Full-time Equivalent Employees as of June 30									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General government										
Management services	5.20	4.60	4.60	4.65	3.55	3.65	3.65	3.20	3.20	3.20
Fiscal services	14.00	14.00	15.00	14.90	14.90	14.90	13.90	14.35	14.35	14.30
City clerk	4.08	3.88	3.88	3.88	3.88	3.00	3.00	3.25	3.25	2.25
Human resources	2.35	2.35	2.35	2.35	2.25	2.25	2.25	2.25	2.25	2.25
Building	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Cemetery	4.25	4.25	4.25	4.25	4.15	4.15	4.15	4.15	4.15	4.15
Planning	2.70	2.70	3.05	2.90	2.40	3.50	3.50	3.30	3.10	3.20
Technology	5.00	6.00	6.00	6.00	5.00	5.00	5.00	4.00	4.00	4.00
Public safety										
Police	73.80	73.80	76.00	76.00	75.00	74.50	74.50	74.50	74.50	73.50
Fire	59.00	59.00	59.00	59.00	58.00	58.00	58.00	58.00	58.00	57.00
Environmental health & inspections	9.80	11.80	11.80	11.90	11.90	11.50	11.50	11.20	10.20	10.20
Public works										
Streets	22.15	22.15	22.15	19.40	20.04	19.74	19.74	19.74	19.82	19.91
Engineering	0.00	0.00	0.00	2.90	2.90	2.90	2.90	2.90	2.90	3.00
Transit	2.70	2.60	2.60	2.25	2.43	0.98	0.83	1.58	2.75	2.75
Centralized vehicle maintenance	7.40	7.65	7.65	7.65	6.90	8.78	8.93	8.93	8.93	9.95
Welfare and social services										
Ourstreet / Human relations	4.55	4.60	5.80	5.80	6.00	5.05	5.05	3.80	3.80	3.80
Economic development assistance	1.85	1.85	1.50	1.85	1.85	2.10	2.30	2.80	2.00	1.95
Downtown development	2.15	2.15	2.15	2.15	2.15	2.05	2.05	2.05	2.15	2.20
Culture and recreation										
Recreation	5.60	5.60	5.60	5.60	5.60	4.60	4.60	4.60	4.60	4.60
Parks	14.80	15.60	15.60	15.75	14.75	14.65	13.65	13.65	14.65	14.65
Civic Center	2.50	2.50	2.50	2.50	2.50	1.75	1.75	1.75	1.65	1.60
Board of Public Works Utilities	172.50	174.50	178.00	182.00	182.00	182.00	182.00	180.00	185.00	186.00
Total	417.38	422.58	430.48	434.68	429.15	426.05	424.25	421.00	426.25	425.46

Source: City of Holland Finance Office Fiscal Year 2009 Budget (Approved Positions)

CITY OF HOLLAND
OPERATING INDICATORS BY FUNCTION
FOR THE LAST TEN FISCAL YEARS

Function	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Cemetery										
Burials	297	286	295	298	283	260	257	292	213	262
Police										
Physical arrests	2,828	2,902	2,871	3,084	3,096	2,972	2,933	3,186	3,496	3,237
Parking violations	6,254	8,760	7,769	6,930	4,581	5,678	5,187	6,120	5,533	4,551
Traffic violations	10,352	9,827	9,442	10,524	8,430	7,946	7,436	7,235	6,762	6,383
Fire										
Emergency responses	2,587	2,731	2,538	2,511	2,597	2,562	2,670	2,786	2,913	2,994
Fires	274	270	164	188	212	118	129	98	146	89
Medical Emergencies	1,619	1,633	1,599	1,661	1,742	1,644	1,752	1,916	1,959	2,112
Inspections	1,101	992	407	49	75	112	129	71	109	96
Public works										
Street resurfacing (miles)	7.9	9.5	6.6	6.4	6.7	6.5	6.8	2.2	11.4	11.2
Street cut permits	304	343	356	285	282	371	327	307	336	346
Community & neighborhood services										
Number of construction permits:										
Industrial & commercia	163	127	108	98	132	110	116	96	96	68
Residential	683	724	787	825	709	631	603	550	552	459
Institutional & municipa	25	21	31	24	35	30	33	35	27	16
Value of construction permits (thousands of dollars)										
Industrial & commercia	23,192	21,949	22,316	13,717	27,518	12,687	25,759	67,243	15,116	6,546
Residential	9,952	9,936	12,711	25,661	16,517	17,574	15,435	10,598	8,754	7,005
Institutional & municipa	10,318	7,500	29,114	20,786	35,235	44,336	19,096	7,681	27,180	7,250
Culture and recreation										
Program participants	18,508	15,472	16,531	16,817	16,067	17,795	20,784	26,386	28,115	35,450
Pool attendance	13,582	14,633	10,661	11,639	11,106	11,500	13,317	11,214	10,998	9,047

CITY OF HOLLAND
OPERATING INDICATORS BY FUNCTION
FOR THE LAST TEN FISCAL YEARS

Function	Fiscal Year									
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Water										
Service connections	12,317	12,790	12,927	13,039	13,209	13,162	13,139	13,190	13,155	13,414
Average daily consumptic (thousands of gallons)	12,756	12,079	12,876	13,336	12,161	13,260	13,387	12,428	12,459	10,689
Wastewater										
Service connections	11,671	11,744	11,861	12,024	12,097	12,107	12,143	12,196	12,169	12,397
Average daily consumptic (thousands of gallons)	8,375	8,867	8,950	8,345	9,071	8,941	8,839	7,578	7,448	7,538

Source: Various city departments

CITY OF HOLLAND
CAPITAL ASSET STATISTICS BY FUNCTION
FOR THE LAST TEN FISCAL YEARS

Function	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General Government										
Cemeteries	2	2	2	2	2	2	2	2	2	2
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	20	20	17	18	18	18	18	18	19	19
Fire Stations	3	3	3	3	3	3	3	3	3	3
Public works										
Streets (miles)	151.15	151.15	151.15	151.7	157.1	159.3	148.6	154.5	148.8	148.5
Streetlights	2,234	4,224	4,354	4,383	4,435	4,495	4,632	4,643	4,742	2,520
Culture and recreation										
Park acreage	423.2	423.8	423.8	423.8	448	448	448	448	460	509
Parks	20	21	21	21	24	24	24	24	24	24
Baseball/softball diamonds	8	8	8	9	9	9	9	9	9	9
Soccer fields	9	9	9	9	9	9	9	9	9	9
Swimming pools	1	1	1	1	1	1	1	1	1	1
Tennis courts	20	20	21	21	21	21	21	21	21	21
Stadiums	1	1	1	1	1	1	1	1	1	1
Nature centers	1	1	1	1	1	1	1	1	1	1
Tourist attractions	1	1	1	1	1	1	1	1	1	1
Community centers	1	1	1	1	1	1	1	1	1	1
Water										
Water mains (miles)	216.53	220.24	221.51	221.88	221.09	226.45	229.54	232.44	233.08	236.72
Fire hydrants	2,071	2,071	2,081	2,112	2,110	2,166	2,195	2,256	2,250	2,321
Maximum daily capacity of plan (thousands of gallons)	38,500	38,500	38,500	38,500	38,500	38,500	38,500	38,500	38,500	38,500
Wastewater										
Sanitary sewers (miles)	158.31	161.47	164.70	164.74	165.49	177.46	182.52	183.16	182.81	185.84
Storm sewers (miles)	134.0	134.0	134.0	134.0	134.0	131.9	155.0	155.0	155.0	155.0
Maximum daily capacity of plan (thousands of gallons)	16,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000

Source: Various city departments

Note: No capital asset indicators are available for the welfare and social services function.