

CITY OF HOLLAND
HOLLAND, MICHIGAN

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2010

Prepared by:
Finance Office
Tim Vagle
Finance Officer

CITY OF HOLLAND

CITY OF HOLLAND

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CITY OF HOLLAND
FINANCE OFFICE - CITY HALL
270 RIVER AVENUE
HOLLAND, MICHIGAN 49423

Telephone (616) 355-1370

FAX (616) 355-1470

December 16, 2010

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, 2010, 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, and then one year with a 0.1 mill increase, the City was able to maintain the millage rate this year. Ending combined fund equity balances in the General Fund and the Budget Stabilization Fund, at 21.1% 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 2009 population estimate is 34,053, representing a 2.8% decrease. At June 30, 2010 the City included an area of 17.45 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 combined 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

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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 open-air canopied 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 (49.5%), commercial (24.7%), industrial (25.2%), 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, wind energy components, lithium-ion batteries 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 390 filled full-time positions, and approximately 650 part-time positions. The full-time workforce is composed of a base of non-union plus four organized labor bargaining units as follows:

<u>Employee Group</u>	<u>Affiliation</u>	<u>Members</u>
Utility Workers	Service Employees International Union AFL-CIO, Local 568	92
Utility Clerical	Service Employees International Union AFL-CIO, Local 568	14
Police Officers	Fraternal Order of Police, Holland Police Officers Division	57
Firefighters	International Association of Firefighters, Local 759	24
Non-Union	None	203

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.

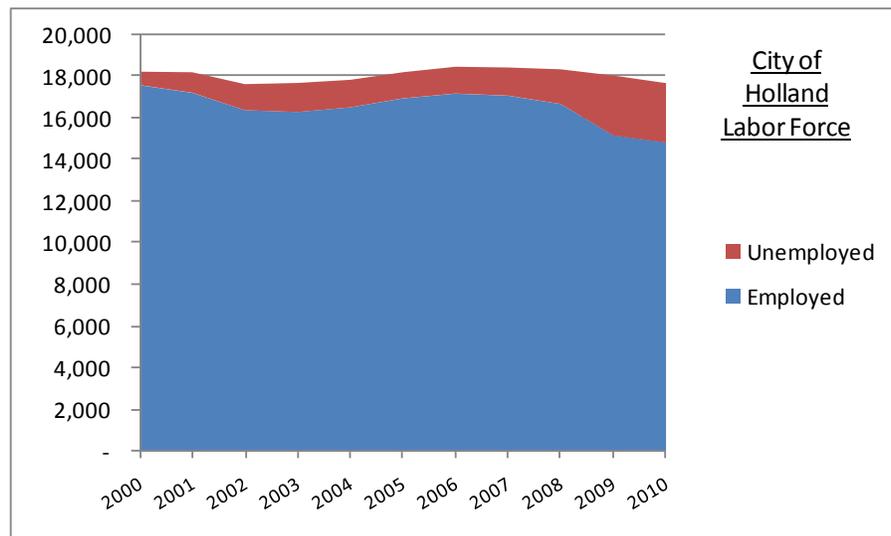
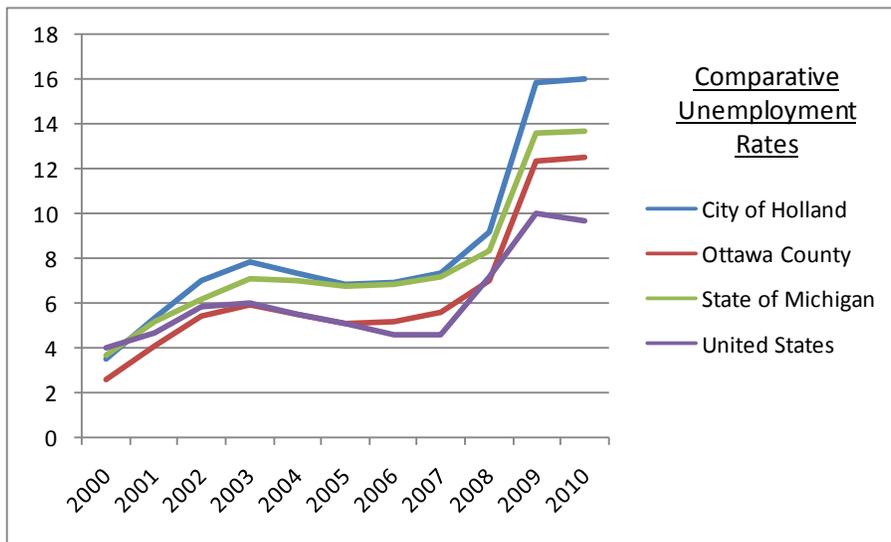
The local West Michigan area has been impacted by the national economic downturn which began in 2001. The following table of comparative unemployment rates paints a vivid picture reflecting 2003 as the first peak of the downturn and 2008's second peak downturn following suit with national and state trends.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

Comparative Unemployment Rates

<u>Annual Average</u>	<u>City of Holland</u>	<u>Holland/Grand Haven Metro Area</u>	<u>County of Ottawa</u>	<u>County of Allegan</u>	<u>State of Michigan</u>	<u>United States</u>
<u>2010 to date</u>	<u>16.0</u>	<u>12.5</u>	<u>12.5</u>	<u>13.2</u>	<u>13.7</u>	<u>9.7</u>
2009	15.8	12.3	12.3	12.8	13.6	10.0
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

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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 a modest increase in population and diversified labor force and is one of the fastest growing counties in the Midwest. Between 2002 and 2006 total employment in Ottawa County grew by 6,748 jobs overall, but 2010 has shown a decrease of 18,085 jobs from 2006, with a 14,257 job loss just since 2008. Between 2006 and 2010 total employment in the City of Holland fell by 2,336 jobs (or a 13.6% reduction) compared to a statewide loss of 533,578 jobs (or a 11.3% reduction).

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 slight declines in population, but the area townships have increased by about 20% in population since 2000. The Michigan Department of Energy, Labor and Economic Growth forecasts 9.4% overall employment growth from 2006 to 2016 in the Allegan, Kent and Ottawa county area. Over the same area and timeframe manufacturing employment overall is estimated to decline by 3.4% and auto related projected to decline by 11.9%. Growth will occur in the professional services, temporary staffing, leisure and education and health fields.

ECONOMIC CONDITIONS OF THE COMMUNITY

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City of Holland Labor Force

	<u>Employed</u>	<u>Unemployed</u>	<u>Labor Force / % Change</u>	
2010 to date	14,856	2,830	17,686	-2.00%
2009	15,196	2,850	18,046	-1.62%
2008	16,695	1,648	18,343	-0.42%
2007	17,082	1,338	18,420	-0.24%
2006	17,192	1,273	18,465	+1.44%
2005	16,963	1,240	18,203	+2.02%
2004	16,533	1,310	17,843	+0.84%
2003	16,312	1,382	17,694	+0.32%
2002	16,398	1,240	17,638	-3.11%
2001	17,232	972	18,204	-0.15%
2000	17,595	636	18,231	

While employment fell by 0.6% last quarter in Ottawa County, employment grew modestly during the first half of the year in greater west Michigan. This was fueled by growth in the Grand Rapids area. The W.E. Upjohn Institute for Employment Research Business Outlook for West Michigan September 2010 publication stated that “after what the economy has gone through, any employment gain is welcome; however, we still have a long ways to go before we recapture what we lost in terms of employment”. West Michigan employment as of June 2010 remained 12% below historically high March 2000 levels. Holland’s unemployment rate has been dropping suggesting some residents may be finding employment outside of the City. The local Manpower office reports the highest current number of temporary placements in their history with many leading to permanent employment and positive hiring trends over the coming year.

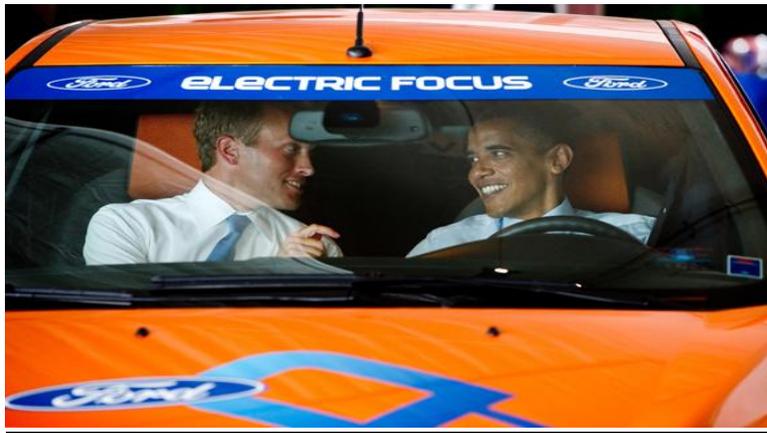
While the Holland area downturn has been worse than seen elsewhere in greater west Michigan, media announcements of local planned layoffs seem to have tapered off and the hemorrhaging in loss of manufacturing jobs has slowed dramatically. The government and public schools sector is currently experiencing the highest rate of job losses locally. The residential housing market is starting to rebound with increases in new dwelling contracts up by 5.7% in the last quarter in the Holland-Grand Haven area. Some recent positive announcements that affect the Holland area include:

- The new NOVO 1 call center opened in September 2010 and anticipates employing 107 by calendar year end. The Texas based nationwide company invested about \$2 million in the 37,000 square foot facility in the City. Ultimately a workforce of approximately 350 is projected at this site. A Community Development Block Grant and tax break incentives were key factors in recruiting this company to Holland. The company believes in repatriating call center jobs from overseas to the United States.
- Johnson Controls-Saft (JCS) has retooled its former Meadowbrook plant in the City to produce advanced batteries for hybrid electric vehicles and lithium-ion cells. Production began in 2010 for this venture anticipated to create 550 new jobs within 5 years. The project was awarded a \$299 million grant by the U.S. Department of Energy and \$145 million in tax credit incentives from the State of Michigan. The batteries are being built for Ford Motor Company plug-in hybrid vehicles. The plant is currently assembling battery packs with battery cells built in France. Cell-manufacturing equipment is currently being installed and full production of battery cells and packs is anticipated by June 2011. Lakeshore Advantage has recently released the Advanced Energy Storage Capital strategic plan. Goals of the plan are to establish West Michigan as a leader in energy storage; develop a supply chain to complement the LG Chem and Johnson Control-Saft battery plants; create a supporting research and development branch; and train a workforce to meet the advanced battery industry needs.

➤ ECONOMIC CONDITIONS OF THE COMMUNITY

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- On November 5, 2010 Governor Jennifer Granholm announced that advanced battery manufacturer LG Chem plans to further expand in Holland with a second electrolyte production plant. The plant would be located near LG Chem's first battery cell plant in Holland which is currently under construction (see the segment on the Compact Power/LG Chem deal later in this letter under Significant Initiatives, Events and Accomplishments). LG Chem supplies the battery for the new Chevy Volt and has a new contract for the Ford Focus. Holland Mayor Kurt Dykstra and Randy Thelen of Lakeshore Advantage recently visited LG Chem's executives and research park in South Korea after an invitation was extended during the July 15, 2010 groundbreaking ceremony in Holland of the first plant. During the groundbreaking festivities below President Obama and Mayor Dykstra share a private moment to celebrate the positive economic impact this development will have on the City of Holland.



- Haworth, Inc. added 70 new jobs in 2010 and expects to add another 100 new full time positions within the next two years. Haworth is one of the top office furniture manufacturers in the United States with 2009 global sales of \$1.11 billion and approximately 7,500 employees worldwide. The company reports that all U.S. and Asian manufacturing facilities, as well as the company's global headquarters located here in Holland, have achieved zero waste to landfill status. Haworth's chief financial officer John Mooney has indicated the company feels very good about the work force in western Michigan.
- Trans-matic expects to hire 25 additional employees over the next two years. The company produces metal stampings.
- The 1,000 plus jobs that were previously anticipated in the City from Energetx Composites LLC when their wind energy expansion plans were announced last year will instead be located at a new building the company has announced it will build in adjacent Holland Township. The new company currently has 30 employees at their City plant and intends to maintain approximately 105 new jobs in the City over the next four years. Their technology includes design, engineering and manufacturing of wind turbine blades and parts for utility-scale turbines. While it was a disappointment to lose this potential major expansion site and job creator within the City limits, the City will still reap economic benefits from having this new clean energy manufacturer located in the greater Holland area. More positive local ripple effect economic stimulus will come to the City when Herman Miller's planned \$11 million expansion project, also in neighboring Holland Township, creates an estimated 600 new jobs.

ECONOMIC CONDITIONS OF THE COMMUNITY

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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 just over 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 experienced a 8.9% loss over the past year from 2,293 employees up to 2,089.

LeanLogistics, Inc. relocated its existing 105 workers and equipment from its City of Zeeland facility to the City of Holland in 2010. With 122 current employees they anticipate adding \$11 million in new equipment over the next five years and project continual job growth over the near term. LeanLogistics, a logistical optimization center, is a global leader in innovative on-demand transportation technology and supply chain services. These white collar jobs are a very positive addition to the local workforce.

Holland Community Hospital increased staffing levels in 2010 by 4.8% and currently employees 1,367 full-time equivalent. The hospital anticipates their work force to remain relatively stable over the coming year. In 2007 they completed a three year \$45 million expansion project . This year the hospital initiated a two-year \$10.5 million 19,000 square foot enhancement of its surgical suites to accommodate advanced procedures for orthopedic and neurologic patients. 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. A February 2010 national report ranked Ottawa County as the second healthiest county in Michigan.

While there are many positive indicators for the upcoming year, they are tempered by many layoffs and cutbacks over the past year. Despite a \$12 million building expansion at Tiara/S-2 Yachts and installation of an additional \$6 million of equipment in 2008, the current workforce of 315 has been reduced by 27% over the past year and roughly 67% overall since 2008. Hope College has decreased their workforce over the last 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.

Since 2000, the State of Michigan's economy has been in a downward spiral which appears to be starting to rebound. According to the Michigan Department of Labor & Economic Growth total employment increased by 53,000 or 1.3%, but the labor force fell by 22,000 or 0.5% between September 2009 and September 2010. The unemployment rate fell from 13.8% to 12.2% over the same time period. 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

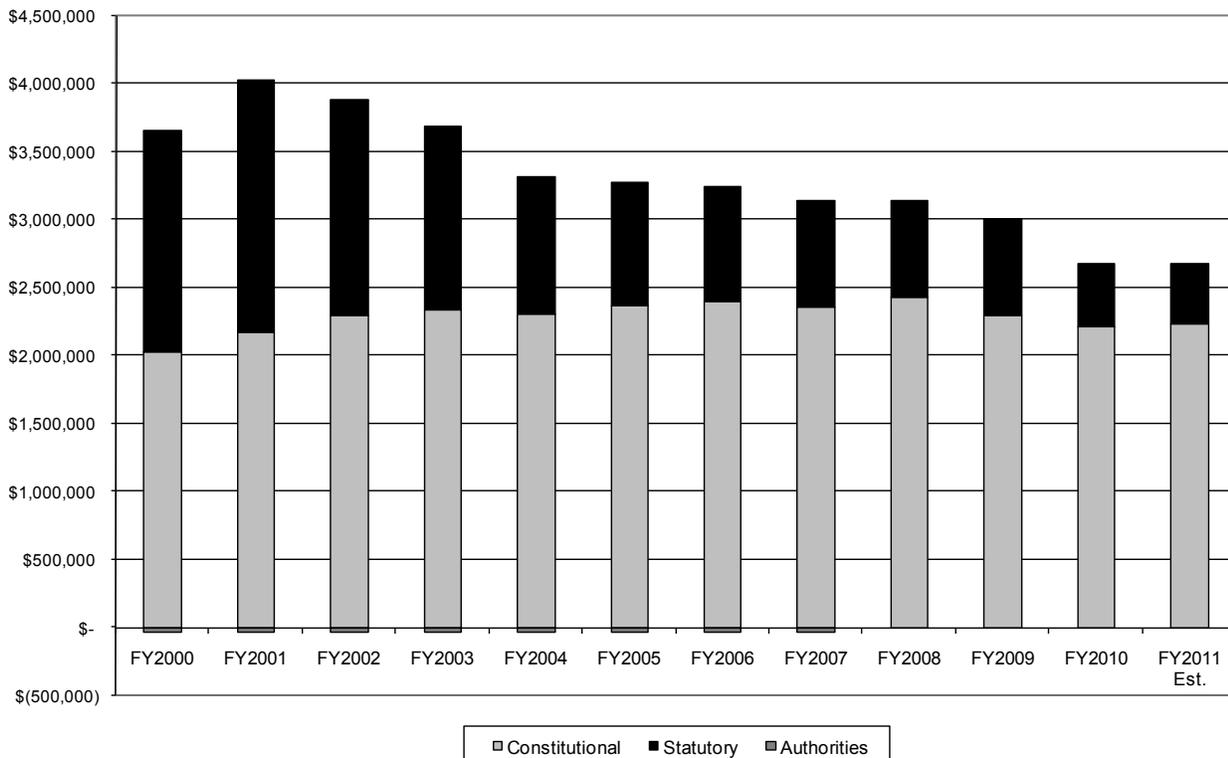
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one-item fixes, spending cuts, greatly reduced staffing levels, per pupil school funding reductions and large cuts in state revenue sharing to local governments. The FY2011 State General Fund budget was approved before the start of the fiscal year October 1, 2010 and is technically balanced, but uses \$1 billion in one-time revenues. This reliance on non-recurring resources presents challenges of the same magnitude to the FY2012 budget process. Those one-time sources included the use of temporary federal funding (Medicaid match), short-term savings from state debt refinancing, advancing unclaimed property revenues and a tax amnesty program.

It is projected that even with an improving economy, state government spending pressures will grow faster than state revenues for the next decade. The October 2010 Citizens Research Council of Michigan report entitled State Budget Notes suggests the legislature and governor “ failed again to address the near decade-long structural deficit plaguing state finances”. This report also projects a \$1.039 billion General Fund budget gap for FY2012. With a new governor coming on board in January perhaps the ongoing K-12 school and transportation funding issues will receive fresh legislative attention and action.

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 32.5% 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 no reduction in sales tax distributions to local governments for FY2011 compared to FY2010, but there is also a looming possibility of potential further mid-year reductions requiring the City to maintain a tight rein on spending.

CITY OF HOLLAND STATE REVENUE SHARING



ECONOMIC CONDITIONS OF THE COMMUNITY

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Based on 2010 PA198 industrial facilities and PA328 new personal property tax abatements granted by the City of Holland, 500.5 new jobs are anticipated to be created along with \$33.3 million of new related construction and machinery. In 2009, Ottawa County was ranked the highest county in the State of Michigan in terms of number of PA198 tax abatements issued (38 certificates) and third in the state in terms of private investment (\$178.7 million investment). For 2010 the City currently has 138 PA198 industrial facilities certificates active and 5 PA328's active. Planned investment in PA198 industrial tax abatements increased by 189% from 2009 (\$5,487,923).

The following table identifies the 2010 PA198 industrial tax abatements and PA328 new personal property tax abatements issued by the City. Although the value of both types of abatements is up by \$27.8 million from 2009, the projected job growth is down by 213.5. The NOVO 1 call center project boasts a huge number of new jobs, while the Haworth Inc. project includes a sizeable \$16.2 million investment of equipment relocated from its recently closed Calgary, Canada location which has been consolidated into its Holland facility.

<u>Company</u>	<u>Development</u>	<u>Planned Investment</u>	<u>Projected Job Growth</u>
<u>PA198 Industrial Facilities Tax (IFT's) 2010</u>			
Metal Standard Corp.	Metal Stampings	\$1,733,724	3
Koops Inc.	Industrial Machinery	\$280,000	2
Trans-Matic	Metal Stampings	\$7,500,000	24.5
Michigan Wood Pellet Fuel	Wood Pellets for Heating	\$3,133,345	5
STM Manufacturing	Tools, Dies & Fixtures	\$2,166,538	6
Lakewood Process Machinery	Packing & Processing Machinery	\$1,019,000	10
Total PA198 IFT's		<u>\$15,832,607</u>	50.5
<u>PA 328 Personal Property Tax Abatements 2010</u>			
NOVO 1	Call Center	\$1,200,000	350
Haworth Inc.	Office Furniture Manuf.	<u>16,234,400</u>	<u>100</u>
Total PA328's		<u>\$17,434,400</u>	450

Building permit construction values increased overall by 28.0% from FY2009 (\$20.8 million) to FY2010 (\$26.6 million). Industrial and commercial building permit construction values decreased 6.0%, residential decreased 4.8% and institutional/municipal increased by 90.5%. The largest permit value for FY2010 was for Compact Power/LG Chem (\$11.3 million). Large increases in industrial construction values are projected for FY2011 to include to date two large permits for Compact Power (\$21.2 million) and one for Johnson Controls-Saft (JCS) (\$10.4 million) all of which are related to lithium-ion battery plant construction.

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. Construction of a \$5.1 million single home and guesthouse lakefront project along South Shore Drive, dubbed a local stimulus project, is nearly completed. Money magazine ranked Holland fourth on the magazine's list of "Where Homes Are Affordable" in 2009. In February 2010 the Gallup-Healthways

ECONOMIC CONDITIONS OF THE COMMUNITY

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Well-Being Index ranked Holland second in the nation in health and well-being based on six criteria. The only city with a higher ranking than Holland was Boulder, Colorado.

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 \$790,049 in local and grant funds were expended in homeowner and neighborhood improvements in FY2010.

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 local colleges and universities is up by 740 from a year ago.

<u>Higher Education Institution</u>	<u>Enrollment (Degree Seeking)</u>
Hope College	3,202
Grand Valley State University (Meijer Campus)	508
Grand Rapids Community College (includes all local "Lakeshore" campuses within 10 miles)	1,275
Davenport University	<u>530</u>
Total	5,515

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 94.16% 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 featured a travel article on downtown Holland in a section devoted to girlfriend getaways.

ECONOMIC CONDITIONS OF THE COMMUNITY

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The annual Tulip Time Festival held in May each year continues to draw tourists downtown and City-wide from across the nation and has grown in recent years into a ten-day event. Amtrak ridership at the downtown Holland depot stop is up according to records for the fiscal year that ended September 30, 2010. The train puts Chicago within a 3 hour reach of Holland and the schedule is conducive for a day-only or weekend trip.

The downtown continues to draw evening crowds for shopping, eating, entertaining, nightlife and lodging. Holland 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. A recently installed downtown outdoor fireplace and fountain serve as popular pedestrian gathering spots. The two-story 7th Street Parking Deck which opened last year added 258 parking spaces to the east end of the downtown area. Last year new downtown directories were installed. A temporary outdoor ice skating rink will be built downtown this winter as a test to evaluate potential viability of a permanent skating rink.

Standard & Poor’s most recent credit rating report noted “that despite its weakened tax base, Holland’s financial position remains sound because of its strong reserves and significant revenue-raising flexibility”. High unemployment is a limiting factor in regard to an enhanced credit rating. 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 August 2010)	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, 2009	@ June 30, 2010	Increase (Decrease)
General Fund	\$ 2,565,612	\$ 3,235,008	\$ 669,396
Special Revenue	3,416,737	6,587,793	3,171,056
Debt Service Funds	753,755	804,641	50,886
Capital Projects Funds	834,822	1,291,149	456,327
Permanent Trust Funds	1,538,697	1,493,210	(45,487)
Totals	\$ 9,109,623	\$ 13,411,801	\$ 4,302,178

Additional Comments Concerning Certain Fund Balances

- Looking forward from FY2010 the *General Fund – Fund Balance* of \$3,235,008 at June 30, 2010 was originally budgeted to decrease by \$139,504 in the ensuing FY2010-11. Lower investment earnings than originally projected will most likely result in a further small drop in fund balance. The original FY2011 budget already includes planned reductions in expenditures amounting to \$579,800 for savings to be realized from union contract negotiations, retirements, police schedule adjustments, and public safety management reorganization. Further mid-year reductions in State revenue sharing could lower the currently *estimated* June 30, 2011 fund balance of \$3,080,504.
- The increase in the *Fund Balance of the Special Revenue Funds* in FY2010 mainly resulted from unexpended bond proceeds in the *Street Improvements Reserve Fund*. Reductions in the fund balance of the Budget Stabilization Fund also had an impact. The increase in the *Fund Balance* of the *Capital Projects Funds* resulted from delays in major planned expenditures in the Windmill Island Bank Stabilization/Erosion Control project and the Smallenburg Skating Park project.
- The Budget Stabilization Fund (in the Special Revenue Funds section) ended the fiscal year with an *Undesignated Fund Balance* of \$1,016,820; which at 5.1% is less (by \$993,666) than the internally-established guideline targeted at 10% of the ensuing fiscal year General Fund budget, or \$2,010,486. Across both the Budget Stabilization and General Funds an adequate 21.1% balance of the ensuing FY2010-11 budget exists.

CAPITAL PROJECTS

Expenditures in the *Capital Projects Funds*, excluding interfund transfers, totaled \$5,678,595 for FY2010 as compared to \$9,474,269 for FY2009. More significant projects with expenditures exceeding \$100,000 during the fiscal year included:

INFRASTRUCTURE PROJECTS (Excluding Utility Fund Share)	
Maple Avenue Drain / Roadway, from 8 th to 24 th	\$ 1,018,486
7 th Street Resurfacing, from River to Lincoln	818,046
Central Avenue / Colonial Court / 40 th Street	639,437
Resurfacing Program	470,694
40 th Street, from Washington to Lincoln	448,385
East 24 th Street Storm Reconstruction	341,043
Holland Heights Drain	171,847
No. 24 Drain, North of 8 th Street Along the West Side of US-31	156,976
18 th Street, from Cleveland to River	152,383
Tunnel Retaining Wall Repair	119,181
Pine Avenue Sinkhole, from 8 th to 9 th	109,426
MUNICIPAL CAPITAL PROJECTS	
Ourstreet Improvements	114,709

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 GASB 34 regarding capital assets. Beginning with FY2009 the City's capitalization threshold was raised from \$500 to \$5,000.

INTERNAL SERVICES

The City maintains several Internal Service Funds to account for the financing of services, insurance coverage and equipment used by the various departments. The City is proud to maintain and plan ahead for healthy balances for future equipment replacement and self-funded insurance risk in these funds which are summarized below.

<u>Internal Service Operation</u>	<u>Working Capital June 30, 2009</u>	<u>Working Capital June 30, 2010</u>
Technology Services	\$ 350,569	\$ 354,092
Equipment Services	\$ 1,990,870	\$ 2,645,730
Insurance Services	<u>\$ 3,326,146</u>	<u>\$ 2,862,165</u>
Totals	<u>\$ 5,667,585</u>	<u>\$ 5,861,987</u>

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 does not participate in the All-Lines Aggregate program.

Separately designated funds are delineated within the Supplementary Information tab section of this report to account for various types of coverage. 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).

Relative 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. In the ensuing fiscal year an overall new insurance appraisal will be performed in the spring of 2011.

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 2009-10 was \$2,288,612.

The most recent actuarial valuation, dated December 31, 2009, indicates that the City's valuation assets (stated at market value) provide 76% funding (employer portion only), based upon actuarial determined accrued liabilities of \$106,034,780, valuation assets of \$80,611,429, and unfunded accrued liabilities of \$25,423,351.

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 125 employees participate (70-General City, 55-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 2009-10 was \$509,418 and by employees was \$139,860.

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.

INVESTMENT EARNINGS

Most funds of the City participate in an internal *Cash & Investment Pool*, except for the Utility Funds (Electric, Water, Wastewater) and the *Holland Historical Trust Component Unit* fund.

For the fiscal year, the annualized average interest rate earned in the pool was 2.552%, as compared to 3.469% for the previous fiscal year. If investments had not been valued at market the annualized average interest rate would have been 2.354%. The fiscal year adjustment for market write-up for the pool was \$42,009 and the overall ending market write-up balance was \$147,638. The City typically buys and holds long term investments to maturity so fiscal year end market adjustments are not actually realized. Over the fiscal year many long term investments have been called due to declining interest rates and in most cases reinvested at lower rates. The exhibit below also includes funds that do not participate in the pool.

Fund Type	INVESTMENTS EARNINGS			
	Fiscal Year		Year-to-Year Change	
	2008-2009	2009-2010	Amount	Percentage
General Fund	\$ 380,795	\$ 299,028	\$ (81,767)	-21.5%
Permanent	56,347	38,038	(18,309)	-32.5
Special Revenue	68,667	23,801	(44,866)	-65.3
Debt Service	45,274	33,807	(11,467)	-25.3
Capital Projects	38,610	22,982	(15,628)	-40.5
Enterprise	2,296,887	1,756,617	(540,270)	-23.5
Internal Service	216,369	134,611	(81,758)	-37.8
Component Units	(96,338)	52,866	149,204	154.9
Total	\$ 3,006,611	\$ 2,361,750	\$ (644,861)	-21.4%

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 (2009-2010)	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
Response to Computer Crime Award (2010)	International Association of Chiefs of Police	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	Neighborhoods, USA	Community & Neighborhood Svcs.

<u>Award or Accreditation</u>	<u>Granting Agency</u>	<u>Department</u>
of the Year – Ourstreet Program (1996)		
National Award Winner for Outstanding Participation in National Night Out (2008)	National Association of Town Watch	Community & Neighborhood Svcs.
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
Award of Excellence Digital Annual Report (2010)	American Public Power Agency	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 with tax captures at fiscal year close. 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. After years in the planning a cornerstone building in the central City, which was a former junior high school, is being renovated into a 30 apartment unit senior citizen affordable housing development called Midtown Village. The \$5.9 million construction project, which includes a combination of Brownfield tax credits and federal and state historic tax credits, will be completed in the fall of 2011. Seven major personal property tax abatements under Act 328 have been approved for Challenge Manufacturing (two - automotive), Haworth, Inc. (two - office furniture), S2 Yachts (fiberglass boats), Genzink Steel (heavy carbon steel welding) and NOVO 1 (call center) , four Tool & Die Renaissance Recovery Zones and two Renaissance Zones (Johnson Controls-Saft-JCS, Compact Power/LG Chem) have been approved and Act 198 tax abatements continue to be issued prolifically.

SIGNIFICANT INITIATIVES, EVENTS AND ACCOMPLISHMENTS

> (Continued from Previous Page)



- > **“The Deal”** On March 12, 2010 Compact Power, Inc. (CPI), a Troy, Michigan based subsidiary of Korea based LG Chem Ltd LG Group, announced it would build a 650,000 square foot \$304 million plant in the City of Holland to manufacture lithium-ion cells for GM Volt battery packs. The plant is anticipated to begin electric drive vehicle battery assembly operations in Q1 of 2012 and provide 300 jobs over the first five years. The City partnered with Lakeshore Advantage beginning in February 2009 in an intensive effort to promote the City of Holland as the final plant site selection. This process included acquisition and annexation by the City of two Fillmore Township land parcels needed to expand the manufacturing site footprint. Economic incentives for the project include a \$151 million federal Department of Energy grant and a Michigan Renewable Energy Renaissance Zone. The combination of the new LG Chem/CPI project and the JCS battery plant project at the existing Meadowbrook facility site set Holland on the edge of an exciting future of alternative energy powered vehicles. President Barack Obama and Governor Jennifer Granholm visited Holland on July 15, 2010 for the groundbreaking of the LG Chem/CPI advanced battery plant.



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 issued a \$5.5 million bond issue in FY2010 to help 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, mainly impacted the FY2010 budget. In FY2009 the City spent \$190,000 towards these costs and in FY2010 related costs were \$658,000. The overall ongoing multi-year impact is estimated to be about \$1 million. The \$341,000 East 24th Street Storm Reconstruction project repaired the single largest individual damage at the site of a total roadway and drain collapse. 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 eight different streets. Federal STP-U funds of \$474,000 were received towards the separate \$1.07 million 7th Street Resurfacing Project.
- > FY2010 saw the completion of the \$2.74 million Maple Avenue Drain and Road Reconstruction Project from 8th to 24th Streets and 20th Street from Washington to Maple Avenue in the inner city area. Total reconstruction, which was 100% locally funded, included the removal and replacement of all storm sewer, water main, pavement, and curb and gutter, as well as the replacement of sanitary sewer from 19th to 24th. Also completed this fiscal year was the 100% locally funded \$1.2 million Central Avenue / Colonial Court / 40th Street Project. 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 FY2010 on the \$2.1 million 40th Street Project, from Washington to Lincoln. This major road reconstruction project was years in the planning with much citizen input due to controversies over removal of trees and placement of sidewalks. This project benefits from \$797,000 in American Recovery and Reinvestment Act (ARRA) federal stimulus funding.
- > The FY2011 budget includes the first of three years of Michigan Department of Transportation Economic Development Fund (TEDF) grant funding to support eleven road and bridge projects that improve accessibility to the two lithium-ion battery assembly plants described above. A three year construction total of \$11.96 million includes a suite of \$9.3 million in TEDF grant funding and local and MDOT matching funds of \$2.66 million making this one of the largest grants awarded by the Michigan Department of Transportation (MDOT) in recent memory. These grants provide funding for projects that improve accessibility to target industries as a catalyst for economic growth, support private initiatives that create or retain jobs, and encourage economic development and redevelopment efforts that will benefit Michigan citizens.

SIGNIFICANT INITIATIVES, EVENTS AND ACCOMPLISHMENTS

(Continued from Previous Page)

- Electric Utility:
 - > Contracted for an economical source of coal supply from the closed Sappi paper mill in Muskegon.
- Wastewater Utility:
 - > Completed engineering for the new headworks improvement project at the treatment plant.
 - > A \$5.6 million construction contract is underway to provide new screening and grit removal at the wastewater treatment plant. This contract also includes improvements to the piping downstream of the primary clarifiers to relieve hydraulic constraints during high flow events.
- Water Utility:
 - > Installed a new coagulant chemical feed system to save on chemical costs.
- Utility Funds Renewable Energy:
 - > Recently approved a \$500,000 budget for the SWMI Wind Energy project. The project is comprised of approximately 3,000 acres of land in Allegan County and has the potential to become an 80 to 110 MW wind project. The efforts in the first year will include installing two meteorological towers to study the wind regime and preliminary investigations into siting requirements. The potential wind energy site in the Upper Peninsula that was studied in 2009 was determined to have low wind potential.
- Utility Funds Finance, Human Resources and Technology:
 - > Upgraded the fifteen year old phone system to a new Cisco Voice Communication System.
 - > Phased out the eighteen year old fibermux fiber communication system. The entire fiber network is now GigE.
 - > Upgraded customer information and billing system to MS SQL platform to enable further technology advancements.
 - > Implemented on-line bill presentment and paperless billing available to all utility customers.
 - > Implemented credit card payments with a small convenience fee available to residential and small commercial customers.
 - > Installed lighting upgrades, light sensors and snowmelt temperature and activity sensors to reduce energy consumption at the Service Center campus.
 - > Launched the new HBPW website and upgraded to finance system MS Dynamics.
 - > Redesigned water and wastewater rates to bill in accordance with the completed cost of service study.
 - > Implemented Success Factors to administer performance appraisals and track strategic objectives.
 - > In anticipation of implementing several new dynamic rate options to comply with legislation that encourages energy conservation, approval has been granted to purchase a complex meter data management software system. Customers will eventually have access to their utility information hour by hour via the internet as part of this variable billing and smart metering initiative.

SIGNIFICANT INITIATIVES, EVENTS AND ACCOMPLISHMENTS

(Continued from Previous Page)

- Municipal Projects:

- > Construction drawings are almost completed for a new skatepark at Smallenburg Park. The concept focuses on providing an “urban” design and the first phase is estimated at \$280,000. Hope College will be contributing \$250,000 as part of a property exchange agreement which is working its way through the circuit court process.
- > At the close of FY2010 the \$599,000 Windmill Island Bank Erosion and Canal Dredging project was underway. This project will prevent further erosion and sedimentation issues, which were further exasperated by the major June storms in 2008 and 2009, from claiming further damage to buildings located adjacent to the river bank and to retain the sluice gate.
- > The sustainability initiative which began a few years ago is receiving a major \$113,000 boost from a federal Department of Energy LED retrofit grant. The \$145,748 project includes changing every pedestrian light in the downtown area and to convert some fixtures in adjacent residential neighborhoods. Another \$124,000 lighting retrofit project to provide energy upgrades to City facilities will receive Department of Energy grant assistance of \$28,000. Both of these projects in process coincide with the City’s Energy Conservation and Efficiency Plan to establish and promote forward thinking policies regarding the production, distribution and consumption of energy.

- Employee Health Insurance Program:

- > The City recently went out for bids on health insurance for employees and retirees. Kushner and Associates assisted the City in preparing the RFP and evaluating the bids. The City has been a long term client of Blue Cross Blue Shield for almost 65 years, including the time period since 1991 when the City became self-insured and Blue Cross Blue Shield became the Third Party Administrator (TPA) for claims. Based on 454 contracts the total cost for the proposed TPA services and stop-loss coverage from Blue Cross Blue Shield was \$842,424 compared to \$512,004 for Priority Health, or an annual \$330,420 cost savings. Acceptance of the Priority Health bid puts the City just slightly below (by \$29,668) the previously adopted FY2011 budget for health insurance. It should be noted that the benefit plan will remain essentially the same as the former plan.
- > Currently, non-union employees pay 35% of the premium with up to a 20% credit for meeting the Wellness requirements. Effective January 1, 2011 the non-union employee contribution will be increased to 40%. Major upcoming budgetary decisions will be based on the results of proposals to raise police and fire union employee health insurance contributions to be in line with the non-union contribution rate through union negotiations and/or binding arbitration.

- Public Safety:

- > After an eighteen month study the City council adopted a resolution establishing the Department of Public Safety Services reorganizes the separate Police and Fire Departments. This reorganization will reduce the number of full time positions from 100 in June of 2009 to a proposed 88 in FY2011. This includes the consolidation of the management structure and implementation of a twelve hour shift for police officers. A Director of Public Safety position replaces the former Police Chief and Fire Chief. Cost savings from this reorganization were already included when the FY2011 budget was developed.
- > The recently expired Fire union contract is going to binding arbitration due to unsettled negotiations over fringe benefit concessions. If fringe benefit concessions for Police union negotiations for the contract which expires June 30, 2011 are not realized it is possible that staff reductions may result due to budgetary constraints.

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 taxes represent approximately 55% of the General Fund FY2011 budget. Property tax valuations in FY2011 declined by 8.4% from the previous year and property values are estimated to decline by 5% in FY2012. The inflation rate multiplier established by the State for FY2012 is 1.017 or a positive 1.7% change. This multiplier is used in the capped value formula and "Headlee" millage reduction fraction formula.
- > Current State projections actually reflect a \$50,100 (1.9%) positive variance to original budget in State revenue sharing coming to the City in FY2011. State revenue sharing for the upcoming FY2012 budget is likely to decrease because of the poor Michigan economy and further belt tightening anticipated under the new Republican governor . 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.
- > Health insurance rates for FY2011 were budgeted to increase on January 1, 2011 by 10%. The actual rates according to the new Priority Health contract will come in slightly under by \$29,668. Investment earnings for the General Fund came in \$66,000 less than the original adopted FY2010 budget. Initial projections indicate this pattern will be repeated for FY2011 as interest rates continue to plummet. Concerns continue over the decisions that the City Council will be faced with in the coming months concerning City services, potential layoffs or tax increases.
- > Last year at this time work was placed on hold for 22 municipal capital improvements projects pending a clearing picture of the fiscal situation. This year budgeted municipal projects are progressing as planned reflecting a growing optimism in future economic stability.

• Fiscal Services:

- > Capital asset records amounting to approximately \$10.7 million were added to the database for FY2009-10 not including capital assets remaining in CIP or utility funds assets. \$1.9 million in combined state and federal grants were managed and accounted for under 29 separate grant contracts, which does not include \$5.1 million state revenue sharing of sales tax, liquor tax and gas and weight tax.
- > A contract was recently signed with New World Systems of Troy, Michigan for new Financial and Human Resource software. This software will replace the prior legacy software that the City has been using since the turn of the century in 2000. Many efficiencies and new capabilities should be added when the software transition occurs later in 2011. The total software conversion project budget, including hardware and training, is \$341,000. The City will pay for 60% of the cost with the remaining ownership share to be split 20% to the Herrick District Library and 20% to the Macatawa Area Express Transit Authority. The West Michigan Airport Authority will receive an annual contractual billing from the City for the software. Implementation of this new system is anticipated to consume much of the staff time for Fiscal Services, Human Resources, and Technology Services over the coming year.
- > The City Fiscal Services continues on in the capacity of the fiscal agent for the Herrick District Library, the West Michigan Airport Authority, and the Macatawa Area Express Transportation Authority (MAX). In the spring of 2010 Fiscal Services began processing the payroll for approximately 70 additional administrative employees and bus drivers for the MAX when their third party transit management contract was discontinued and this activity was taken over directly by the MAX.
- > On August 11, 2010 \$7.425 million of the 2002 Building Authority bond issue was refunded providing a net present value savings of \$276,915 or 3.739%. The resulting interest rate on the refunding issue with a final maturity date of October 1, 2018 is 2.326% (compared to the maximum previous rate of 4.50%).

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 Profits 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, 2009. 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.

It should also be noted that the City of Holland has been a recipient of the GFOA's Award for Distinguished Budget Presentation annually since the fiscal year ending June 30, 2004.

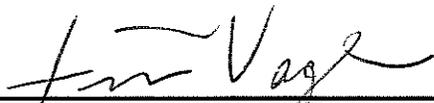
ACKNOWLEDGMENTS

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, 2010

Elected Members of the City Council

Mayor	Kurt Dykstra
Council Member, At Large	Jerome Thomas-Kobes
Council Member, At Large	Nancy DeBoer
Council Member, First Ward	Myron Trethewey
Council Member, Second Ward	Jay Peters
Council Member, Third Ward	Brian Burch
Council Member, Fourth Ward	Robert Vande Vusse
Council Member, Fifth Ward	Todd Whiteman
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, 2009

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

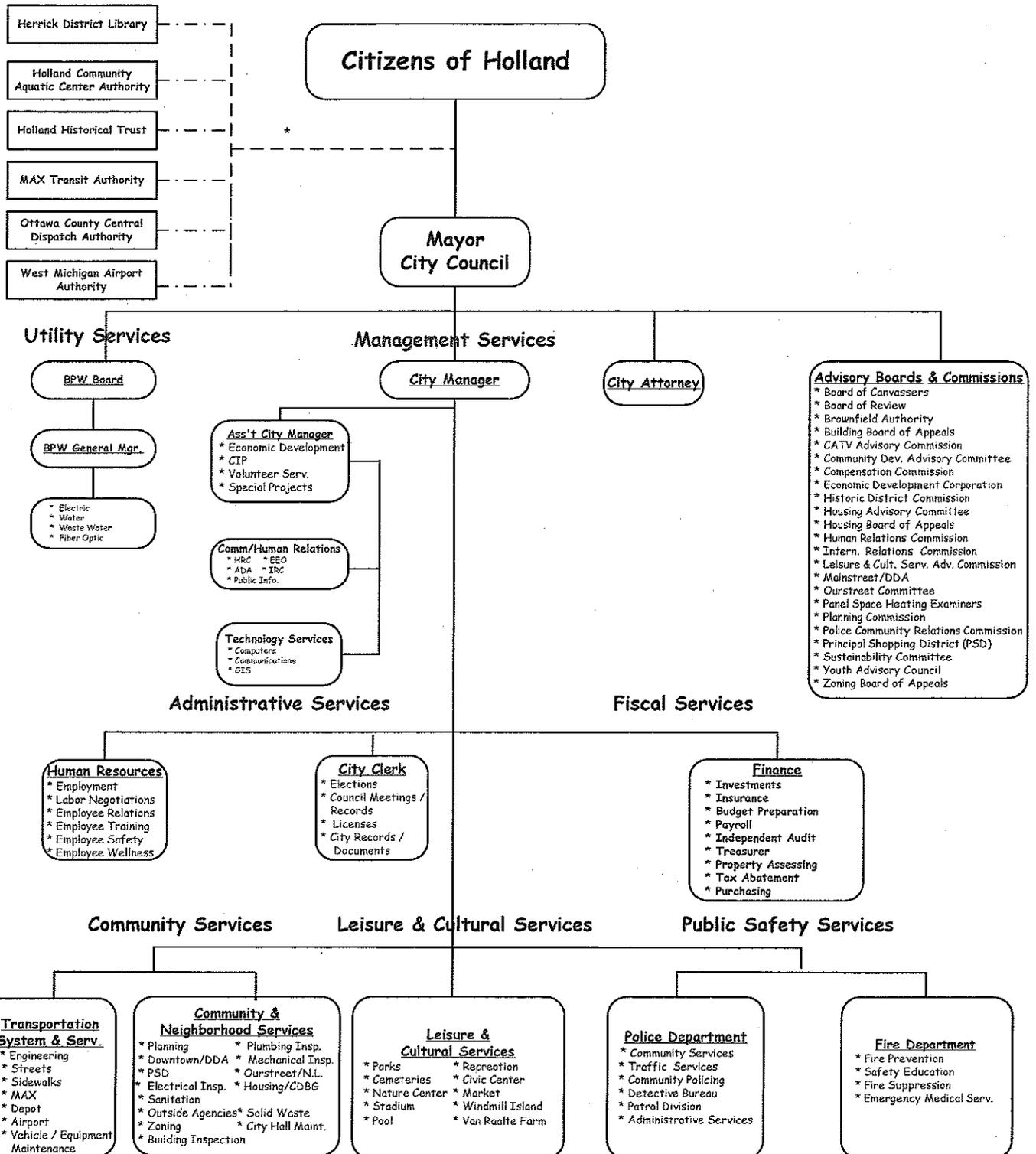


President

Executive Director

City of Holland

Organizational Chart



* The City Council makes appointments to these Districts and Authorities

CITY OF HOLLAND

INDEPENDENT AUDITORS' REPORT

December 16, 2010

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, 2010, 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, 2010, 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 16, 2010, 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 3-14 and the schedules of funding progress and employer contributions on pages 64 and 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 cursive script that reads "Lehmann Lohman".

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, 2010. 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:

- Conclusion of a \$4,469,000 downtown parking deck project on 7th Street.
- Conclusion of the \$2,740,000 Maple Avenue drain and roadway reconstruction project.
- The \$1,088,000 7th Street reconstruction project between River and Lincoln Avenues.
- The \$716,000 Central Avenue, 32nd-40th and Colonial Court roadway reconstruction project.
- A \$2,115,000 multi-year road and sidewalk reconstruction project on 40th Street between Washington and Lincoln with beautification enhancements.
- Resulting from the June 2009 major rainstorm event \$341,000 was expended on the East 25th Street storm drain and road collapse reconstruction project.
- A \$280,000 skateboard park to be located within Smalenburg Park.
- The City's utility funds expended a total of \$7,041,440 in capital purchases and projects.
- Preliminary work on eleven road and bridge projects budgeted at \$11.96 million in the industrial area which will include \$9.3 million in Transportation Economic Development Fund (TEDF) revenues and \$590,000 in Michigan Department of Transportation (MDOT) matching funding.

The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$372,898,308 (net assets). Of this amount, \$135,415,202 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 \$8,110,450.

As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$13,411,801, an increase of \$4,302,178 in comparison with the prior year.

At the end of the current fiscal year, unreserved and undesignated fund balance for the General Fund was \$3,229,998 or 16.3% 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 34 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 Infrastructure Projects Funds, each of which are considered to be major funds. Data from the other 31 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 33-63 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 \$372,898,308 at the close of the most recent fiscal year.

City of Holland's Net Assets

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Assets						
Current and other assets	\$ 28,627,908	\$ 25,023,567	\$ 140,830,975	\$ 131,143,476	\$ 169,458,883	\$ 156,167,043
Capital assets, net	121,854,137	120,970,915	144,912,112	149,796,493	266,766,249	270,767,408
Total assets	150,482,045	145,994,482	285,743,087	280,939,969	436,225,132	426,934,451
Liabilities						
Long-term liabilities	34,787,578	30,838,381	19,925,631	21,406,932	54,713,209	52,245,313
Other liabilities	2,928,498	2,736,321	5,685,117	7,164,959	8,613,615	9,901,280
Total liabilities	37,716,076	33,574,702	25,610,748	28,571,891	63,326,824	62,146,593
Net assets						
Invested in capital assets, net of related debt	91,848,117	96,236,210	125,755,686	129,330,134	217,603,803	225,566,344
Restricted	8,273,750	4,739,586	11,605,553	11,591,211	19,879,303	16,330,797
Unrestricted	12,644,102	11,443,984	122,771,100	111,446,733	135,415,202	122,890,717
Total net assets	\$ 112,765,969	\$ 112,419,780	\$ 260,132,339	\$ 252,368,078	\$ 372,898,308	\$ 364,787,858

The largest portion of the City of Holland net assets (58.4%) 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 (5.53%) represents resources that are subject to external restrictions on how they may be used. The remaining (36.3%) balance (\$135,415,202) 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 \$8,110,450 during the current fiscal year. This growth is due primarily to capital grants received from the state and federal governments (approximately \$1.45 million), \$5.5 million in bond proceeds for street and bridge projects and the excess of operating revenues over expenses.

Governmental activities

Governmental activities increased the City of Holland's net assets by \$346,189 due in most part to the \$669,396 increase in the ending General Fund balance. Key elements of capital grants are as follows.

Capital grants from several sources resulted in total capital grant revenue for governmental type funds of \$906,356. This is made up primarily of a \$474,280 7th Street Reconstruction project grant, a \$276,976 40th Street reconstruction project grant, a \$18,180 Window-on-the Waterfront Boardwalk project grant, a \$23,901 Columbia at 7th/9th traffic signal grant, and \$113,019 in various Police Equipment grants.

Business-type activities

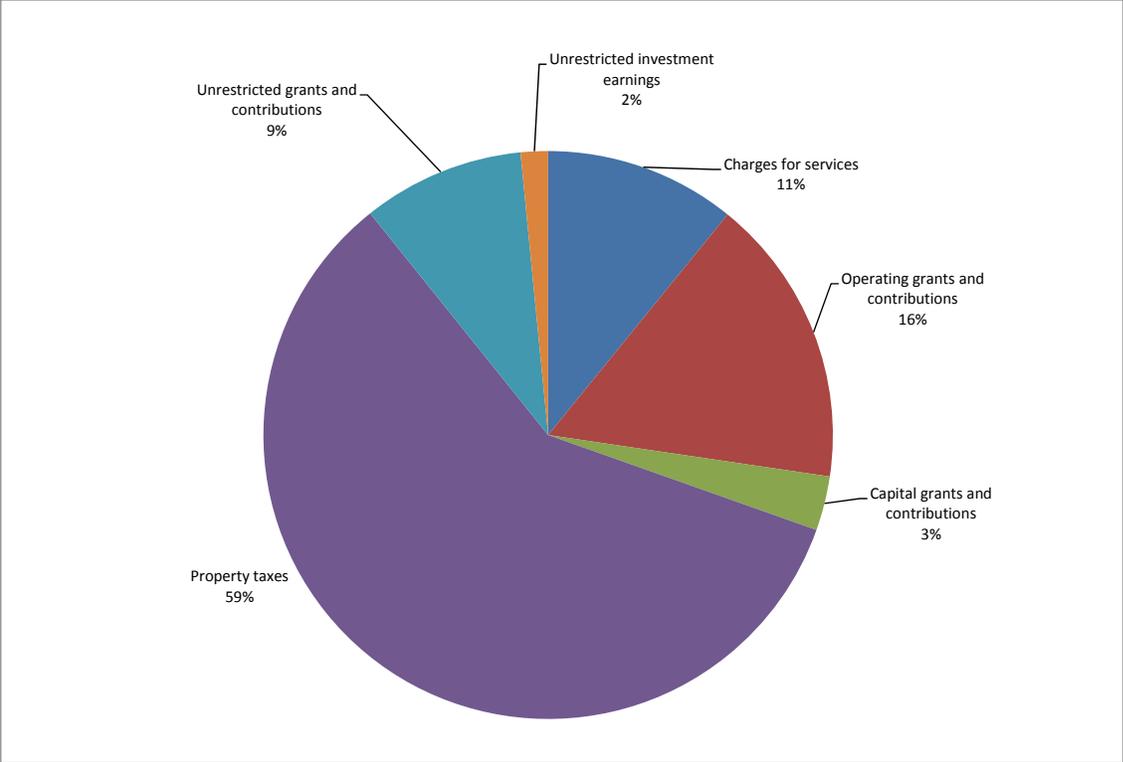
Business-type activities increased the City of Holland's net assets by \$7,764,261. Key elements of this increase are as follows.

\$544,493 in capital grants and contributions were received by the enterprise funds. This was all related to wastewater and water utility fund capital contributions.

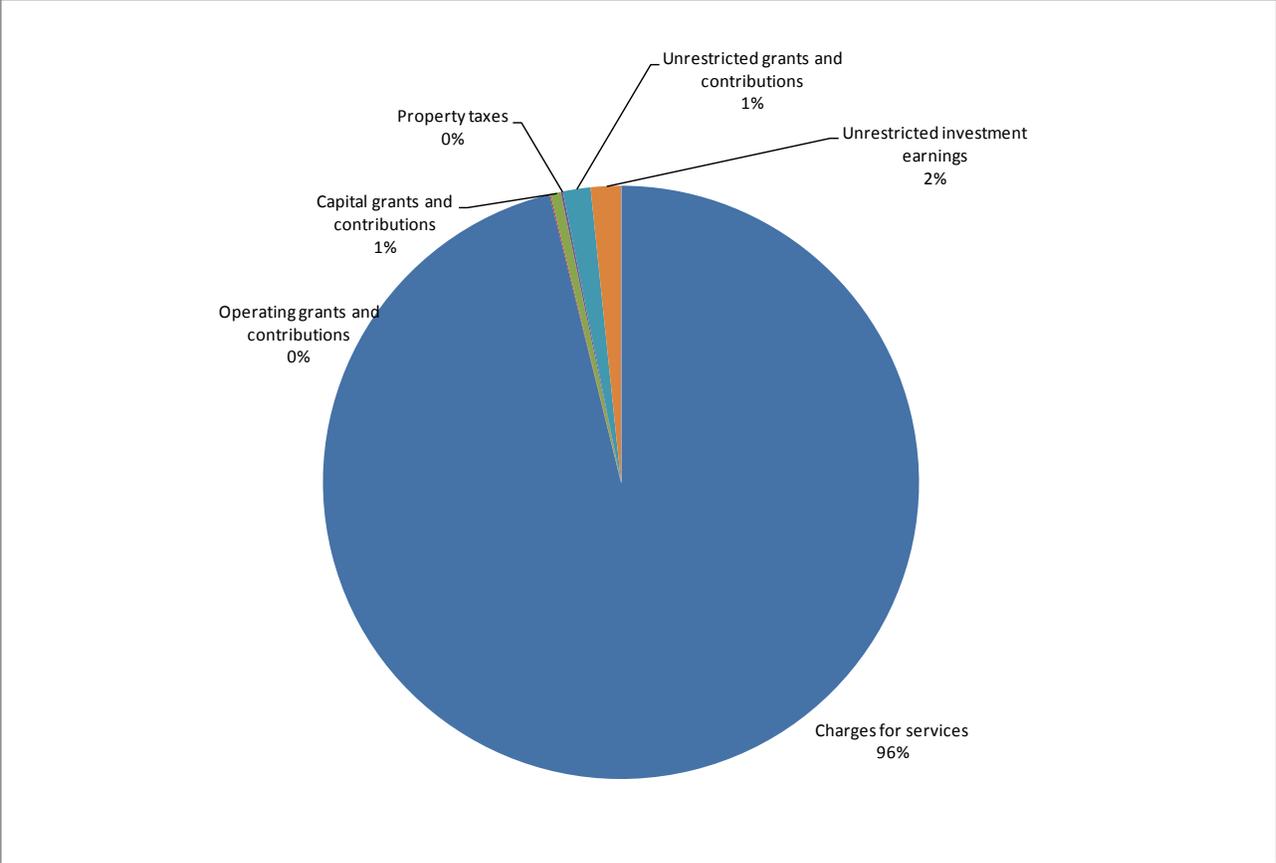
City of Holland's Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues						
Program revenues:						
Charges for services	\$ 3,185,332	\$ 5,316,809	\$ 94,785,192	\$ 90,259,900	\$ 97,970,524	\$ 95,576,709
Operating grants and contributions	4,833,063	4,807,025	59,954	89,035	4,893,017	4,896,060
Capital grants and contributions	906,356	2,534,159	544,493	1,670,442	1,450,849	4,204,601
General revenues:						
Property taxes	17,251,755	17,089,338	118,962	117,952	17,370,717	17,207,290
Intergovernmental	2,698,103	3,041,193	-	-	2,698,103	3,041,193
Unrestricted investment earnings	455,666	635,831	1,608,802	2,296,887	2,064,468	2,932,718
Total revenues	29,330,275	33,424,355	97,117,403	94,434,216	126,447,678	127,858,571
Expenses						
General government	4,486,867	7,087,290	-	-	4,486,867	7,087,290
Public safety	12,220,723	12,845,443	-	-	12,220,723	12,845,443
Public works	7,966,875	9,420,191	-	-	7,966,875	9,420,191
Welfare and social services	1,473,119	1,495,708	-	-	1,473,119	1,495,708
Culture and recreation	5,293,696	6,048,286	-	-	5,293,696	6,048,286
Interest on long-term debt	1,143,337	1,253,379	-	-	1,143,337	1,253,379
Electric utility	-	-	68,510,184	67,823,832	68,510,184	67,823,832
Wastewater utility	-	-	7,926,053	8,185,044	7,926,053	8,185,044
Water utility	-	-	6,020,005	6,181,007	6,020,005	6,181,007
Other enterprise activities	-	-	3,296,369	3,409,153	3,296,369	3,409,153
Total expenses	32,584,617	38,150,297	85,752,611	85,599,036	118,337,228	123,749,333
Change in net assets before transfers	(3,254,342)	(4,725,942)	11,364,792	8,835,180	8,110,450	4,109,238
Transfers	3,600,531	3,788,433	(3,600,531)	(3,788,433)	-	-
Change in net assets before special item	346,189	(937,509)	7,764,261	5,046,747	8,110,450	4,109,238
Special item:						
Transfer of assets to outside authorities	-	-	-	(419,258)	-	(419,258)
Change in net assets	346,189	(937,509)	7,764,261	4,627,489	8,110,450	3,689,980
Net assets, beginning of year	112,419,780	113,357,289	252,368,078	247,740,589	364,787,858	361,097,878
Net assets, end of year	\$ 112,765,969	\$ 112,419,780	\$ 260,132,339	\$ 252,368,078	\$ 372,898,308	\$ 364,787,858

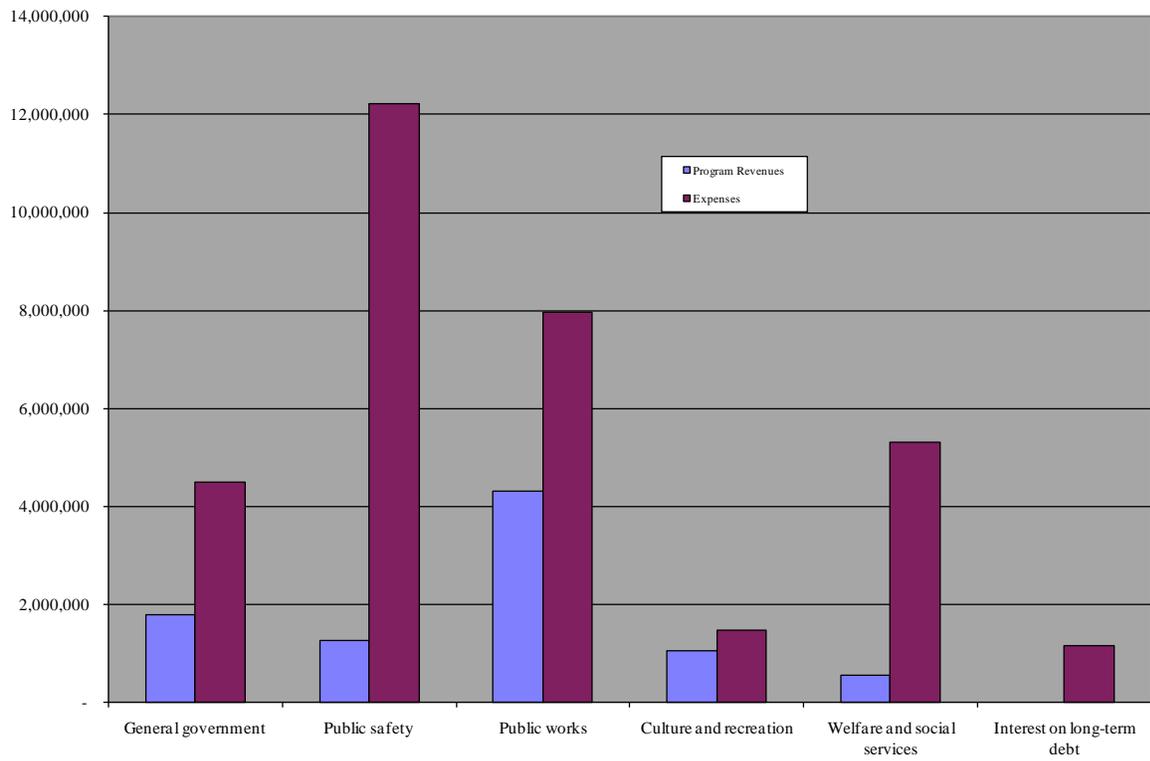
Revenues by Source - Governmental Activities



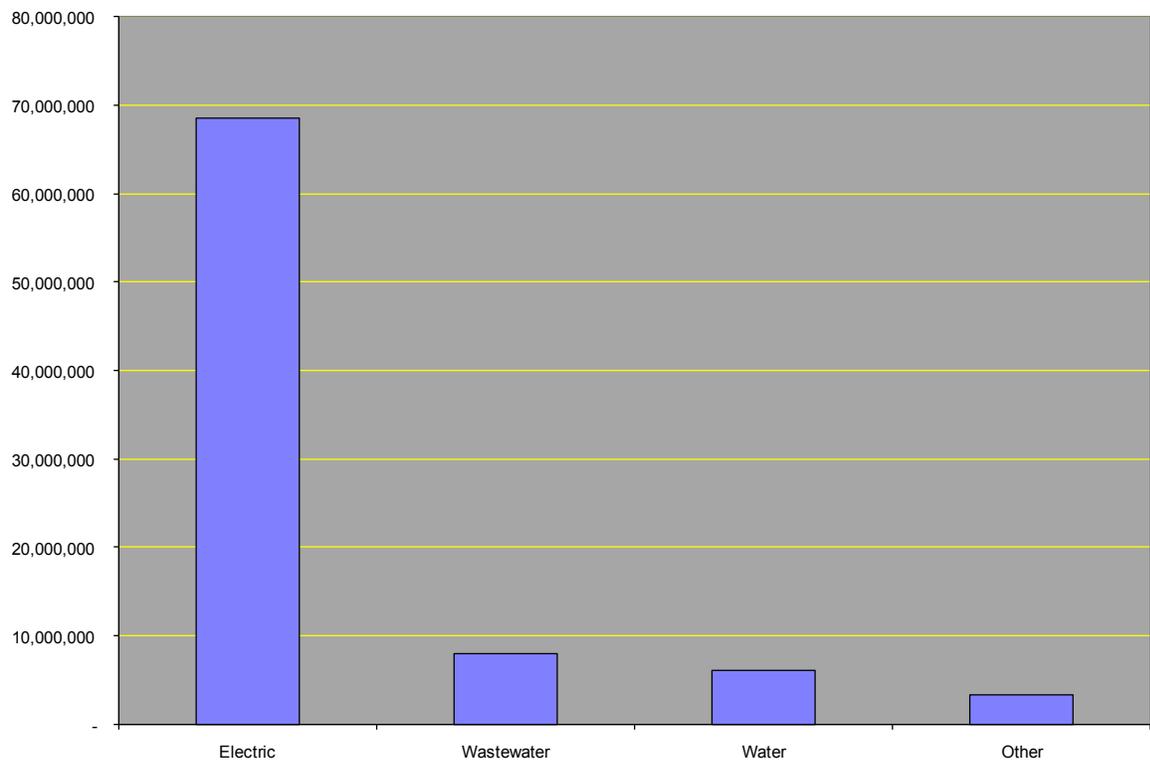
Revenues by Source – Business-type Activities



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 an increase in fund balance of \$4,302,178. The increase is primarily the result of \$3.168 million of the unexpended portion of bond proceeds for street capital projects. The increase also related in part to the General Fund ending fund balance being \$669,396 higher than the previous fiscal year.

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 \$7.5 million increase in net assets of which \$4 million was budgeted and planned. The remaining increase is due to elevated sales units combined with lower purchased power expenses. The Nonmajor enterprise funds reported a decline of \$865,757 in net assets.

General Fund Budgetary Highlights

The original revenue budget was \$17,676,662 and as amended was \$16,956,740 which represents a decrease of \$719,922. The original expenditure budget was \$20,570,575 and as amended was \$19,829,417 which represents a decrease of \$741,158.

There were significant differences between the original budget and the amended budget on both the revenue and expenditure projections. Investment income projections were decreased due to the unfavorable interest rate environment. State revenue sharing estimates were reduced significantly. On the revenue side, variances were favorable by \$105,315 due to higher state revenue sharing receipts and investment earnings higher than projected. On the expenditure side, including transfers out, variances were favorable by \$519,318. Expenditures in virtually every department were decreased due to much belt tightening and reductions to fringe benefit costs due to higher employee cost sharing. As staff positions became vacant most were left unfilled.

The required transfer out to the Windmill Island Fund was \$39,506 lower than the amended budget due to higher than anticipated admissions revenues at the island. Investment earnings exceeded the amended budget by \$41,994 mainly due to fiscal year end market value write-up. Actual state shared revenues came in higher by \$50,832 compared to the amended budget.

Overall, the amended budgeted expenditures were \$741,158 lower than the original budgets. Actual expenditures came in \$1,210,593 less than the original budget and \$469,435 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. Hiring freezes were in effect.

Capital Asset and Debt Administration

The City governmental activities invested approximately \$13 million in additional infrastructure, buildings and equipment during the year to service city residents and visitors.

City of Holland's Capital Assets (net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land	\$ 15,476,051	\$ 15,468,107	\$ 13,221,888	\$ 13,188,123	\$ 28,697,939	\$ 28,656,230
Construction in progress	1,379,786	6,029,067	1,742,155	3,860,228	3,121,941	9,889,295
Buildings, equipment and infrastructure, net	104,998,300	99,473,741	129,948,069	132,748,142	234,946,369	232,221,883
Total	\$ 121,854,137	\$ 120,970,915	\$ 144,912,112	\$ 149,796,493	\$ 266,766,249	\$ 270,767,408

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 \$5,500,000 in Capital Improvement Bonds and \$320,000 in special assessment debt during the year ended June 30, 2010.

City of Holland's Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Bonds	\$ 32,992,650	\$ 28,968,111	\$ 19,554,500	\$ 20,948,500	\$ 52,547,150	\$ 49,916,611
Unamortized premium (discount) on bonds payable	32,988	34,472	(112,716)	(124,860)	(79,728)	(90,388)
Unamortized refunding costs	(249,118)	(269,878)	(285,358)	(357,281)	(534,476)	(627,159)
Other debt	389,500	402,000	-	16,000	389,500	418,000
Total	\$ 33,166,020	\$ 29,134,705	\$ 19,156,426	\$ 20,482,359	\$ 52,322,446	\$ 49,617,064

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 \$121,415,479.

Additional information on the City of Holland long-term debt can be found in note 8 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 18th Street Reconstruction Project, the 40th Street Reconstruction Project, a continued road resurfacing program, a 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 16.0%, in tandem with the national economic downturn, which is an increase of 74% from 2008. The total labor force has declined by 3.6% from 2008, and has declined by 4.2% overall from the recent high point in 2006.

Fiscal year 2011 experienced an 8.44% decline in tax valuation base. It is anticipated that the City may experience as much as an additional 5% reduction in the overall tax base for upcoming fiscal year 2012. 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 was raised by 0.3 mills up to 14.25 mills for the ensuing fiscal year 2011 (fiscal year ended June 30, 2011). The General Fund budget for fiscal year 2011 projects a \$154,504 drop in fund balance to arrive at an end of year projected fund balance of \$3,080,503 or 15.3% of fiscal year 2011 budgeted expenditures. Decreases in investment income, due to declining earnings rates, coupled with potential state revenue sharing reductions may lower further the projected fund balance for fiscal year 2011 in the General Fund. The City feels fairly confident that the expenditures should not significantly exceed the target budget.

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, MICHIGAN

STATEMENT OF NET ASSETS

JUNE 30, 2010

	PRIMARY GOVERNMENT			COMPONENT UNITS		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	DOWNTOWN DEVELOPMENT AUTHORITY	HOLLAND HISTORICAL TRUST	BROWNFIELD REDEVELOPMENT AUTHORITY
Assets						
Cash and pooled investments	\$ 20,811,484	\$ 57,920,909	\$ 78,732,393	\$ 160,357	\$ 291,176	\$ 38,899
Investments	-	48,695,164	48,695,164	-	448,761	-
Receivables, net	6,494,423	12,349,155	18,843,578	37	200,800	-
Internal balances	(94,419)	94,419	-	-	-	-
Inventory	72,857	7,152,662	7,225,519	-	5,355	-
Prepaid items and other assets	35,660	856,232	891,892	200	2,279	-
Restricted assets:						
Cash and pooled investments	-	6,720,321	6,720,321	-	-	-
Investments	-	7,031,416	7,031,416	-	-	-
Accrued interest	-	10,697	10,697	-	-	-
Unamortized bond issuance costs	296,382	-	296,382	-	-	-
Net pension asset	1,011,521	-	1,011,521	-	-	-
Capital assets:						
Land	15,476,051	13,221,888	28,697,939	-	50,000	-
Construction in progress	1,379,786	1,742,155	3,121,941	-	434,405	-
Being depreciated, net of depreciation	104,998,300	129,948,069	234,946,369	126,804	1,763,972	-
Total assets	150,482,045	285,743,087	436,225,132	287,398	3,196,748	38,899
Liabilities						
Payables	2,091,409	4,893,759	6,985,168	5,716	52,818	-
Unearned revenue	91,498	203,553	295,051	-	13,357	-
Deposits	297,315	54,875	352,190	-	-	-
Accrued interest payable from restricted assets	-	344,600	344,600	-	-	-
Landfill closure and postclosure cost	-	327,450	327,450	-	-	-
Accrued compensated absences:						
Due within one year	975,000	441,755	1,416,755	-	-	-
Due in more than one year	646,558	-	646,558	-	-	-
Bonds and loans payable:						
Due within one year from restricted assets	-	796,152	796,152	-	-	-
Due within one year	1,962,687	567,269	2,529,956	-	-	-
Due in more than one year	31,203,333	17,793,005	48,996,338	-	-	-
Net other postemployment benefit obligation	448,276	188,330	636,606	-	-	-
Total liabilities	37,716,076	25,610,748	63,326,824	5,716	66,175	-
Net assets						
Invested in capital assets, net of related debt	91,848,117	125,755,686	217,603,803	126,804	2,248,377	-
Restricted:						
Nonexpendable:						
Cemetery endowment corpus	1,441,142	-	1,441,142	-	-	-
Expendable for:						
Cemetery maintenance	52,068	-	52,068	-	-	-
Street construction and maintenance	4,479,256	-	4,479,256	-	-	-
Debt service	565,888	-	565,888	-	-	-
Capital projects and by agreement	1,735,396	11,605,553	13,340,949	-	500,743	-
Unrestricted	12,644,102	122,771,100	135,415,202	154,878	381,453	38,899
Total net assets	\$ 112,765,969	\$ 260,132,339	\$ 372,898,308	\$ 281,682	\$ 3,130,573	\$ 38,899

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

CITY OF HOLLAND, MICHIGAN
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010

Functions / Programs	PROGRAM REVENUES				NET (EXPENSE) REVENUE
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	
Primary government					
Governmental activities:					
General government	\$ 4,486,867	\$ 1,271,066	\$ 511,912	\$ -	\$ (2,703,889)
Public safety	12,220,723	811,487	337,439	113,019	(10,958,778)
Public works	7,966,875	406,105	3,122,714	775,157	(3,662,899)
Welfare and social services	1,473,119	201,600	838,573	-	(432,946)
Culture and recreation	5,293,696	495,074	22,425	18,180	(4,758,017)
Interest on long-term debt	1,143,337	-	-	-	(1,143,337)
Total governmental activities	32,584,617	3,185,332	4,833,063	906,356	(23,659,866)
Business-type activities:					
Electric utility	68,510,184	78,536,430	-	-	10,026,246
Wastewater utility	7,926,053	7,874,856	-	128,990	77,793
Water utility	6,020,005	6,331,397	-	415,503	726,895
Other enterprise activities	3,296,369	2,042,509	59,954	-	(1,193,906)
Total business-type activities	85,752,611	94,785,192	59,954	544,493	9,637,028
Total primary government	\$ 118,337,228	\$ 97,970,524	\$ 4,893,017	\$ 1,450,849	\$ (14,022,838)
Component units:					
Downtown Development Authority	\$ 228,285	\$ 1,550	\$ -	\$ -	\$ (226,735)
Holland Historical Trust	930,984	145,634	474,489	202,701	(108,160)
Brownfield Redevelopment Authority	865,024	-	-	-	(865,024)
Total component units	\$ 2,024,293	\$ 147,184	\$ 474,489	\$ 202,701	\$ (1,199,919)

(Continued)

CITY OF HOLLAND, MICHIGAN
STATEMENT OF ACTIVITIES (CONCLUDED)
FOR THE YEAR ENDED JUNE 30, 2010

	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	\$ (23,659,866)	\$ 9,637,028	\$ (14,022,838)	\$ (226,735)	\$ (108,160)	\$ (865,024)
General revenues:						
Property taxes	17,251,755	118,962	17,370,717	197,278	-	886,024
State shared revenues	2,698,103	-	2,698,103	-	-	-
Investment earnings - unrestricted	455,666	1,608,802	2,064,468	6,129	-	6,159
Transfers - internal activities	3,600,531	(3,600,531)	-	-	-	-
Total general revenues and transfers	24,006,055	(1,872,767)	22,133,288	203,407	-	892,183
Change in net assets	346,189	7,764,261	8,110,450	(23,328)	(108,160)	27,159
Net assets, beginning of year	112,419,780	252,368,078	364,787,858	305,010	3,238,733	11,740
Net assets, end of year	\$ 112,765,969	\$ 260,132,339	\$ 372,898,308	\$ 281,682	\$ 3,130,573	\$ 38,899

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

CITY OF HOLLAND, MICHIGAN

BALANCE SHEET
GOVERNMENTAL FUNDS

JUNE 30, 2010

	GENERAL FUND	BUILDING AUTHORITY DEBT SERVICE FUND	INFRASTRUCTURE PROJECTS	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>ASSETS</u>					
Cash and pooled investments	\$ 3,580,592	\$ 12,443	\$ 459,231	\$ 9,209,840	\$ 13,262,106
Receivables:					
Accounts	168,291	-	-	438,655	606,946
Taxes and special assessments	8,231	-	1,777	1,106,537	1,116,545
Interest	170,755	-	-	-	170,755
Leases	-	3,181,881	-	-	3,181,881
Due from other governmental units	458,432	-	-	691,047	1,149,479
Due from other funds	8,868	-	406,808	1,047,676	1,463,352
Prepaid items	5,010	-	-	300	5,310
Total assets	\$ 4,400,179	\$ 3,194,324	\$ 867,816	\$ 12,494,055	\$ 20,956,374
<u>LIABILITIES AND FUND BALANCES</u>					
LIABILITIES:					
Accounts payable	\$ 412,037	\$ -	\$ 258,706	\$ 181,746	\$ 852,489
Accrued payroll and benefits	372,402	-	4,844	38,553	415,799
Due to other governmental units	-	-	-	18,123	18,123
Due to other funds	83,417	-	353,610	1,147,766	1,584,793
Deposits	297,315	-	-	-	297,315
Deferred revenue	-	3,181,881	1,777	1,192,396	4,376,054
Total liabilities	1,165,171	3,181,881	618,937	2,578,584	7,544,573
FUND BALANCES:					
Reserved for:					
Prepaid items	5,010	-	-	300	5,310
Permanent fund corpus	-	-	-	1,441,142	1,441,142
Permanent fund expendable	-	-	-	52,068	52,068
Unreserved, undesignated reported in:					
General fund	3,229,998	-	-	-	3,229,998
Special revenue funds	-	-	-	6,587,493	6,587,493
Debt service funds	-	12,443	-	792,198	804,641
Capital projects funds	-	-	248,879	1,042,270	1,291,149
Total fund balances	3,235,008	12,443	248,879	9,915,471	13,411,801
Total liabilities and fund balances	\$ 4,400,179	\$ 3,194,324	\$ 867,816	\$ 12,494,055	\$ 20,956,374

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, 2010

Fund balances - total governmental funds	\$	13,411,801
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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	117,311,257
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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	10,321,803
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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	1,011,521
Add - deferred revenue on lease from library	3,181,881
Add - deferred revenue from special assessments	1,106,254

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	249,118
Add - unamortized bond issuance costs	296,382
Deduct - bonds payable	(33,382,150)
Deduct - unamortized premium on bonds payable	(32,988)
Deduct - accrued interest on bonds payable	(260,634)
Deduct - other postemployment benefit obligation	(448,276)

Net assets of governmental activities	\$	112,765,969
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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
GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2010

	GENERAL FUND	BUILDING AUTHORITY DEBT SERVICE FUND	INFRASTRUCTURE PROJECTS	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:					
Special assessments	\$ -	\$ -	\$ 254	\$ 695,367	\$ 695,621
Property taxes	12,033,489	-	59,401	5,158,865	17,251,755
Licenses and permits	378,613	-	-	-	378,613
Intergovernmental	2,759,618	-	775,157	4,148,206	7,682,981
Charges for services	1,158,376	-	-	249,878	1,408,254
Fines and fees	184,769	-	-	310,762	495,531
Contributions from private sector	-	-	4,818	381,899	386,717
Interest and rents	534,195	580,010	5,527	174,953	1,294,685
Miscellaneous	12,995	-	-	247,590	260,585
Total revenues	17,062,055	580,010	845,157	11,367,520	29,854,742
EXPENDITURES:					
Current:					
General government	3,340,763	-	-	367,390	3,708,153
Public safety	10,631,676	-	-	463,551	11,095,227
Public works	1,292,396	-	-	2,557,935	3,850,331
Welfare and social services	654,180	-	-	797,143	1,451,323
Culture and recreation	3,365,685	-	-	1,757,306	5,122,991
Other	75,282	-	-	-	75,282
Debt service:					
Principal retirement	-	1,535,000	-	272,961	1,807,961
Interest and fiscal charges	-	935,000	-	246,812	1,181,812
Bond issuance costs	-	-	-	62,973	62,973
Capital outlay	-	-	5,045,981	924,242	5,970,223
Total expenditures	19,359,982	2,470,000	5,045,981	7,450,313	34,326,276
Excess (deficiency) of revenue over (under) expenditures	(2,297,927)	(1,889,990)	(4,200,824)	3,917,207	(4,471,534)
OTHER FINANCING SOURCES (USES):					
Issuance of bonds	-	-	320,000	5,500,000	5,820,000
Transfers in	3,383,271	1,890,555	3,899,568	2,230,008	11,403,402
Transfers out	(415,948)	-	(9,736)	(8,024,006)	(8,449,690)
Total other financing sources (uses)	2,967,323	1,890,555	4,209,832	(293,998)	8,773,712
NET CHANGE IN FUND BALANCES	669,396	565	9,008	3,623,209	4,302,178
FUND BALANCES - Beginning of year	2,565,612	11,878	239,871	6,292,262	9,109,623
FUND BALANCES - End of year	\$ 3,235,008	\$ 12,443	\$ 248,879	\$ 9,915,471	\$ 13,411,801

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, 2010

Net change in fund balances - total governmental funds \$ 4,302,178

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	5,379,667
Deduct - depreciation expense	(4,330,780)
Deduct - net book value of disposed capital assets	(95,077)

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	1,807,961
Add - amortization of premium on long-term debt	1,484
Add - issuance costs related to long-term debt	62,973
Deduct - issuance of long-term debt	(5,820,000)
Deduct - amortization of deferred refunding costs	(20,760)
Deduct - amortization of bond issuance costs	(14,447)

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.

Add - gain from governmental activities in internal service funds	129,118
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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.

Deduct - current year change in special assessments deferred revenue	(381,471)
Deduct - decrease in net pension asset	(20,430)
Deduct - library lease payment	(437,175)
Deduct - increase in accrued interest on bonds payable	(5,221)
Deduct - current year change in other postemployment benefit obligations	(211,831)

Change in net assets of governmental activities	\$ 346,189
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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, 2010

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Property taxes	\$ 11,962,490	\$ 12,026,477	\$ 12,033,489	\$ 7,012
Licenses and permits	401,800	392,030	378,613	(13,417)
Intergovernmental	3,245,200	2,709,025	2,759,618	50,593
Charges for services	1,237,230	1,145,793	1,158,376	12,583
Fines and fees	228,000	179,500	184,769	5,269
Interest and rents	591,601	492,201	534,195	41,994
Miscellaneous	10,341	11,714	12,995	1,281
Total revenues	17,676,662	16,956,740	17,062,055	105,315
EXPENDITURES:				
Current:				
General government	3,571,132	3,443,201	3,340,763	(102,438)
Public safety	11,138,829	10,773,447	10,631,676	(141,771)
Public works	1,417,946	1,391,393	1,292,396	(98,997)
Welfare and social services	688,929	679,188	654,180	(25,008)
Culture and recreation	3,577,239	3,461,188	3,365,685	(95,503)
Other	176,500	81,000	75,282	(5,718)
Total expenditures	20,570,575	19,829,417	19,359,982	(469,435)
Deficiency of revenues under expenditures	(2,893,913)	(2,872,677)	(2,297,927)	574,750
OTHER FINANCING SOURCES (USES):				
Transfers in	3,385,400	3,375,400	3,383,271	7,871
Transfers out	(505,247)	(465,831)	(415,948)	49,883
Total other financing sources (uses)	2,880,153	2,909,569	2,967,323	57,754
NET CHANGE IN FUND BALANCES	(13,760)	36,892	669,396	632,504
FUND BALANCES - Beginning of year	2,565,612	2,565,612	2,565,612	-
FUND BALANCES- End of year	\$ 2,551,852	\$ 2,602,504	\$ 3,235,008	\$ 632,504

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, 2010

BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS

ASSETS	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			
	ELECTRIC UTILITY	WASTEWATER UTILITY	WATER UTILITY	OTHER ENTERPRISE FUNDS
CURRENT ASSETS:				
Cash and pooled investments	\$ 46,424,444	\$ 8,192,286	\$ 3,041,283	\$ 262,896
Investments	41,618,659	6,071,505	1,005,000	-
Receivables:				
Accounts	9,643,967	1,238,918	893,608	192,678
Taxes and special assessments	-	115,417	92,849	72
Interest	140,388	28,730	2,528	-
Due from other funds	185,077	36,680	148,530	184,041
Inventories	6,924,425	45,908	182,329	-
Prepaid items	851,817	-	4,415	-
Total current assets	105,788,777	15,729,444	5,370,542	639,687
NONCURRENT ASSETS:				
Restricted assets:				
Cash and pooled investments	-	3,361,977	3,358,344	-
Investments	5,023,761	2,007,655	-	-
Accrued interest	-	10,697	-	-
Total restricted assets	5,023,761	5,380,329	3,358,344	-
Capital assets:				
Land	4,810,124	260,673	1,798,732	6,352,359
Construction in progress	921,319	366,666	428,335	25,835
Machinery and equipment	213,626,532	67,808,341	52,817,508	18,569,556
Accumulated depreciation	(156,149,693)	(37,376,453)	(19,335,470)	(10,012,252)
Total capital assets	63,208,282	31,059,227	35,709,105	14,935,498
Total noncurrent assets	68,232,043	36,439,556	39,067,449	14,935,498
Total assets	174,020,820	52,169,000	44,437,991	15,575,185

LIABILITIES

CURRENT LIABILITIES:				
Accounts payable	3,542,535	368,459	222,500	132,335
Claims payable	-	-	-	-
Accrued payroll and benefits	281,262	165,801	143,443	18,206
Accrued interest payable	-	9,901	-	-
Due to other governmental units	-	-	-	9,317
Accrued interest payable from restricted assets	-	-	344,600	-
Due to other funds	31,283	245,416	175,661	7,549
Deposits	-	-	-	54,875
Unearned revenue	203,553	-	-	-
Accrued compensated absences - current	263,356	92,880	69,460	16,059
Bonds and lease purchases payable - current	-	567,269	-	-
Bonds payable from restricted assets - current	-	-	796,152	-
Total current liabilities	4,321,989	1,449,726	1,751,816	238,341
NONCURRENT LIABILITIES:				
Landfill closure and postclosure cost	327,450	-	-	-
Accrued compensated absences	-	-	-	-
Bonds payable and lease purchases payable	-	1,887,307	15,905,698	-
Net other postemployment benefit obligation	109,231	43,316	35,783	-
Total noncurrent liabilities	436,681	1,930,623	15,941,481	-
Total liabilities	4,758,670	3,380,349	17,693,297	238,341

NET ASSETS

Invested in capital assets, net of related debt	63,208,282	28,604,651	19,007,255	14,935,498
Restricted for capital projects and by agreement	5,023,761	3,223,448	3,358,344	-
Unrestricted	101,030,107	16,960,552	4,379,095	401,346
Total net assets	\$ 169,262,150	\$ 48,788,651	\$ 26,744,694	\$ 15,336,844

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

TOTAL ENTERPRISE FUNDS	GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS
\$ 57,920,909	\$ 7,549,378
48,695,164	-
11,969,171	268,817
208,338	-
171,646	-
554,328	31,383
7,152,662	72,857
856,232	30,350
<u>127,528,450</u>	<u>7,952,785</u>
6,720,321	-
7,031,416	-
10,697	-
<u>13,762,434</u>	<u>-</u>
13,221,888	-
1,742,155	23,801
352,821,937	10,256,173
(222,873,868)	(5,737,094)
<u>144,912,112</u>	<u>4,542,880</u>
<u>158,674,546</u>	<u>4,542,880</u>
<u>286,202,996</u>	<u>12,495,665</u>
4,265,829	134,044
-	386,823
608,712	23,497
9,901	-
9,317	-
344,600	-
459,909	4,361
54,875	-
203,553	3,579
441,755	975,000
567,269	-
796,152	-
<u>7,761,872</u>	<u>1,527,304</u>
327,450	-
-	646,558
17,793,005	-
188,330	-
<u>18,308,785</u>	<u>646,558</u>
<u>26,070,657</u>	<u>2,173,862</u>
125,755,686	4,542,880
11,605,553	-
122,771,100	5,778,923
<u>\$ 260,132,339</u>	<u>\$ 10,321,803</u>

CITY OF HOLLAND, MICHIGAN

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

FOR THE YEAR ENDED JUNE 30, 2010

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			
	ELECTRIC UTILITY	WASTEWATER UTILITY	WATER UTILITY	OTHER ENTERPRISE FUNDS
OPERATING REVENUES:				
Usage fees and charges for services	\$ 78,536,430	\$ 7,874,856	\$ 6,331,397	\$ 1,631,576
Premiums	-	-	-	-
Admissions and fares	-	-	-	315,500
Rentals	-	-	-	95,433
Miscellaneous	-	-	-	-
Total operating revenues	78,536,430	7,874,856	6,331,397	2,042,509
OPERATING EXPENSES:				
Personal services	5,693,540	1,636,462	1,287,484	741,310
Other current expenses	54,802,410	4,435,359	2,664,918	1,569,251
Depreciation	8,028,247	1,624,317	1,325,696	919,018
Total operating expenses	68,524,197	7,696,138	5,278,098	3,229,579
OPERATING INCOME (LOSS)	10,012,233	178,718	1,053,299	(1,187,070)
NONOPERATING REVENUES (EXPENSES):				
Property taxes	-	-	-	118,962
Federal and/or state grants	-	34,456	-	59,884
Federal awards passed-through to the Macatawa Area Express Transportation Authority	-	-	-	(59,884)
Investment earnings	1,239,123	290,506	68,655	10,518
Interest expense	(23)	(172,932)	(742,037)	(1,520)
Insurance recovery	-	-	-	-
Gain (loss) on disposal of capital assets	14,036	(56,983)	130	(5,386)
Total nonoperating revenues (expenses)	1,253,136	95,047	(673,252)	122,574
INCOME (LOSS) - Before transfers, contributions and special item	11,265,369	273,765	380,047	(1,064,496)
TRANSFERS AND CONTRIBUTIONS:				
Capital contributions	-	94,534	415,503	-
Other private donations	-	-	-	70
Transfers in	-	-	-	198,669
Transfers out	(3,799,200)	-	-	-
Net transfers and contributions	(3,799,200)	94,534	415,503	198,739
CHANGE IN NET ASSETS	7,466,169	368,299	795,550	(865,757)
NET ASSETS - Beginning of year	161,795,981	48,420,352	25,949,144	16,202,601
NET ASSETS - End of year	\$ 169,262,150	\$ 48,788,651	\$ 26,744,694	\$ 15,336,844

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

		GOVERNMENTAL ACTIVITIES	
TOTAL ENTERPRISE FUNDS		INTERNAL SERVICE FUNDS	
\$	94,374,259	\$	1,742,849
	-		5,181,535
	315,500		-
	95,433		1,643,734
	-		411,194
	<u>94,785,192</u>		<u>8,979,312</u>
	9,358,796		1,020,800
	63,471,938		8,151,225
	<u>11,897,278</u>		<u>651,239</u>
	84,728,012		9,823,264
	<u>10,057,180</u>		<u>(843,952)</u>
	118,962		-
	94,340		-
	(59,884)		-
	1,608,802		133,918
	(916,512)		-
	-		160,261
	<u>(48,203)</u>		<u>32,072</u>
	797,505		326,251
	<u>10,854,685</u>		<u>(517,701)</u>
	510,037		-
	70		-
	198,669		695,551
	<u>(3,799,200)</u>		<u>(48,732)</u>
	<u>(3,090,424)</u>		<u>646,819</u>
	7,764,261		129,118
	<u>252,368,078</u>		<u>10,192,685</u>
\$	<u>260,132,339</u>	\$	<u>10,321,803</u>

CITY OF HOLLAND, MICHIGAN

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2010

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			
	ELECTRIC UTILITY	WASTEWATER UTILITY	WATER UTILITY	OTHER ENTERPRISE FUNDS
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers and users	\$ 76,929,297	\$ 7,722,158	\$ 6,239,524	\$ 2,014,475
Receipts from internal services provided	-	-	-	-
Payments to suppliers	(53,822,533)	(4,133,696)	(2,584,497)	(1,578,256)
Payments to employees	(5,659,836)	(1,613,235)	(1,259,500)	(743,862)
Net cash provided by (used in) operating activities	17,446,928	1,975,227	2,395,527	(307,643)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Property taxes	-	-	-	118,911
Private donations	-	-	-	70
Intragovernmental receipts	-	-	-	205,528
Intragovernmental payments	(3,799,200)	-	-	(85,615)
Net cash provided by (used in) noncapital financing activities	(3,799,200)	-	-	238,894
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Federal and/or state grants	-	34,456	-	63,966
Federal awards passed-through to the Macatawa Area Express Transportation Authority	-	-	-	(59,884)
Principal paid on long-term debt	-	(574,000)	(820,000)	(16,000)
Interest paid on long-term debt	(23)	(143,783)	(701,501)	(1,520)
Capital contributions	-	41,770	19,252	-
Proceeds from sales of capital assets	558,568	237	378	-
Purchase of capital assets	(3,431,113)	(1,910,078)	(1,700,249)	(129,827)
Net cash used in capital and related financing activities	(2,872,568)	(2,551,398)	(3,202,120)	(143,265)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Proceeds from sales of investments	43,811,641	15,052,888	1,503,480	-
Purchase of investments	(46,642,420)	(8,079,160)	(1,005,000)	-
Investment earnings	1,326,490	342,445	77,164	10,518
Net cash provided by (used in) investing activities	(1,504,289)	7,316,173	575,644	10,518
NET INCREASE (DECREASE) IN CASH AND POOLED INVESTMENTS	9,270,871	6,740,002	(230,949)	(201,496)
CASH AND POOLED INVESTMENTS -				
Beginning of year	37,153,573	4,814,261	6,630,576	464,392
CASH AND POOLED INVESTMENTS - End of year	\$ 46,424,444	\$ 11,554,263	\$ 6,399,627	\$ 262,896
STATEMENT OF NET ASSETS CLASSIFICATIONS OF CASH AND POOLED INVESTMENTS:				
Current assets	\$ 46,424,444	\$ 8,192,286	\$ 3,041,283	\$ 262,896
Restricted assets	-	3,361,977	3,358,344	-
TOTAL STATEMENT OF NET ASSETS CLASSIFICATION	\$ 46,424,444	\$ 11,554,263	\$ 6,399,627	\$ 262,896

TOTAL ENTERPRISE FUNDS		GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS
\$ 92,905,454	\$ -	
-	9,011,985	
(62,118,982)	(7,952,555)	
(9,276,433)	(1,101,157)	
<u>21,510,039</u>	<u>(41,727)</u>	
118,911	-	
70	-	
205,528	695,551	
(3,884,815)	(48,732)	
<u>(3,560,306)</u>	<u>646,819</u>	
98,422	-	
(59,884)	-	
(1,410,000)	-	
(846,827)	-	
61,022	-	
559,183	48,500	
(7,171,267)	(597,079)	
<u>(8,769,351)</u>	<u>(548,579)</u>	
60,368,009	-	
(55,726,580)	-	
1,756,617	133,918	
<u>6,398,046</u>	<u>133,918</u>	
15,578,428	190,431	
<u>49,062,802</u>	<u>7,358,947</u>	
<u>\$ 64,641,230</u>	<u>\$ 7,549,378</u>	
\$ 57,920,909	\$ 7,549,378	
6,720,321	-	
<u>\$ 64,641,230</u>	<u>\$ 7,549,378</u>	

(Continued)

CITY OF HOLLAND, MICHIGAN
STATEMENT OF CASH FLOWS (CONCLUDED)
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

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)	\$ 10,012,233	\$ 178,718	\$ 1,053,299	\$ (1,187,070)
Adjustment to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	8,028,247	1,624,317	1,325,696	919,018
Changes in operating assets and liabilities which provided (used) cash:				
Accounts receivable	(1,655,340)	(187,367)	(56,344)	(20,096)
Due from other funds	35,496	34,669	(35,529)	-
Inventories	3,771,067	(1,712)	3,440	-
Prepaid items	(739,502)	45	(949)	1,090
Accounts payable	(1,913,518)	84,844	60,008	(10,095)
Claims payable	-	-	-	-
Accrued payroll and benefits	33,704	23,227	27,984	(3,343)
Due to other funds	(179,367)	196,925	1,910	-
Unearned revenue	12,711	-	-	(7,938)
Accrued compensated absences	-	-	-	791
Net other postemployment benefits obligation	41,197	21,561	16,012	-
Net cash provided by (used in) operating activities	\$ 17,446,928	\$ 1,975,227	\$ 2,395,527	\$ (307,643)
Noncash investing, capital and financing activities				
Noncash capital contributions	\$ -	\$ 52,764	\$ 396,251	\$ -

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

BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS	GOVERNMENTAL ACTIVITIES
<u>TOTAL</u>	INTERNAL SERVICE FUNDS
\$ 10,057,180	\$ (843,952)
11,897,278	651,239
(1,919,147)	(19,294)
34,636	62,013
3,772,795	(75)
(739,316)	82,085
(1,778,761)	4,975
-	111,123
81,572	2,323
19,468	(13,625)
4,773	3,579
791	(82,118)
<u>78,770</u>	<u>-</u>
<u>\$ 21,510,039</u>	<u>\$ (41,727)</u>
<u>\$ 449,015</u>	<u>\$ -</u>

CITY OF HOLLAND, MICHIGAN

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS

JUNE 30, 2010

<u>ASSETS</u>			
Cash and pooled investments		\$	91,053
Accounts receivable			440
<hr/>			
Total assets		\$	91,493
<hr/>			
<u>LIABILITIES</u>			
Accounts payable		\$	33,763
Due to other governmental units			40,578
Other liabilities and deposits			17,152
<hr/>			
Total liabilities		\$	91,493
<hr/>			

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

CITY OF HOLLAND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2010

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 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. Holland Historical 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 Holland Historical Trust may be obtained at the 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, 2010

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 a 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, 2010

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 *Infrastructure Projects Fund* accounts for the financial resources designated for the acquisition or construction of infrastructure projects, 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, 2010

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 property tax collections, various other delinquent taxes, flexible spending funds and employee withholdings held on behalf of outside parties, including other governmental units in a purely custodial capacity.

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, 2010

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, 2010

- 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, 2010

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.

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, 2010

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:

	<u>Years</u>
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, 2010

	Unearned	Unavailable	Total
Governmental activities			
Governmental funds:			
Long-term lease receivable	\$ -	\$ 3,181,881	\$ 3,181,881
Special assessments receivable:			
Special assessment debt	-	808,482	808,482
Infrastructure projects	-	1,777	1,777
Miscellaneous governmental functions	-	295,995	295,995
Grant drawdowns in excess of amounts expended:			
Culture and community improvement	86,819	-	86,819
Municipal facilities and land improvement projects	1,100	-	1,100
Total governmental funds	87,919	\$ 4,288,135	\$ 4,379,633
Internal service fund:			
Retirees premiums	3,579		
Total governmental activities	\$ 91,498		

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, 2008 was \$1,214,154,790, 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:

	Millage Rate Used	Authorized Millage Rate By Either State Law or City Charter	
General Operating	9.5000		
Street Development and Improvement	1.0000		
Sidewalk Development and Improvement	0.0500		
Municipal Capital Projects	.4079		
Debt Service General Obligation	1.6379		
	12.5958	16.1346	(1)
		17.5000	(City Charter)
Library Support/Debt Service	1.2542	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, 2010

- (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, and 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 purposes of the City. 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 2010, a total transfer of \$3,799,200 was made. A \$3,195,396 transfer was made to the General Fund and a \$603,804 transfer was made to the Municipal Facilities and Land Improvements Project Fund.

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, or one quarter, respectively, of total accumulated sick leave hours in excess of 720 hours for the year ended June 30, 2010.

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, 2010

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, 2010, 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>
Snowmelt Operating System Fund:			
Public works	\$ 175,168	\$ 182,542	\$ 7,374
Contested Assessment Defense Fund:			
General government	35,500	38,536	3,036
Bicentennial Celebration Fund:			
Transfers out	8,433	8,473	40
Cemetery Perpetual Care Fund:			
Transfers out	107,087	114,962	7,875

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, 2010

3. DEPOSITS AND INVESTMENTS

The City's reporting entity deposits and investments as of June 30, 2010 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	\$ 20,811,484	\$ 57,920,909	\$ 490,432	\$ 91,053	\$ 79,313,878
Investments	-	48,695,164	448,761	-	49,143,925
Restricted assets:					
Cash and pooled investments	-	6,720,321	-	-	6,720,321
Investments	-	7,031,416	-	-	7,031,416
	<u>\$ 20,811,484</u>	<u>\$ 120,367,810</u>	<u>\$ 939,193</u>	<u>\$ 91,053</u>	<u>\$ 142,209,540</u>

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

Petty cash	\$ 10,753
Deposits (checking/savings accounts)	8,071,805
Certificate of deposit (due within one year)	6,648,243
Certificate of deposit (due within one to five years)	5,300,000
Investments	<u>122,178,739</u>
	<u>\$142,209,540</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:

Investment	Balance	Interest Rate	Maturity Date	Rating	Callable
City of Holland					
FHLB	\$ 1,007,810	3.125%	06/10/2016	S&P AAA	Continuous beginning 12/10/2010
FNMA	2,037,500	2.000-4.000%	04/20/2015	S&P AAA	Once only call 04/20/2012
FHLB	1,557,660	3.750%	09/09/2011	S&P AAA	Non-Callable
US Treasury Note	994,136	1.125%	06/30/2011	S&P AAA	Non-Callable
Genesee County DTAN	1,247,148	3.500%	04/01/2011	S&P – 1+	Non-Callable
Wayne County DTAN	2,022,520	6.500%	06/01/2011	S&P – 1	Non-Callable
Miscellaneous	<u>5,618</u>	Various	N/A	Various	N/A
Total City of Holland	<u>\$ 8,872,392</u>				

CITY OF HOLLAND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2010

Investment	Balance	Interest Rate	Maturity Date	Rating	Callable
Holland Board of Public Works					
FFCB	\$ 1,999,000	1.340%	12/17/2012	S&P AAA	09/17/2010
FHLB	1,005,968	3.050%	09/17/2010	S&P AAA	Non-Callable
FHLB	1,006,563	3.070%	09/24/2010	S&P AAA	Non-Callable
FHLB	1,002,610	1.200%	10/07/2010	S&P AAA	Non-Callable
FHLB	2,002,048	2.000%	07/27/2012	S&P AAA	07/27/2010
FHLB	2,002,500	1.700%	02/10/2012	S&P AAA	08/10/2010
FHLB	1,004,676	2.000%	12/19/2012	S&P AAA	11/19/2010
FHLB	1,001,396	1.800%	08/16/2012	S&P AAA	08/16/2010
FHLB	2,002,148	1.500%	08/10/2012	S&P AAA	08/10/2010
FHLB	2,002,982	1.600%	11/26/2012	S&P AAA	11/26/2010
FHLB	2,012,352	1.500%	12/24/2012	S&P AAA	03/24/2011
FHLB	2,018,338	1.650%	01/15/2013	S&P AAA	04/15/2011
FHLB	2,015,938	1.500%	10/19/2012	S&P AAA	04/19/2011
FHLB	2,014,218	1.625%	02/20/2013	S&P AAA	05/20/2011
Michigan Municipal Bond Authority	545,821	4.950%	11/01/2011	S&P AAA	Non-Callable
FHLB	2,004,380	1.100%	06/08/2012	S&P AAA	12/08/2010
FHLB	2,003,120	1.375%	08/24/2012	S&P AAA	08/24/2010
FFCB	250,235	3.230%	07/14/2014	S&P AAA	07/14/2010
FHLB	506,720	2.000%	07/29/2016	S&P AAA	07/29/2011
FHLB	252,110	3.000%	11/12/2015	S&P AAA	11/12/2010
FFCB	2,001,260	1.800%	01/22/2013	S&P AAA	07/22/2010
FFCB	2,003,120	3.400%	12/17/2012	S&P AAA	09/17/2010
FFCB	2,013,760	1.570%	11/23/2012	S&P AAA	02/23/2011
FHLB	2,009,380	1.580%	11/26/2012	S&P AAA	08/26/2010
FHLB	2,010,620	1.625%	01/07/2013	S&P AAA	01/07/2011
FHLB	2,015,620	1.550%	01/15/2013	S&P AAA	04/15/2011
FHLB	2,001,880	1.625%	10/29/2012	S&P AAA	07/29/2010
FHLB	2,003,120	1.500%	12/10/2012	S&P AAA	09/10/2010
FHLB	1,000,000	1.250%	06/25/2012	S&P AAA	06/25/2010
MPPA Trust Pool	5,023,761	N/A	Various	S&P AAA	N/A
Repurchase agreements	62,121,942	N/A	N/A	Unrated	N/A
Total Holland Board of Public Works	<u>\$ 112,857,586</u>				
Holland Historical Trust					
Bond Mutual Funds	\$ 144,154	N/A	N/A	Various	N/A
Equity Mutual Funds	291,460	N/A	N/A	N/A	N/A
Other Mutual Funds	7,754	N/A	N/A	N/A	N/A
Holland/Zeeland Area Community Foundation	5,393	N/A	N/A	Unrated	N/A
Total Holland Historical Trust	<u>\$ 448,761</u>				
Total	<u>\$ 122,178,739</u>				

FNMA – Federal National Mortgage Association

CITY OF HOLLAND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2010

FHLB – Federal Home Loan Bank

FFCB – Federal Farm Credit Bank

FHLMC – Federal Home Loan Mortgage Corporation

MMBA – Michigan Municipal Bond Authority

DTAN – Delinquent Tax Anticipation Note

MPPA – Michigan Public Power Agency

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, \$11,913,345 of the bank balance of \$21,070,284 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 \$122,178,739 of investments held at year-end, the City has a custodial credit risk exposure of \$54,578,657 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 Foundation 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, 2010

4. RECEIVABLES, NET

Receivables are comprised of the following at year-end:

	Governmental Activities	Business-type Activities	Downtown Development Authority	Holland Historical Trust
Accounts	\$ 875,763	\$ 11,969,171	\$ -	\$ -
Taxes and special assessments	1,116,545	208,338	37	-
Interest	170,755	171,646	-	-
Leases	3,181,881	-	-	-
Pledges receivable	-	-	-	200,800
Due from other governmental units	1,149,479	-	-	-
	<u>\$ 6,494,423</u>	<u>\$ 12,349,155</u>	<u>\$ 37</u>	<u>\$ 200,800</u>

Of the amounts reported for receivables above, leases receivable in the amount of \$2,715,000 and special assessments receivable in the amount of \$916,582 are not expected to be collected within one year.

5. CAPITAL ASSETS

	Beginning Balance	Increases	Decreases	Ending Balance
Primary government				
Governmental activities				
Capital assets, not being depreciated:				
Land	\$ 15,468,107	\$ 7,944	\$ -	\$ 15,476,051
Construction in progress	6,029,067	5,341,321	9,990,602	1,379,786
Total capital assets, not being depreciated	<u>21,497,174</u>	<u>5,349,265</u>	<u>9,990,602</u>	<u>16,855,837</u>
Capital assets, being depreciated:				
Land improvements	18,400,182	1,457,341	-	19,857,523
Buildings	32,916,174	3,881,640	739	36,797,075
Machinery and equipment	7,767,078	274,636	68,285	7,973,429
Vehicles	6,531,009	405,453	151,401	6,785,061
Infrastructure	84,885,690	4,599,011	470,219	89,014,482
Total capital assets, being depreciated	<u>150,500,133</u>	<u>10,618,081</u>	<u>690,644</u>	<u>160,427,570</u>

CITY OF HOLLAND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2010

Primary government (continued)	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities (continued)				
Less accumulated depreciation for:				
Land improvements	\$ 7,383,348	\$ 876,863	\$ -	\$ 8,260,211
Buildings	8,966,586	998,216	231	9,964,571
Machinery and equipment	4,131,290	445,050	61,459	4,514,881
Vehicles	3,315,870	454,141	134,405	3,635,606
Infrastructure	27,229,298	2,207,749	383,046	29,054,001
Total accumulated depreciation	<u>51,026,392</u>	<u>4,982,019</u>	<u>579,141</u>	<u>55,429,270</u>
Net capital assets, being depreciated	<u>99,473,741</u>	<u>5,636,062</u>	<u>111,503</u>	<u>104,998,300</u>
Net governmental activities capital assets	<u>\$ 120,970,915</u>	<u>\$ 10,985,327</u>	<u>\$ 10,102,105</u>	<u>\$121,854,137</u>
Business-type activities				
Capital assets, not being depreciated:				
Land	\$ 13,188,123	\$ 33,763	\$ -	\$ 13,221,888
Construction in progress	3,860,228	4,476,221	6,594,294	1,742,155
Total capital assets, not being depreciated	<u>17,048,351</u>	<u>4,509,986</u>	<u>6,594,294</u>	<u>14,964,043</u>
Capital assets, being depreciated:				
Land improvements	13,662,431	-	-	13,662,431
Buildings	3,534,480	48,401	-	3,582,881
Machinery and equipment	327,262,623	8,862,646	2,961,845	333,163,424
Office Equipment/ Furniture	35,757	-	-	35,757
Vehicles	2,284,350	261,952	168,858	2,377,444
Total capital assets, being depreciated	<u>346,779,641</u>	<u>9,172,999</u>	<u>3,130,703</u>	<u>352,821,937</u>
Less accumulated depreciation for:				
Land improvements	6,750,396	668,578	-	7,418,974
Buildings	2,030,741	107,874	-	2,138,615
Machinery and equipment	203,266,029	10,998,646	2,886,054	211,378,621
Office Equipment/ Furniture	34,352	583	-	34,935
Vehicles	1,949,981	121,597	168,855	1,902,723
Total accumulated depreciation	<u>214,031,499</u>	<u>11,897,278</u>	<u>3,054,909</u>	<u>222,873,868</u>
Net capital assets, being depreciated	<u>132,748,142</u>	<u>(2,724,279)</u>	<u>75,794</u>	<u>129,948,069</u>
Net business-type activities capital assets	<u>\$ 149,796,493</u>	<u>\$ 1,785,707</u>	<u>\$ 6,670,088</u>	<u>\$144,912,112</u>

CITY OF HOLLAND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2010

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

Governmental activities:	
General government	\$ 235,796
Public safety	548,830
Public works	2,661,910
Culture and recreation	884,034
Welfare and social services	210
Internal service funds	<u>651,239</u>
Total depreciation expense - governmental activities	<u>\$ 4,982,019</u>

Business-type activities:	
Electric utility	\$ 8,028,247
Wastewater utility	1,624,317
Water utility	1,325,696
Refuse and recycling pickup	61,559
Windmill island	61,467
Depot operations	55,229
Airport facilities and management system	729,001
Public transit facilities and management system	<u>11,762</u>
Total depreciation expense - business type activities	<u>\$ 11,897,278</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	\$ 213,308	\$ 19,225	\$ -	\$ 232,533
Less accumulated depreciation for:				
Land improvements	<u>94,759</u>	<u>10,970</u>	<u>-</u>	<u>105,729</u>
Net capital assets	<u>\$ 118,549</u>	<u>\$ 8,255</u>	<u>\$ -</u>	<u>\$ 126,804</u>

CITY OF HOLLAND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2010

	<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	431,340	87,400	84,335	434,405
	<u>481,340</u>	<u>87,400</u>	<u>84,335</u>	<u>484,405</u>
Capital assets, being depreciated				
Buildings and improvements	2,436,093	123,721	-	2,559,814
Land improvements	20,617	-	-	20,617
Furniture and equipment	148,147	3,473	-	151,620
	<u>2,604,857</u>	<u>127,194</u>	<u>-</u>	<u>2,732,051</u>
Total capital assets, being depreciated				
Less accumulated depreciation for:				
Buildings and improvements	687,306	141,336	-	828,357
Land improvements	13,667	1,347	-	15,014
Furniture and equipment	118,715	5,943	-	124,708
	<u>819,688</u>	<u>148,391</u>	<u>-</u>	<u>968,079</u>
Total accumulated depreciation				
Net capital assets, being depreciated	<u>1,785,169</u>	<u>(21,197)</u>	<u>-</u>	<u>1,763,972</u>
Total capital assets	<u>\$ 2,266,509</u>	<u>\$ 66,203</u>	<u>\$ 84,335</u>	<u>\$ 2,248,377</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	\$ 986,533	\$ 4,265,829	\$ 2,853	\$ 36,331
Accrued payroll and benefits	439,296	608,712	2,863	16,487
Claims payable	386,823	-	-	-
Accrued interest payable	260,634	9,901	-	-
Due to other governmental units	18,123	9,317	-	-
	<u>\$ 2,091,409</u>	<u>\$ 4,893,759</u>	<u>\$ 5,716</u>	<u>\$ 52,818</u>

CITY OF HOLLAND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2010

7. COMPONENT UNIT LINE OF CREDIT

The Holland Historical 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, 2010). The line expires on January 25, 2011. There were no outstanding borrowings on the line as of June 30, 2010. As a condition of granting the credit line, Holland Historical Trust pledges to maintain deposit accounts with the creditor bank.

8. LONG-TERM DEBT

Long-term debt at June 30, 2010 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					
\$19,500,000 2002 Police and Transportation Facilities 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%.	\$ 9,780,000	\$ -	\$ 715,000	\$ 9,065,000	\$ 790,000
\$380,000 1997A Utility Improvement Bonds, due in annual installments of \$15,000 to \$30,000 through 2011; interest at 4.80% to 7.00%.	50,000	-	25,000	25,000	25,000
\$425,000 1998 Special Assessment Bonds due in annual installments of \$20,000 to \$45,000, through 2012; interest at 4.00% to 5.05%.	75,000	-	25,000	50,000	25,000
\$350,000 2000 Special Assessment Bonds due in annual installments of \$25,000 through 2014; interest at 5.80% to 5.85%.	125,000	-	25,000	100,000	25,000

CITY OF HOLLAND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2010

	<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%.	\$ 728,111	\$ -	\$ 70,461	\$ 657,650	\$ 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%.	410,000	-	60,000	350,000	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 4.35%.	3,595,000	-	435,000	3,160,000	445,000
\$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 4.35%.	2,910,000	-	355,000	2,555,000	370,000
\$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%.	50,000	-	12,500	37,500	12,500
\$7,255,000 2006 Building Authority Refunding Bonds, (partially refunding of the 2002 Police and Transportation Facilities Improvement Bonds) due in annual installments of \$25,000 to \$1,880,000 through 2022; interest rates of 3.50% to 4.00%.	7,175,000	-	30,000	7,145,000	30,000

CITY OF HOLLAND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2010

	<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%.	\$ 120,000	\$ -	\$ 10,000	\$ 110,000	\$ 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	-	45,000	3,955,000	55,000
\$5,500,000 2010 Capital Improvement Bonds, due in annual installments of \$520,000 to \$715,000 through 2019; interest rates of 1.25% to 3.20%	-	5,500,000	-	5,500,000	-
\$170,000 2010 Drain Improvements, due in annual installments of \$34,000 through 2015; interest at 4.38%.	-	170,000	-	170,000	34,000
\$150,000 2010 Drain Improvements, due in annual installments of \$30,000 through 2015; interest at 4.38%.	-	150,000	-	150,000	30,000
Total installment debt	29,370,111	5,820,000	1,807,961	33,382,150	1,981,963
Premium on bonds payable	34,472	-	1,484	32,988	1,484
Unamortized deferred refunding costs	(269,878)	-	(20,760)	(249,118)	(20,760)
Accrued compensated absences	1,703,676	893,017	975,135	1,621,558	975,000
Total Governmental Activities	\$ 30,838,381	\$ 6,713,017	\$ 2,763,820	\$ 34,787,578	\$ 2,937,687
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%.	\$ 3,153,500	\$ -	\$ 574,000	\$ 2,579,500	\$ 598,500
\$7,635,000 2005A Water Supply Revenue Refunding Bonds, due in annual installments of \$635,000 to \$915,000 through 2018; interest at 3.00% to 4.00%.	7,000,000	-	665,000	6,335,000	685,000
\$11,200,000 2005B Water Supply Refunding Bonds, due in annual installments of \$155,000 to \$1,525,000 through 2025; interest at 3.00% to 5.00%.	10,795,000	-	155,000	10,640,000	160,000

CITY OF HOLLAND
NOTES TO FINANCIAL STATEMENTS
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	<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, paid in full during fiscal Year 2010	\$ 16,000	\$ -	\$ 16,000	\$ -	\$ -
Total installment debt	20,964,500	-	1,410,000	19,554,500	1,443,500
Discount on bonds payable	(124,860)	-	(12,444)	(112,716)	(11,825)
Unamortized deferred refunding costs	(357,281)	-	(71,923)	(285,358)	(68,254)
Accrued compensated absences	597,123	525,444	680,812	441,755	441,755
Total Business-type Activities Long-Term Debt	<u>\$ 21,079,482</u>	<u>\$ 525,444</u>	<u>\$ 2,006,745</u>	<u>\$ 19,598,181</u>	<u>\$ 1,805,176</u>

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 \$10,206 held in trust at June 30, 2010. 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. There was no change in the liability during the current year.

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, 2010

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, 2010, the City has cash and investments of \$662,056 available in Debt Service Funds for repayment of these bonds. In addition, there is \$1,106,254 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, 2010, 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>
2011	\$ 1,981,963	\$ 1,221,091	\$ 1,443,500	\$ 795,137
2012	2,948,963	1,177,642	1,505,000	741,669
2013	2,741,963	1,084,105	1,563,000	683,760
2014	2,849,463	983,397	1,628,000	621,518
2015	2,997,950	874,544	975,000	554,738
2016-2020	13,216,848	2,683,663	5,495,000	2,154,740
2021-2025	4,515,000	747,950	6,945,000	855,043
2026-2030	1,265,000	385,610	-	-
2031-2034	865,000	85,325	-	-
Total	\$ 33,382,150	\$ 9,243,327	\$ 19,554,500	\$ 6,406,605

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, 2010</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, 2010

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, 2010, in conjunction with prior year refunded debt, \$6,805,000 of outstanding bonds payable is considered defeased.

9. JOINT VENTURES

The City of Holland Board of Public Works (the "Board") 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 Board 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 Board has entered into Power Sales Contracts and Projects Support Contracts. These contracts provide for the Board 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 Board to purchase approximately 38 and 10 megawatts of power, respectively, in 1995 and thereafter.

For the year ended June 30, 2010, the Board recognized expenses totaling \$12,429,560 under the terms of the contract which represented \$3,187,955 for fixed operating costs, \$5,220,463 for debt service and \$4,021,143 for the purchase of power. Accounts payable to MPPA totaled \$755,487 at June 30, 2010. 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, 2010

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

Year	Belle River		Campbell		Total
	Debt Service	Fixed Operating	Debt Service	Fixed Operating	
2011	\$ 4,306,019	\$ 2,613,881	\$ 919,622	\$ 669,712	\$ 8,509,234
2012	4,306,001	2,692,298	922,180	689,803	8,610,282
2013	4,305,460	2,773,067	923,442	710,498	8,712,467
2014	4,305,960	2,856,259	909,075	731,813	8,803,107
2015	4,305,533	2,941,946	869,550	753,767	8,870,796
2016-2018	12,916,953	9,366,060	830,025	776,380	23,889,418
	\$ 34,445,926	\$ 23,243,511	\$5,373,894	\$ 4,331,973	\$ 67,395,304

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 Board'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 Board 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, 2010 were:

	Due From Other Funds								Total
	General Fund	Infrastructure Projects Fund	Nonmajor Governmental Funds	Electric Utility	Wastewater Utility	Water Utility	Nonmajor Enterprise Funds	Internal Service Funds	
Due to other funds:									
General Fund	\$ -	\$ -	\$ -	\$ 41,709	\$ 8,258	\$ 33,450	\$ -	\$ -	\$ 83,417
Infrastructure Projects Fund	-	-	206,789	73,411	14,535	58,875	-	-	353,610
Nonmajor Governmental Funds	-	-	829,979	66,806	13,263	53,677	184,041	-	1,147,766
Electric Utility	612	28,069	437	-	-	-	-	2,165	31,283
Wastewater Utility	4,815	220,897	2,663	-	-	-	-	17,041	245,416
Water Utility	3,441	157,842	2,201	-	-	-	-	12,177	175,661
Nonmajor Enterprise Funds	-	-	5,607	971	192	779	-	-	7,549
Internal Service Funds	-	-	-	2,180	432	1,749	-	-	4,361
	\$ 8,868	\$ 406,808	\$ 1,047,676	\$ 185,077	\$ 36,680	\$ 148,530	\$ 184,041	\$ 31,383	\$ 2,049,063

CITY OF HOLLAND
NOTES TO FINANCIAL STATEMENTS
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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						Total
	General	Building Authority Debt	Infrastructure	Nonmajor Governmental	Nonmajor Enterprise	Internal Service	
	Fund	Service Fund	Projects Fund	Funds	Fund	Funds	
Transfers out:							
General Fund	\$ -	\$ -	\$ -	\$ 190,425	\$ 150,523	\$ 75,000	\$ 415,948
Infrastructure Projects Fund	-	-	-	9,736	-	-	9,736
Nonmajor Governmental Funds	187,875	1,890,555	3,899,568	1,377,311	48,146	620,551	8,024,006
Electric Utility	3,195,396	-	-	603,804	-	-	3,799,200
Internal Service Funds	-	-	-	48,732	-	-	48,732
	<u>\$ 3,383,271</u>	<u>\$ 1,890,555</u>	<u>\$ 3,899,568</u>	<u>\$ 2,230,008</u>	<u>\$ 198,669</u>	<u>\$ 695,551</u>	<u>\$ 12,297,622</u>

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	\$ 412,740
Police; Non-union	75,204
Fire; Non-union	11,136
Street, Parks, Cemetery; Non-union	66,840
Public Works; Non-union	312,576

CITY OF HOLLAND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2010

Participating employees are required to contribute from 0% to 6.23%, 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, 2010, the City's actual and required contribution for MERS was \$2,288,612. The required contribution was determined as part of the December 31, 2007 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, 2009, 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>
2008	\$ 2,190,865	99%	\$ (1,052,793)
2009	2,257,568	99%	(1,031,951)
2010	2,309,042	99%	(1,011,521)

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>
12/31/09	\$ 80,611,429	\$ 106,034,780	\$ 25,423,351	76%	\$ 16,199,198	157%

The schedules of funding progress and employer contributions, 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, 2010

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

Actuarially determined contribution	\$ 2,288,612
Interest on Net Pension Asset	82,556
Adjustment to actuarially determined contribution	<u>(62,126)</u>
 Annual pension cost	 2,309,042
 Contributions made	 <u>2,288,612</u>
 Decrease in Net Pension Asset	 (20,430)
Net pension Asset beginning of year	<u>1,031,951</u>
 Net Pension Asset at end of year	 <u>\$ 1,011,521</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 \$509,418 and employees contributed \$139,860 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	250
BPW Clerical Bargaining	130	250

CITY OF HOLLAND
NOTES TO FINANCIAL STATEMENTS
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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, 2010, the City contributed \$375,934, including cash contributions of \$209,008 and an implicit rate subsidy (which did not require cash) of \$166,926.

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	\$ 672,284
Interest on net OPEB obligation	13,840
Adjustment to annual required	<u>(19,589)</u>
Net OPEB cost (expense)	666,535
Contributions made	<u>375,934</u>
Increase in net OPEB obligation	290,601
Net OPEB obligation, beginning of year	<u>346,005</u>
Net OPEB obligation, end of year	<u>\$ 636,606</u>

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

Fiscal Year	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2009	\$ 531,086	35%	\$ 346,005
2010	666,535	56%	636,606

CITY OF HOLLAND
NOTES TO FINANCIAL STATEMENTS
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Funded status and funding progress. As of June 30, 2010, the date of the most recent actuarial valuation, the Plan was 0% funded. The actuarial accrued liability for benefits was \$6,347,333, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$6,347,333.

The schedules of funding progress and employer contributions, 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, 2010 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.

CITY OF HOLLAND
NOTES TO FINANCIAL STATEMENTS
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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.

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, 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
Estimated claims and premiums Incurred, including changes In estimates	5,468,244	148,366	56,812	261,146	282,373	75,413	6,292,354
Claims and premiums paid	5,418,056	148,366	56,812	261,146	282,373	75,413	6,242,166
Estimated liability- June 30, 2010	\$ 313,888	\$ -	\$ -	\$ 12,000	\$ -	\$ -	\$ 325,888

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 \$4,527,000 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.

CITY OF HOLLAND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2010

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.

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, 2010, the City had the following outstanding commitments:

- a. \$2,086,482 for construction of roads.
- b. \$1,007,160 for various electrical utility projects.
- c. \$1,238,725 for various water utility projects.
- d. \$929,439 for various wastewater utility projects.

16. SUBSEQUENT EVENT

On September 11, 2010 the City issued \$7,425,000 in 2010 Building Authority Refunding Bonds in order to refund a portion of the City's 2002 Police and Transportation Facilities Improvement Bonds.

* * * * *

CITY OF HOLLAND
REQUIRED SUPPLEMENTAL INFORMATION
YEAR ENDED JUNE 30, 2010

**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 (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/09	\$ 80,611,429	\$ 106,034,780	\$ 25,423,351	76%	\$ 16,199,198	157%
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%	16,702,204	115%
12/31/06	77,806,202	95,229,440	17,423,238	82%	16,367,733	106%
12/31/05	74,665,205	91,597,609	16,932,404	82%	16,378,120	103%
12/31/04	73,012,079	88,820,740	15,808,661	82%	16,258,713	97%

**Schedule of Employer Contributions
MERS Pension Plan**

Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
6/30/10	\$ 2,309,042	99%	\$ (1,011,521)
6/30/09	2,257,568	99%	(1,074,056)
6/30/08	2,190,865	99%	(1,052,793)
6/30/07	2,110,346	99%	(1,031,951)
6/30/06	1,662,275	99%	(1,095,749)
6/30/05	1,556,421	99%	(1,117,880)

CITY OF HOLLAND
REQUIRED SUPPLEMENTAL INFORMATION
YEAR ENDED JUNE 30, 2010

**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 (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
06/30/10	*	\$ -	\$ 6,347,333	0%	N/A	N/A
06/30/08	*	-	4,791,667	0%	N/A	N/A

**Schedule of Employer Contributions
Other Postemployment Benefits Plan**

Year Ended	Annual Required Contribution	Percentage of ARC Contributed	
6/30/10	*	\$ 672,284	56%
6/30/09	*	531,086	35%

*Only two years of data is available

- - 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 including 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, 2010

ASSETS

Cash and pooled investments	\$ 3,580,592
Receivables - net:	
- General and cemetery	168,291
- Property taxes	8,231
- Interest	170,755
- Other governmental units	458,432
Due from other funds	8,868
Prepaid items	5,010
Total assets	\$ 4,400,179

LIABILITIES AND FUND BALANCES

LIABILITIES:	
Accounts payable	\$ 412,037
Accrued payroll and benefits	372,402
Due to other funds	83,417
Deposits for:	
- Advance payments of property taxes not yet due	5,257
- Duplicate payments and overpayments of property taxes	153,808
- Undistributed service charge in lieu of taxes	80,542
- Nature Center tours	21,310
- Fire escrow	36,398
Total liabilities	1,165,171
FUND BALANCES:	
Reserved for prepaid items	5,010
Unreserved:	
Undesignated	3,229,998
Total fund balance	3,235,008
Total liabilities and fund balance	\$ 4,400,179

CITY OF HOLLAND, MICHIGAN

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

FOR THE YEAR ENDED JUNE 30, 2010

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
TAXES:				
Property	\$ 11,289,590	\$ 11,293,797	\$ 11,291,643	\$ (2,154)
Penalties and interest on delinquent taxes	110,000	175,000	179,871	4,871
Administration fee	526,500	531,989	531,886	(103)
Public service charge in lieu of property tax	34,900	24,191	28,664	4,473
Other miscellaneous tax revenue	1,500	1,500	1,425	(75)
Total taxes	11,962,490	12,026,477	12,033,489	7,012
LICENSES AND PERMITS:				
Business	86,900	93,200	94,384	1,184
Nonbusiness	314,900	298,830	284,229	(14,601)
Total licenses and permits	401,800	392,030	378,613	(13,417)
INTERGOVERNMENTAL:				
State	3,184,200	2,647,271	2,698,103	50,832
Federal	18,000	18,414	18,816	402
Other	43,000	43,340	42,699	(641)
Total intergovernmental	3,245,200	2,709,025	2,759,618	50,593
CHARGES FOR SERVICES:				
Fees	522,050	473,368	485,513	12,145
Services rendered	615,880	573,975	567,266	(6,709)
Sales	99,300	98,450	105,597	7,147
Total charges for services	1,237,230	1,145,793	1,158,376	12,583
FINES AND FEES	228,000	179,500	184,769	5,269
INTEREST AND RENTS:				
Investment earnings	333,401	241,601	299,028	57,427
Rents	258,200	250,600	235,167	(15,433)
Total interest and rents	591,601	492,201	534,195	41,994
MISCELLANEOUS	10,341	11,714	12,995	1,281
TOTAL REVENUES	\$ 17,676,662	\$ 16,956,740	\$ 17,062,055	\$ 105,315

CITY OF HOLLAND, MICHIGAN

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

FOR THE YEAR ENDED JUNE 30, 2010

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
GENERAL GOVERNMENT:				
City council	\$ 198,200	\$ 192,304	\$ 189,121	\$ (3,183)
City manager	318,600	324,992	322,854	(2,138)
Elections	70,000	27,749	27,239	(510)
City finance	527,594	527,426	519,383	(8,043)
Independent audit	51,000	52,746	52,608	(138)
City assessor	479,040	470,637	461,103	(9,534)
Legal services	207,300	184,300	173,662	(10,638)
City clerk	170,900	171,093	167,979	(3,114)
Personnel	267,850	281,208	275,284	(5,924)
Purchasing	39,800	27,900	24,721	(3,179)
City treasurer	215,863	210,608	191,685	(18,923)
City hall and grounds	205,850	221,783	209,048	(12,735)
Cemetery	461,485	424,717	412,815	(11,902)
Volunteer services	17,650	16,700	15,654	(1,046)
Planning commission	340,000	309,038	297,607	(11,431)
Total general government	3,571,132	3,443,201	3,340,763	(102,438)
PUBLIC SAFETY:				
Police	7,206,774	6,902,822	6,814,759	(88,063)
Fire	3,066,209	2,979,065	2,955,099	(23,966)
Environmental health/inspections	436,928	467,846	457,520	(10,326)
Construction inspections	428,918	423,714	404,298	(19,416)
Total public safety	11,138,829	10,773,447	10,631,676	(141,771)
PUBLIC WORKS:				
Streets	1,229,759	1,205,132	1,118,714	(86,418)
Transportation management/engineering	188,187	186,261	173,682	(12,579)
Total public works	1,417,946	1,391,393	1,292,396	(98,997)
WELFARE AND SOCIAL SERVICES:				
Social services	144,250	137,419	135,725	(1,694)
Ourstreet program	210,729	205,674	201,925	(3,749)
Economic development assistance	169,850	174,154	156,795	(17,359)
Human relations commission	164,100	161,941	159,735	(2,206)
Total welfare and social services	688,929	679,188	654,180	(25,008)

(Continued)

CITY OF HOLLAND, MICHIGAN

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

FOR THE YEAR ENDED JUNE 30, 2010

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
CULTURE AND RECREATION:				
Parks	\$ 1,482,912	\$ 1,432,543	\$ 1,411,242	\$ (21,301)
Municipal stadium	80,659	76,788	58,361	(18,427)
Nature center	244,683	233,376	228,454	(4,922)
Cultural-recreational	360,890	325,414	325,409	(5)
Civic center	278,536	276,236	269,843	(6,393)
Recreation	958,759	940,884	899,372	(41,512)
Market	109,800	114,733	111,973	(2,760)
Leisure services administration	61,000	61,214	61,031	(183)
Total culture and recreation	3,577,239	3,461,188	3,365,685	(95,503)
OTHER APPROPRIATIONS:				
Insurance	76,500	81,000	75,282	(5,718)
Contingencies	100,000	-	-	-
Total other appropriations	176,500	81,000	75,282	(5,718)
TOTAL EXPENDITURES	\$ 20,570,575	\$ 19,829,417	\$ 19,359,982	\$ (469,435)

CITY OF HOLLAND, MICHIGAN

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

FOR THE YEAR ENDED JUNE 30, 2010

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
TRANSFERS IN				
Special Revenue Funds:				
Budget Stabilization Fund	\$ 150,000	\$ 150,000	\$ 150,000	\$ -
Permanent Fund:				
Cemetery Trust	40,000	30,000	37,875	7,875
Enterprise Funds:				
Electric Utility	3,195,400	3,195,400	3,195,396	(4)
Total transfers in	\$ 3,385,400	\$ 3,375,400	\$ 3,383,271	\$ 7,871
TRANSFERS OUT				
Special Revenue Funds:				
Public Safety Grants Fund:				
Anti-Drug Abuse WEMET Grants	\$ 156,800	\$ 152,267	\$ 151,234	\$ (1,033)
Office of Highway Safety Planning (OHSP) Grant	-	2	2	-
Homeland Security Grant	-	12,000	-	(12,000)
Miscellaneous Government Functions:				
Contested Assessments Defense	37,000	35,000	37,656	2,656
Specified Donations	-	1,533	1,533	-
Enterprise Funds:				
Windmill Island	211,447	190,029	150,523	(39,506)
Internal Service Fund:				
Equipment Services:				
Fire Vehicle	100,000	75,000	75,000	-
Total transfers out	\$ 505,247	\$ 465,831	\$ 415,948	\$ (49,883)

- - - 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 and a parking deck, 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, 2008, and 2009. 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. In conformance with GASB Statement No. 54 this fund is being closed at June 30, 2010 and future related activities will occur within the General Fund Assessing and Treasurer Departments.

- - - **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. In conformance with GASB Statement No. 54 this fund is being closed at June 30, 2010 and future related activities will occur within the Municipal Facilities and Land Improvements Capital Project Fund.

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.

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.

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, 2010 of Estimated Revenues and Appropriations are carried forward to the ensuing fiscal year.

FUND TYPE: SPECIAL REVENUE FUNDS - - -

(continued)

OFFICE OF HIGHWAY SAFETY PLANNING (OHSP) GRANT FUND

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, 2010 of Estimated Revenues and Appropriations are carried forward to the ensuing fiscal year.

LAW ENFORCEMENT BLOCK GRANT FUND

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, 2010 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 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, 2010 of Estimated Revenues and Appropriations are carried forward to the ensuing fiscal year.

HOMELAND SECURITY GRANT FUND

The City of Holland is approved to participate in federal pass-through funding of the *Homeland Security Grant Program*. A formal grant agreement between the *Michigan Dept of State Police – Emergency Management Division* (sub-grantor), and the *Ottawa County Sheriffs Dept – Emergency Management Division* (sub-grantee) provides funding for various costs associated with homeland security, to include costs related to police officer training and equipment items.

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, 2010.

DISTRICT LIBRARY TAXATION FUND

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.

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

BI-CENTENNIAL CELEBRATION FUND

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). In conformance with GASB Statement No. 54 this fund is being closed at June 30, 2010 and future related activities will occur within the Specified Donations Fund.

M.S.H.D.A. GRANT FUND

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, clearance, demolition, 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, 2010 of Estimated Revenues and Appropriations are carried forward to the ensuing fiscal year.

COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) ENTITLEMENT FUND

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. Additional funding under the American Recovery and Reinvestment Act of 2009 (ARRA) is also included for activities to evaluate home energy use and address energy inefficiencies.

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, 2010 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 15 home improvement projects are anticipated to benefit from this program annually.

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, 2010 of Estimated Revenues and Appropriations are carried forward to the ensuing fiscal year.

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

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.

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).
- 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 "debt service payment" of annual principal and interest on a nine year Act 34 Capital Improvement bond dated May 26, 2010 for construction of various road, drain and bridge projects.

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: DEBT SERVICE FUNDS - - -
(continued)

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 - 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
-

- - - 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, 2010 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:

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

PARKS, RECREATION, AND LEISURE SERVICES:

- Kollen Park and Boardwalk:
 - > Completion of Phased Renovations & Improvements Including Boat Launch, Entry Road & Parking
 - > Trail Maps
 - > Drainage Enhancements
- Civic Center:
 - > Study of New or Renovated Facility
- Window-on-the-Waterfront:
 - > Completion of Beautification Project Van Bragt Park
 - > Boardwalk Improvements Design
- Matt Urban Sports Complex:
 - > Scoreboards
 - > Playground Equipment
 - > Painting
- Van Raalte Farm:
 - > Boardwalk Repairs (Storm Damage)

- - - 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
- 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 -

PARKS, RECREATION, AND LEISURE SERVICES (continued):

- Tennis and Basketball Courts:
 - > Resurfacing
- Various:
 - > Parks Master Plan Update
 - > Portable Stage and Trailer
 - > Trees
- Smallenburg Park:
 - > Ice Skating and Skate Park Design Work
- Maplewood Sports Complex:
 - > Playground Equipment
 - > Painting

PUBLIC SAFETY:

- Waverly Fire Station:
 - > Concrete Driveway
 - > Foundation Repairs Design Work
- Virginia Park Fire Station:
 - > Generator

TRANSPORATION SERVICES:

- College Avenue, 8th-9th:
 - > Snowmelt and Brick Sidewalk Renovation
 - > Downtown Public Fireplace
- 7th Street Parking Deck:
 - > Completion of 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)

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:
 - * 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
 - > 2009 Project - resurface 8 streets at various locations throughout the City
 - > 2010 Project – preliminary work
- East 48th Street, from M-40 to Waverly Road:
 - > street reconstruction and enhancements
(additional note: major project financing through State's MDOT-TEDF)
- West 48th Street, from Lincoln Avenue to Regent Boulevard:
 - > street reconstruction and enhancements
(additional note: major project financing through State's MDOT-TEDF)
- 24th Street, from Country Club Road to Waverly Road
 - > street resurfacing
- Pine Avenue Sinkhole, from 8th Street to 9th Street
 - > storm damage repairs to street and drain
- 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).
- 18th Street, from Cleveland to River:
 - > street reconstruction and enhancements, to include utilities
- East 24th Street Reconstruction:
 - > storm damage repairs to street and drain
- 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
- 32nd Street and Graafschap Road Stabilization:
 - > storm damage repairs
- Graafschap Road North of 32nd Street Retaining Wall:
 - > storm damage repairs
- Geurink Boulevard:
 - > street reconstruction and enhancements
(additional note: major project financing through State's MDOT-TEDF)
- East 48th Street, from Waverly Road to City Limits:
 - > street reconstruction and enhancements
(additional note: major project financing through State's MDOT-TEDF)
- Waverly Road, from M-40 to 48th Street:
 - > street reconstruction and enhancements
(additional note: major project financing through State's MDOT-TEDF)
- Lincoln Avenue, from 64th Street to M-40:
 - > street reconstruction and enhancements
(additional note: major project financing through State's MDOT-TEDF)
- 64th Street, from Lincoln Avenue to M-40:
 - > street reconstruction and enhancements
(additional note: major project financing through State's MDOT-TEDF)

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)
- Creekbed Repairs:
 - > 2008 storm damage repairs
- 40th Street Ditch Enclosure, from Industrial Avenue to Waverly Road:
 - > safety project
- Washington Avenue Tunnel:
 - > retaining wall storm damage repair

- - - 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 -

DRAIN PROJECTS (continued)

- Maple Avenue Drain, 12th Street to 24th Street:
 - > including street reconstruction and enhancements
- June 2009 Storm Damage Repair Projects:
 - > Lincoln Avenue, 17th to 20th
 - > No. 24 Drain, North of 8th Street Along West Side of US-31
 - > East End Drive Culvert
 - > Lugers Road North of 32nd Street
 - > Rolling Meadows Drain
 - > Sandy Lane Storm Sewer
 - > Timberwood Drive Culvert
 - > Ottagon Drain (32nd Street Washout)
 - > 12th and Glendale Ponds
 - > Pine Avenue, 16th-19th Sinkhole
 - > Holland Heights Drain

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
- M-40 Multi-Use Path, from Waverly Road to 40th Street:
 - > preliminary design

BRIDGE PROJECTS

- Washington Avenue Bridge (48th Street):
 - > total bridge replacement
 - (additional note: major project financing through State's MDOT-TEDF)
-

- - - 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, MICHIGAN

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2010

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	\$ 1,360,914	\$ -	\$ 136,295	\$ 3,168,908
Receivables:				
Accounts	3,790	1,227	29,914	-
Taxes and special assessments	-	-	-	-
Due from other governmental units	313,825	85,265	-	-
Due from other funds	2,028	1,577	-	-
Prepaid items	-	-	-	-
Total assets	\$ 1,680,557	\$ 88,069	\$ 166,209	\$ 3,168,908
<u>LIABILITIES AND FUND BALANCES</u>				
LIABILITIES:				
Accounts payable	\$ 16,872	\$ 12,310	\$ -	\$ 4,723
Accrued payroll and benefits	8,518	15,239	-	-
Due to other governmental units	-	-	-	-
Due to other funds	71,158	58,520	-	437,147
Deferred revenue	-	-	-	-
Total liabilities	96,548	86,069	-	441,870
FUND BALANCES:				
Reserved for:				
Prepaid items	-	-	-	-
Permanent fund corpus	-	-	-	-
Permanent fund expendable	-	-	-	-
Unreserved:				
Undesignated	1,584,009	2,000	166,209	2,727,038
Total fund balances	1,584,009	2,000	166,209	2,727,038
Total liabilities and fund balances	\$ 1,680,557	\$ 88,069	\$ 166,209	\$ 3,168,908

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	
\$ 91,095	\$ 248,346	\$ 181,456	\$ 4,722	\$ 300,534	\$ 142,332	
759	-	-	-	81,620	-	
-	-	-	-	-	295,995	
-	-	-	-	-	-	
-	-	300	-	-	-	
\$ 91,854	\$ 248,346	\$ 181,756	\$ 4,722	\$ 382,154	\$ 438,327	
\$ 8,008	\$ 323	\$ 5,010	\$ 4,722	\$ -	\$ -	
1,154	-	2,880	-	-	-	
-	-	-	-	-	-	
719	59,528	87	-	-	-	
-	-	-	-	-	295,995	
9,881	59,851	7,977	4,722	-	295,995	
-	-	300	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
81,973	188,495	173,479	-	382,154	142,332	
81,973	188,495	173,779	-	382,154	142,332	
\$ 91,854	\$ 248,346	\$ 181,756	\$ 4,722	\$ 382,154	\$ 438,327	

(Continued)

CITY OF HOLLAND, MICHIGAN

COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2010

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	\$ 93,322	\$ -	\$ 9,345	\$ -
Receivables:				
Accounts	1,125	17,153	129	-
Taxes and special assessments	-	-	-	-
Due from other governmental units	-	-	-	-
Due from other funds	1,687	-	8	-
Prepaid items	-	-	-	-
Total assets	\$ 96,134	\$ 17,153	\$ 9,482	\$ -
<u>LIABILITIES AND FUND BALANCES</u>				
LIABILITIES:				
Accounts payable	\$ 13,735	\$ -	\$ 807	\$ -
Accrued payroll and benefits	-	-	-	-
Due to other governmental units	-	-	-	-
Due to other funds	-	16,102	-	-
Deferred revenue	-	-	-	-
Total liabilities	13,735	16,102	807	-
FUND BALANCES:				
Reserved for:				
Prepaid items	-	-	-	-
Permanent fund corpus	-	-	-	-
Permanent fund expendable	-	-	-	-
Unreserved:				
Undesignated	82,399	1,051	8,675	-
Total fund balances	82,399	1,051	8,675	-
Total liabilities and fund balances	\$ 96,134	\$ 17,153	\$ 9,482	\$ -

SPECIAL REVENUE FUNDS

PROPERTY AND IMPROVEMENTS	PUBLIC SAFETY				
ENVIRONMENTAL CLEANUP FUND	POLICE CRIMINAL JUSTICE TRAINING FUND	ANTI-DRUG ABUSE ACT GRANT - "W.E.M.E.T." FUND	OFFICE OF HIGHWAY SAFETY PLANNING (OHSP) GRANT FUND	LAW ENFORCEMENT BLOCK GRANT FUND	FEDERAL EMERGENCY MANAGEMENT AGENCY (FEMA) GRANT FUND
\$ -	\$ 1,844	\$ -	\$ -	\$ 66,427	\$ -
-	-	-	-	-	-
-	-	24,291	49,631	206	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ -	\$ 1,844	\$ 24,291	\$ 49,631	\$ 66,633	\$ -
\$ -	\$ (36)	\$ 1,888	\$ -	\$ -	\$ -
-	-	5,690	2,977	-	-
-	-	-	17,917	206	-
-	-	16,713	28,737	-	-
-	-	-	-	66,427	-
-	(36)	24,291	49,631	66,633	-
-	-	-	-	-	-
-	-	-	-	-	-
-	1,880	-	-	-	-
-	1,880	-	-	-	-
\$ -	\$ 1,844	\$ 24,291	\$ 49,631	\$ 66,633	\$ -

(Continued)

CITY OF HOLLAND, MICHIGAN

COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2010

SPECIAL REVENUE FUNDS

PUBLIC SAFETY

CULTURE AND COMMUNITY IMPROVEMENT

HOMELAND
SECURITY
GRANT
FUNDDISTRICT
LIBRARY
TAXATION
FUNDBICENTENNIAL
CELEBRATION
FUNDM.S.H.D.A.
GRANT
FUNDASSETS

Cash and pooled investments	\$	-	\$	180	\$	-	\$	23,766
Receivables:								
Accounts		-		746		-		-
Taxes and special assessments		-		892		-		-
Due from other governmental units		-		-		-		45,997
Due from other funds		-		-		-		-
Prepaid items		-		-		-		-
Total assets	\$	-	\$	1,818	\$	-	\$	69,763

LIABILITIES AND FUND BALANCES

LIABILITIES:

Accounts payable	\$	-	\$	920	\$	-	\$	15,230
Accrued payroll and benefits		-		-		-		-
Due to other governmental units		-		-		-		-
Due to other funds		-		-		-		26,452
Deferred revenue		-		-		-		-
Total liabilities		-		920		-		41,682

FUND BALANCES:

Reserved for:								
Prepaid items		-		-		-		-
Permanent fund corpus		-		-		-		-
Permanent fund expendable		-		-		-		-
Unreserved:								
Undesignated		-		898		-		28,081
Total fund balances		-		898		-		28,081
Total liabilities and fund balances	\$	-	\$	1,818	\$	-	\$	69,763

SPECIAL REVENUE FUNDS			DEBT SERVICE FUNDS		CAPITAL PROJECTS FUNDS
CULTURE AND COMMUNITY IMPROVEMENT					MUNICIPAL FACILITIES AND LAND IMPROVEMENTS PROJECTS
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) FUND	NEIGHBORHOOD IMPACT PROGRAM (NIP) FUND	BUDGET STABILIZATION FUND	GENERAL OBLIGATION DEBT SERVICE FUND	SPECIAL ASSESSMENT DEBT SERVICE FUND	FUND
\$ 9,830	\$ 14,977	\$ 1,020,161	\$ 129,985	\$ 662,056	\$ 53,333
399	-	-	-	-	298,595
-	-	-	1,168	808,482	-
153,652	-	-	-	-	18,180
-	-	-	-	-	1,042,376
-	-	-	-	-	-
\$ 163,881	\$ 14,977	\$ 1,020,161	\$ 131,153	\$ 1,470,538	\$ 1,412,484
\$ 24,348	\$ -	\$ 3,341	\$ 1,011	\$ -	\$ 68,534
2,095	-	-	-	-	-
-	-	-	-	-	-
132,023	-	-	-	-	300,580
5,415	14,977	-	-	808,482	1,100
163,881	14,977	3,341	1,011	808,482	370,214
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	1,016,820	130,142	662,056	1,042,270
-	-	1,016,820	130,142	662,056	1,042,270
\$ 163,881	\$ 14,977	\$ 1,020,161	\$ 131,153	\$ 1,470,538	\$ 1,412,484

(Continued)

CITY OF HOLLAND, MICHIGAN

COMBINING BALANCE SHEET (CONCLUDED)
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2010

PERMANENT
TRUST FUND

CEMETERY
PERPETUAL
CARE
FUND

TOTAL
NONMAJOR
GOVERNMENTAL
FUNDS

ASSETS

Cash and pooled investments	\$	1,490,012	\$	9,209,840
Receivables:				
Accounts		3,198		438,655
Taxes and special assessments		-		1,106,537
Due from other governmental units		-		691,047
Due from other funds		-		1,047,676
Prepaid items		-		300
Total assets	\$	1,493,210	\$	12,494,055

LIABILITIES AND FUND BALANCES

LIABILITIES:

Accounts payable	\$	-	\$	181,746
Accrued payroll and benefits		-		38,553
Due to other governmental units		-		18,123
Due to other funds		-		1,147,766
Deferred revenue		-		1,192,396
Total liabilities		-		2,578,584

FUND BALANCES:

Reserved for:				
Prepaid items		-		300
Permanent fund corpus		1,441,142		1,441,142
Permanent fund expendable		52,068		52,068
Unreserved:				
Undesignated		-		8,421,961
Total fund balances		1,493,210		9,915,471
Total liabilities and fund balances	\$	1,493,210	\$	12,494,055

CITY OF HOLLAND

CITY OF HOLLAND, MICHIGAN

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

FOR THE YEAR ENDED JUNE 30, 2010

	SPECIAL REVENUE FUNDS			
	STREET MAINTENANCE AND IMPROVEMENTS			
	MOTOR VEHICLE HIGHWAY		ALLEGAN COUNTY	STREET IMPROVEMENTS
	MAJOR STREET FUND	LOCAL STREET FUND	ROAD TAX FUND	RESERVE FUND
REVENUES:				
Special assessments	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	1,188,828
Intergovernmental	2,098,253	520,594	460,953	-
Charges for services	30,837	47,186	-	-
Fines and fees	-	-	-	-
Contributions from private sector	-	-	-	-
Interest and rents	25,727	4,193	(1,792)	(24,489)
Miscellaneous	-	-	-	-
Total revenues	2,154,817	571,973	459,161	1,164,339
EXPENDITURES:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	1,156,132	1,081,020	-	-
Welfare and social services	-	-	-	-
Culture and recreation	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Bond issuance costs	-	-	-	62,973
Capital outlay	-	-	-	-
Total expenditures	1,156,132	1,081,020	-	62,973
Excess (deficiency) of revenues over (under) expenditures	998,685	(509,047)	459,161	1,101,366
OTHER FINANCING SOURCES (USES):				
Issuance of bonds payable	-	-	-	5,500,000
Transfers in	-	509,047	-	-
Transfers out	(535,025)	-	(471,663)	(4,005,888)
Total other financing sources (uses)	(535,025)	509,047	(471,663)	1,494,112
NET CHANGE IN FUND BALANCES	463,660	-	(12,502)	2,595,478
FUND BALANCES - Beginning of year	1,120,349	2,000	178,711	131,560
FUND BALANCES - End of year	\$ 1,584,009	\$ 2,000	\$ 166,209	\$ 2,727,038

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
\$ 165,561	\$ 112,816	\$ 184,865	\$ -	\$ -	\$ 41,823
-	-	-	-	-	-
-	-	-	-	-	-
20,619	-	94,889	-	-	-
-	-	-	-	310,762	-
-	-	34,336	-	-	-
1,259	6,200	3,038	-	5,907	8,774
(36)	-	-	880	-	-
187,403	119,016	317,128	880	316,669	50,597
-	-	-	38,536	183,506	-
-	-	-	-	-	-
138,241	182,542	-	-	-	-
-	-	-	-	-	-
-	-	261,280	-	-	-
-	-	-	-	-	-
162	-	-	-	-	-
-	-	-	-	-	-
3,800	-	7,596	-	-	-
142,203	182,542	268,876	38,536	183,506	-
45,200	(63,526)	48,252	(37,656)	133,163	50,597
-	-	-	-	-	-
-	25,400	-	37,656	-	37,000
(9,262)	(7,850)	-	-	-	-
(9,262)	17,550	-	37,656	-	37,000
35,938	(45,976)	48,252	-	133,163	87,597
46,035	234,471	125,527	-	248,991	54,735
\$ 81,973	\$ 188,495	\$ 173,779	\$ -	\$ 382,154	\$ 142,332

(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, 2010

	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	-	17,153	9,619	-
Fines and fees	-	-	-	-
Contributions from private sector	130,353	-	442	-
Interest and rents	-	-	233	1,647
Miscellaneous	-	-	-	-
Total revenues	130,353	17,153	10,294	1,647
EXPENDITURES:				
Current:				
General government	101,805	18,331	10,779	-
Public safety	-	-	-	-
Public works	-	-	-	-
Welfare and social services	-	-	-	-
Culture and recreation	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Bond issuance costs	-	-	-	-
Capital outlay	9,568	-	-	124,939
Total expenditures	111,373	18,331	10,779	124,939
Excess (deficiency) of revenues over (under) expenditures	18,980	(1,178)	(485)	(123,292)
OTHER FINANCING SOURCES (USES):				
Issuance of bonds payable	-	-	-	-
Transfers in	10,006	-	-	214,822
Transfers out	(2,820)	-	-	(91,530)
Total other financing sources (uses)	7,186	-	-	123,292
NET CHANGE IN FUND BALANCES	26,166	(1,178)	(485)	-
FUND BALANCES - Beginning of year	56,233	2,229	9,160	-
FUND BALANCES - End of year	\$ 82,399	\$ 1,051	\$ 8,675	\$ -

SPECIAL REVENUE FUNDS

PROPERTY AND IMPROVEMENTS	PUBLIC SAFETY				
	POLICE CRIMINAL JUSTICE TRAINING FUND	ANTI-DRUG ABUSE ACT GRANT - "W.E.M.E.T." FUND	OFFICE OF HIGHWAY SAFETY PLANNING (OHSP) GRANT FUND	LAW ENFORCEMENT BLOCK GRANT FUND	FEDERAL EMERGENCY MANAGEMENT AGENCY (FEMA) GRANT FUND
ENVIRONMENTAL CLEANUP FUND					
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	12,102	92,757	264,000	33,477	41,439
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	1,281	-
-	-	-	-	-	-
-	12,102	92,757	264,000	34,758	41,439
3,884	-	-	-	-	-
-	11,957	243,991	197,843	9,760	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	66,159	27,818	46,748
3,884	11,957	243,991	264,002	37,578	46,748
(3,884)	145	(151,234)	(2)	(2,820)	(5,309)
-	-	-	-	-	-
3,884	-	151,234	-	2,820	5,309
-	-	-	2	-	-
3,884	-	151,234	2	2,820	5,309
-	145	-	-	-	-
-	1,735	-	-	-	-
\$ -	\$ 1,880	\$ -	\$ -	\$ -	\$ -

(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, 2010

	SPECIAL REVENUE FUNDS			
	PUBLIC SAFETY	CULTURE AND COMMUNITY IMPROVEMENT		
	HOMELAND SECURITY GRANT FUND	DISTRICT LIBRARY TAXATION FUND	BICENTENNIAL CELEBRATION FUND	M.S.H.D.A. GRANT FUND
REVENUES:				
Special assessments	\$ -	\$ -	\$ -	\$ -
Property taxes	-	1,496,632	-	-
Intergovernmental	5,000	-	-	192,153
Charges for services	-	-	-	-
Fines and fees	-	-	-	-
Contributions from private sector	-	-	-	-
Interest and rents	-	-	210	-
Miscellaneous	-	-	-	-
Total revenues	5,000	1,496,632	210	192,153
EXPENDITURES:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Welfare and social services	-	-	-	164,072
Culture and recreation	-	1,496,026	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Bond issuance costs	-	-	-	-
Capital outlay	5,000	-	-	-
Total expenditures	5,000	1,496,026	-	164,072
Excess (deficiency) of revenues over (under) expenditures	-	606	210	28,081
OTHER FINANCING SOURCES (USES):				
Issuance of bonds payable	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	(8,473)	-
Total other financing sources (uses)	-	-	(8,473)	-
NET CHANGE IN FUND BALANCES	-	606	(8,263)	28,081
FUND BALANCES - Beginning of year	-	292	8,263	-
FUND BALANCES - End of year	\$ -	\$ 898	\$ -	\$ 28,081

SPECIAL REVENUE FUNDS			DEBT SERVICE FUNDS		CAPITAL PROJECTS FUNDS
CULTURE AND COMMUNITY IMPROVEMENT					MUNICIPAL FACILITIES AND LAND IMPROVEMENTS PROJECTS
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) FUND	NEIGHBORHOOD IMPACT PROGRAM (NIP) FUND	BUDGET STABILIZATION FUND	GENERAL OBLIGATION DEBT SERVICE FUND	SPECIAL ASSESSMENT DEBT SERVICE FUND	FUND
\$ -	\$ -	\$ -	\$ -	\$ 190,302	\$ -
-	-	-	1,988,537	-	484,868
409,298	-	-	-	-	18,180
-	-	-	-	-	-
-	-	-	-	-	-
196,941	-	-	-	-	19,827
-	-	-	14,674	72,557	17,496
6,832	-	-	217,340	-	22,574
613,071	-	-	2,220,551	262,859	562,945
-	-	9,626	923	-	-
-	-	-	-	-	-
-	-	-	-	-	-
633,071	-	-	-	-	-
-	-	-	-	-	-
-	-	-	57,500	215,461	-
-	-	-	174,840	71,810	-
-	-	-	-	-	-
-	-	-	-	-	632,614
633,071	-	9,626	233,263	287,271	632,614
(20,000)	-	(9,626)	1,987,288	(24,412)	(69,669)
-	-	-	-	-	-
13,089	-	-	15,000	-	1,202,879
(13,089)	-	(150,000)	(1,890,555)	(37,000)	(685,891)
-	-	(150,000)	(1,875,555)	(37,000)	516,988
(20,000)	-	(159,626)	111,733	(61,412)	447,319
20,000	-	1,176,446	18,409	723,468	594,951
\$ -	\$ -	\$ 1,016,820	\$ 130,142	\$ 662,056	\$ 1,042,270

(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, 2010

	PERMANENT TRUST FUND	
	CEMETERY PERPETUAL CARE FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUES:		
Special assessments	\$ -	\$ 695,367
Property taxes	-	5,158,865
Intergovernmental	-	4,148,206
Charges for services	29,575	249,878
Fines and fees	-	310,762
Contributions from private sector	-	381,899
Interest and rents	38,038	174,953
Miscellaneous	-	247,590
Total revenues	67,613	11,367,520
EXPENDITURES:		
Current:		
General government	-	367,390
Public safety	-	463,551
Public works	-	2,557,935
Welfare and social services	-	797,143
Culture and recreation	-	1,757,306
Debt service:		
Principal retirement	-	272,961
Interest and fiscal charges	-	246,812
Bond issuance costs	-	62,973
Capital outlay	-	924,242
Total expenditures	-	7,450,313
Excess (deficiency) of revenues over (under) expenditures	67,613	3,917,207
OTHER FINANCING SOURCES (USES):		
Issuance of bonds payable	-	5,500,000
Transfers in	1,862	2,230,008
Transfers out	(114,962)	(8,024,006)
Total other financing sources (uses)	(113,100)	(293,998)
NET CHANGE IN FUND BALANCES	(45,487)	3,623,209
FUND BALANCES - Beginning of year	1,538,697	6,292,262
FUND BALANCES - End of year	\$ 1,493,210	\$ 9,915,471

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

MAJOR STREET FUND

FOR THE YEAR ENDED JUNE 30, 2010

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Special assessments	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	-
Intergovernmental	2,111,743	2,065,554	2,098,253	32,699
Charges for services	32,000	32,000	30,837	(1,163)
Fines and fees	-	-	-	-
Contributions from private sector	-	-	-	-
Interest and rents	24,800	15,075	25,727	10,652
Miscellaneous	-	-	-	-
Total revenues	2,168,543	2,112,629	2,154,817	42,188
EXPENDITURES:				
Current:				
Public works:				
Personal services	580,150	503,403	466,944	(36,459)
Other services and charges	997,250	871,674	689,188	(182,486)
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	1,577,400	1,375,077	1,156,132	(218,945)
Excess (deficiency) of revenues over (under) expenditures	591,143	737,552	998,685	261,133
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	(898,973)	(771,559)	(535,025)	236,534
Total other financing sources (uses)	(898,973)	(771,559)	(535,025)	236,534
NET CHANGE IN FUND BALANCE	(307,830)	(34,007)	463,660	497,667
FUND BALANCE - Beginning of year	1,120,349	1,120,349	1,120,349	-
FUND BALANCE - End of year	\$ 812,519	\$ 1,086,342	\$ 1,584,009	\$ 497,667

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

LOCAL STREET FUND

FOR THE YEAR ENDED JUNE 30, 2010

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Special assessments	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	-
Intergovernmental	528,902	513,523	520,594	7,071
Charges for services	50,000	50,000	47,186	(2,814)
Fines and fees	-	-	-	-
Contributions from private sector	-	-	-	-
Interest and rents	1,400	997	4,193	3,196
Miscellaneous	-	-	-	-
Total revenues	580,302	564,520	571,973	7,453
EXPENDITURES:				
Current:				
Public works:				
Personal services	639,000	567,869	510,095	(57,774)
Other services and charges	749,100	680,246	570,925	(109,321)
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	1,388,100	1,248,115	1,081,020	(167,095)
Excess (deficiency) of revenues over (under) expenditures	(807,798)	(683,595)	(509,047)	174,548
OTHER FINANCING SOURCES (USES):				
Transfers in	807,798	683,595	509,047	(174,548)
Transfers out	-	-	-	-
Total other financing sources (uses)	807,798	683,595	509,047	(174,548)
NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE - Beginning of year	2,000	2,000	2,000	-
FUND BALANCE - End of year	\$ 2,000	\$ 2,000	\$ 2,000	\$ -

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

ALLEGAN COUNTY ROAD TAX FUND

FOR THE YEAR ENDED JUNE 30, 2010

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Special assessments	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	-
Intergovernmental	420,000	458,947	460,953	2,006
Charges for services	-	-	-	-
Fines and fees	-	-	-	-
Contributions from private sector	-	-	-	-
Interest and rents	4,700	(3,375)	(1,792)	1,583
Miscellaneous	-	-	-	-
Total revenues	424,700	455,572	459,161	3,589
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	424,700	455,572	459,161	3,589
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	(475,196)	(686,805)	(471,663)	215,142
Total other financing sources (uses)	(475,196)	(686,805)	(471,663)	215,142
NET CHANGE IN FUND BALANCE	(50,496)	(231,233)	(12,502)	218,731
FUND BALANCE - Beginning of year	178,711	178,711	178,711	-
FUND BALANCE (DEFICIT) - End of year	\$ 128,215	\$ (52,522)	\$ 166,209	\$ 218,731

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

STREET IMPROVEMENTS RESERVE FUND

FOR THE YEAR ENDED JUNE 30, 2010

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Special assessments	\$ -	\$ -	\$ -	\$ -
Property taxes	1,189,273	1,189,071	1,188,828	(243)
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and fees	-	-	-	-
Contributions from private sector	-	-	-	-
Interest and rents	4,900	(19,280)	(24,489)	(5,209)
Miscellaneous	-	-	-	-
Total revenues	1,194,173	1,169,791	1,164,339	(5,452)
EXPENDITURES:				
Current:				
Public works:				
Personal services	-	-	-	-
Other services and charges	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Bond issuance costs	-	125,000	62,973	(62,027)
Capital outlay	-	-	-	-
Total expenditures	-	125,000	62,973	(62,027)
Excess (deficiency) of revenues over (under) expenditures	1,194,173	1,044,791	1,101,366	56,575
OTHER FINANCING SOURCES (USES):				
Issuance of bonds payable	3,000,000	5,500,000	5,500,000	-
Transfers in	-	-	-	-
Transfers out	(3,495,386)	(4,501,109)	(4,005,888)	495,221
Total other financing sources (uses)	(495,386)	998,891	1,494,112	495,221
NET CHANGE IN FUND BALANCE	698,787	2,043,682	2,595,478	551,796
FUND BALANCE - Beginning of year	131,560	131,560	131,560	-
FUND BALANCE - End of year	\$ 830,347	\$ 2,175,242	\$ 2,727,038	\$ 551,796

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

PUBLIC PARKING SYSTEM FUND

FOR THE YEAR ENDED JUNE 30, 2010

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Special assessments	\$ 165,289	\$ 165,561	\$ 165,561	\$ -
Property taxes	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	39,250	18,700	20,619	1,919
Fines and fees	-	-	-	-
Contributions from private sector	-	-	-	-
Interest and rents	485	410	1,259	849
Miscellaneous	-	-	(36)	(36)
Total revenues	205,024	184,671	187,403	2,732
EXPENDITURES:				
Current:				
Public Works:				
Personal services	65,700	56,053	49,602	(6,451)
Other services and charges	106,551	90,370	88,639	(1,731)
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	276	163	162	(1)
Capital outlay	-	3,800	3,800	-
Total expenditures	172,527	150,386	142,203	(8,183)
Excess (deficiency) of revenues over (under) expenditures	32,497	34,285	45,200	10,915
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	(9,262)	(9,262)	(9,262)	-
Total other financing sources (uses)	(9,262)	(9,262)	(9,262)	-
NET CHANGE IN FUND BALANCE	23,235	25,023	35,938	10,915
FUND BALANCE - Beginning of year	46,035	46,035	46,035	-
FUND BALANCE - End of year	\$ 69,270	\$ 71,058	\$ 81,973	\$ 10,915

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

SNOWMELT OPERATING SYSTEM FUND

FOR THE YEAR ENDED JUNE 30, 2010

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Special assessments	\$ 112,700	\$ 112,816	\$ 112,816	\$ -
Property taxes	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and fees	-	-	-	-
Contributions from private sector	-	-	-	-
Interest and rents	5,100	4,340	6,200	1,860
Miscellaneous	-	-	-	-
Total revenues	117,800	117,156	119,016	1,860
EXPENDITURES:				
Current:				
Public works:				
Personal services	-	-	-	-
Other services and charges	193,029	175,168	182,542	7,374
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	193,029	175,168	182,542	7,374
Excess (deficiency) of revenues over (under) expenditures	(75,229)	(58,012)	(63,526)	(5,514)
OTHER FINANCING SOURCES (USES):				
Transfers in	25,400	25,400	25,400	-
Transfers out	-	(7,850)	(7,850)	-
Total other financing sources (uses)	25,400	17,550	17,550	-
NET CHANGE IN FUND BALANCE	(49,829)	(40,462)	(45,976)	(5,514)
FUND BALANCE - Beginning of year	234,471	234,471	234,471	-
FUND BALANCE (DEFICIT) - End of year	\$ 184,642	\$ 194,009	\$ 188,495	\$ (5,514)

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

PRINCIPAL SHOPPING DISTRICT FUND

FOR THE YEAR ENDED JUNE 30, 2010

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Special assessments	\$ 177,000	\$ 184,865	\$ 184,865	\$ -
Property taxes	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	63,000	83,816	94,889	11,073
Fines and fees	-	-	-	-
Contributions from private sector	58,500	31,836	34,336	2,500
Interest and rents	960	2,225	3,038	813
Miscellaneous	-	-	-	-
Total revenues	299,460	302,742	317,128	14,386
EXPENDITURES:				
Current:				
Culture and recreation:				
Personal services	108,200	110,600	111,495	895
Other services and charges	178,100	170,849	149,785	(21,064)
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	-	7,596	7,596	-
Total expenditures	286,300	289,045	268,876	(20,169)
Excess (deficiency) of revenues over (under) expenditures	13,160	13,697	48,252	34,555
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
NET CHANGE IN FUND BALANCE	13,160	13,697	48,252	34,555
FUND BALANCE - Beginning of year	125,527	125,527	125,527	-
FUND BALANCE - End of year	\$ 138,687	\$ 139,224	\$ 173,779	\$ 34,555

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

CONTESTED ASSESSMENTS DEFENSE FUND

FOR THE YEAR ENDED JUNE 30, 2010

	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	500	880	380
Total revenues	500	500	880	380
EXPENDITURES:				
Current:				
General government:				
Personal services	-	-	-	-
Other services and charges	38,000	35,500	38,536	3,036
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	38,000	35,500	38,536	3,036
Excess (deficiency) of revenues over (under) expenditures	(37,500)	(35,000)	(37,656)	(2,656)
OTHER FINANCING SOURCES (USES):				
Transfers in	37,000	35,000	37,656	2,656
Transfers out	-	-	-	-
Total other financing sources (uses)	37,000	35,000	37,656	2,656
NET CHANGE IN FUND BALANCE	(500)	-	-	-
FUND BALANCE - Beginning of year	-	-	-	-
FUND BALANCE - End of year	\$ (500)	\$ -	\$ -	\$ -

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

CATV - (PUBLIC ACCESS CHANNELS) FUND

FOR THE YEAR ENDED JUNE 30, 2010

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Special assessments	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and fees	247,000	295,000	310,762	15,762
Contributions from private sector	-	-	-	-
Interest and rents	3,950	4,360	5,907	1,547
Miscellaneous	-	-	-	-
Total revenues	250,950	299,360	316,669	17,309
EXPENDITURES:				
Current:				
General government:				
Personal services	3,330	2,701	1,363	(1,338)
Other services and charges	248,400	184,980	182,143	(2,837)
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	-	50,000	-	(50,000)
Total expenditures	251,730	237,681	183,506	(54,175)
Excess (deficiency) of revenues over (under) expenditures	(780)	61,679	133,163	71,484
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
NET CHANGE IN FUND BALANCE	(780)	61,679	133,163	71,484
FUND BALANCE - Beginning of year	248,991	248,991	248,991	-
FUND BALANCE - End of year	\$ 248,211	\$ 310,670	\$ 382,154	\$ 71,484

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

REVOLVING CASH ASSISTANCE FUND

FOR THE YEAR ENDED JUNE 30, 2010

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Special assessments	\$ 35,575	\$ 39,705	\$ 41,823	\$ 2,118
Property taxes	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and fees	-	-	-	-
Contributions from private sector	-	-	-	-
Interest and rents	8,690	8,240	8,774	534
Miscellaneous	-	-	-	-
Total revenues	44,265	47,945	50,597	2,652
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	44,265	47,945	50,597	2,652
OTHER FINANCING SOURCES (USES):				
Transfers in	106,054	101,320	37,000	(64,320)
Transfers out	(200,000)	(208,000)	-	208,000
Total other financing sources (uses)	(93,946)	(106,680)	37,000	143,680
NET CHANGE IN FUND BALANCE	(49,681)	(58,735)	87,597	146,332
FUND BALANCE - Beginning of year	54,735	54,735	54,735	-
FUND BALANCE (DEFICIT) - End of year	\$ 5,054	\$ (4,000)	\$ 142,332	\$ 146,332

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

SPECIFIED DONATIONS FUND

FOR THE YEAR ENDED JUNE 30, 2010

	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	-	130,353	130,353	-
Interest and rents	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	-	130,353	130,353	-
EXPENDITURES:				
Current:				
General government:				
Personal services	-	-	-	-
Other services and charges	37,993	167,702	101,805	(65,897)
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	5,740	10,390	9,568	(822)
Total expenditures	43,733	178,092	111,373	(66,719)
Excess (deficiency) of revenues over (under) expenditures	(43,733)	(47,739)	18,980	66,719
OTHER FINANCING SOURCES (USES):				
Transfers in	-	1,533	10,006	8,473
Transfers out	(12,500)	(18,500)	(2,820)	15,680
Total other financing sources (uses)	(12,500)	(16,967)	7,186	24,153
NET CHANGE IN FUND BALANCE	(56,233)	(64,706)	26,166	90,872
FUND BALANCE - Beginning of year	56,233	56,233	56,233	-
FUND BALANCE (DEFICIT) - End of year	\$ -	\$ (8,473)	\$ 82,399	\$ 90,872

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

DANGEROUS STRUCTURES FUND

FOR THE YEAR ENDED JUNE 30, 2010

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Special assessments	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	29,388	17,153	(12,235)
Fines and fees	-	-	-	-
Contributions from private sector	-	-	-	-
Interest and rents	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	-	29,388	17,153	(12,235)
EXPENDITURES:				
Current:				
General government:				
Personal services	-	-	-	-
Other services and charges	1,500	29,388	18,331	(11,057)
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	1,500	29,388	18,331	(11,057)
Excess (deficiency) of revenues over (under) expenditures	(1,500)	-	(1,178)	(1,178)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
NET CHANGE IN FUND BALANCE	(1,500)	-	(1,178)	(1,178)
FUND BALANCE - Beginning of year	2,229	2,229	2,229	-
FUND BALANCE - End of year	\$ 729	\$ 2,229	\$ 1,051	\$ (1,178)

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

EMPLOYEES BENEFIT FUND

FOR THE YEAR ENDED JUNE 30, 2010

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Special assessments	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	9,900	9,822	9,619	(203)
Fines and fees	-	-	-	-
Contributions from private sector	1,100	442	442	-
Interest and rents	255	208	233	25
Miscellaneous	-	-	-	-
Total revenues	11,255	10,472	10,294	(178)
EXPENDITURES:				
Current:				
General government:				
Personal services	-	-	-	-
Other services and charges	12,000	10,872	10,779	(93)
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	12,000	10,872	10,779	(93)
Excess (deficiency) of revenues over (under) expenditures	(745)	(400)	(485)	(85)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
NET CHANGE IN FUND BALANCE	(745)	(400)	(485)	(85)
FUND BALANCE - Beginning of year	9,160	9,160	9,160	-
FUND BALANCE - End of year	\$ 8,415	\$ 8,760	\$ 8,675	\$ (85)

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

PROPERTY ACQUISITION FUND

FOR THE YEAR ENDED JUNE 30, 2010

	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	400	412	1,647	1,235
Miscellaneous	-	-	-	-
Total revenues	400	412	1,647	1,235
EXPENDITURES:				
Current:				
General government:				
Personal services	-	-	-	-
Other services and charges	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	4,000	126,117	124,939	(1,178)
Total expenditures	4,000	126,117	124,939	(1,178)
Excess (deficiency) of revenues over (under) expenditures	(3,600)	(125,705)	(123,292)	2,413
OTHER FINANCING SOURCES (USES):				
Transfers in	91,991	217,235	214,822	(2,413)
Transfers out	(88,391)	(91,530)	(91,530)	-
Total other financing sources (uses)	3,600	125,705	123,292	(2,413)
NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE - Beginning of year	-	-	-	-
FUND BALANCE - End of year	\$ -	\$ -	\$ -	\$ -

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

ENVIRONMENTAL CLEANUP FUND

FOR THE YEAR ENDED JUNE 30, 2010

	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	7,600	9,200	3,884	(5,316)
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	7,600	9,200	3,884	(5,316)
Excess (deficiency) of revenues over (under) expenditures	(7,600)	(9,200)	(3,884)	5,316
OTHER FINANCING SOURCES (USES):				
Transfers in	7,600	9,200	3,884	(5,316)
Transfers out	-	-	-	-
Total other financing sources (uses)	7,600	9,200	3,884	(5,316)
NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE - Beginning of year	-	-	-	-
FUND BALANCE - End of year	\$ -	\$ -	\$ -	\$ -

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

POLICE CRIMINAL JUSTICE TRAINING FUND

FOR THE YEAR ENDED JUNE 30, 2010

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Special assessments	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	-
Intergovernmental	14,000	14,000	12,102	(1,898)
Charges for services	-	-	-	-
Fines and fees	-	-	-	-
Contributions from private sector	-	-	-	-
Interest and rents	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	14,000	14,000	12,102	(1,898)
EXPENDITURES:				
Current:				
Public safety:				
Personal services	-	-	-	-
Other services and charges	14,000	14,000	11,957	(2,043)
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	14,000	14,000	11,957	(2,043)
Excess (deficiency) of revenues over (under) expenditures	-	-	145	145
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
NET CHANGE IN FUND BALANCE	-	-	145	145
FUND BALANCE - Beginning of year	1,735	1,735	1,735	-
FUND BALANCE - End of year	\$ 1,735	\$ 1,735	\$ 1,880	\$ 145

CITY OF HOLLAND, MICHIGAN
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
 ANTI-DRUG ABUSE ACT GRANT - "W.E.M.E.T." FUND
 FOR THE YEAR ENDED JUNE 30, 2010

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Special assessments	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	-
Intergovernmental	-	115,056	92,757	(22,299)
Charges for services	-	-	-	-
Fines and fees	-	-	-	-
Contributions from private sector	-	-	-	-
Interest and rents	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	-	115,056	92,757	(22,299)
EXPENDITURES:				
Current:				
Public safety:				
Personal services	-	288,589	243,991	(44,598)
Other services and charges	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	-	288,589	243,991	(44,598)
Excess (deficiency) of revenues over (under) expenditures	-	(173,533)	(151,234)	22,299
OTHER FINANCING SOURCES (USES):				
Transfers in	-	173,533	151,234	(22,299)
Transfers out	-	-	-	-
Total other financing sources (uses)	-	173,533	151,234	(22,299)
NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE - Beginning of year	-	-	-	-
FUND BALANCE - End of year	\$ -	\$ -	\$ -	\$ -

CITY OF HOLLAND, MICHIGAN

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

OFFICE OF HIGHWAY SAFETY PLANNING (OHSP) GRANT FUND

FOR THE YEAR ENDED JUNE 30, 2010

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Special assessments	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	-
Intergovernmental	138,365	320,503	264,000	(56,503)
Charges for services	-	-	-	-
Fines and fees	-	-	-	-
Contributions from private sector	-	-	-	-
Interest and rents	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	138,365	320,503	264,000	(56,503)
EXPENDITURES:				
Current:				
Public safety:				
Personal services	63,632	230,090	174,902	(55,188)
Other services and charges	8,573	22,573	22,941	368
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	66,160	67,840	66,159	(1,681)
Total expenditures	138,365	320,503	264,002	(56,501)
Excess (deficiency) of revenues over (under) expenditures	-	-	(2)	(2)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	2	2
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	2	2
NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE - Beginning of year	-	-	-	-
FUND BALANCE - End of year	\$ -	\$ -	\$ -	\$ -

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

LAW ENFORCEMENT BLOCK GRANT FUND

FOR THE YEAR ENDED JUNE 30, 2010

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Special assessments	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	-
Intergovernmental	86,935	111,349	33,477	(77,872)
Charges for services	-	-	-	-
Fines and fees	-	-	-	-
Contributions from private sector	265	-	-	-
Interest and rents	-	-	1,281	1,281
Miscellaneous	-	-	-	-
Total revenues	87,200	111,349	34,758	(76,591)
EXPENDITURES:				
Current:				
Public safety:				
Personal services	9,707	9,707	9,504	(203)
Other services and charges	-	256	256	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	83,784	115,447	27,818	(87,629)
Total expenditures	93,491	125,410	37,578	(87,832)
Excess (deficiency) of revenues over (under) expenditures	(6,291)	(14,061)	(2,820)	11,241
OTHER FINANCING SOURCES (USES):				
Transfers in	6,291	14,061	2,820	(11,241)
Transfers out	-	-	-	-
Total other financing sources (uses)	6,291	14,061	2,820	(11,241)
NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE - Beginning of year	-	-	-	-
FUND BALANCE - End of year	\$ -	\$ -	\$ -	\$ -

CITY OF HOLLAND, MICHIGAN

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

FEDERAL EMERGENCY MANAGEMENT AGENCY (FEMA) GRANT FUND

FOR THE YEAR ENDED JUNE 30, 2010

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Special assessments	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	-
Intergovernmental	47,104	170,481	41,439	(129,042)
Charges for services	-	-	-	-
Fines and fees	-	-	-	-
Contributions from private sector	-	-	-	-
Interest and rents	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	47,104	170,481	41,439	(129,042)
EXPENDITURES:				
Current:				
Public safety:				
Personal services	-	-	-	-
Other services and charges	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	52,336	189,421	46,748	(142,673)
Total expenditures	52,336	189,421	46,748	(142,673)
Excess (deficiency) of revenues over (under) expenditures	(5,232)	(18,940)	(5,309)	13,631
OTHER FINANCING SOURCES (USES):				
Transfers in	5,232	18,940	5,309	(13,631)
Transfers out	-	-	-	-
Total other financing sources (uses)	5,232	18,940	5,309	(13,631)
NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE - Beginning of year	-	-	-	-
FUND BALANCE - End of year	\$ -	\$ -	\$ -	\$ -

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

HOMELAND SECURITY GRANT FUND

FOR THE YEAR ENDED JUNE 30, 2010

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Special assessments	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	-	5,000	5,000	-
Charges for services	-	-	-	-
Fines and fees	-	-	-	-
Contributions from private sector	-	-	-	-
Interest and rents	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	-	5,000	5,000	-
EXPENDITURES:				
Current:				
Public safety:				
Personal services	-	-	-	-
Other services and charges	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	-	5,000	5,000	-
Total expenditures	-	5,000	5,000	-
Excess of revenues over expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE - Beginning of year	-	-	-	-
FUND BALANCE - End of year	\$ -	\$ -	\$ -	\$ -

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

DISTRICT LIBRARY TAXATION FUND

FOR THE YEAR ENDED JUNE 30, 2010

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Special assessments	\$ -	\$ -	\$ -	\$ -
Property taxes	1,495,484	1,495,852	1,496,632	780
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and fees	-	-	-	-
Contributions from private sector	-	-	-	-
Interest and rents	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	1,495,484	1,495,852	1,496,632	780
EXPENDITURES:				
Current:				
Culture and recreation:				
Personal services	-	-	-	-
Other services and charges	1,495,484	1,496,062	1,496,026	(36)
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	1,495,484	1,496,062	1,496,026	(36)
Excess (deficiency) of revenues over (under) expenditures	-	(210)	606	816
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
NET CHANGE IN FUND BALANCE	-	(210)	606	816
FUND BALANCE - Beginning of year	292	292	292	-
FUND BALANCE - End of year	\$ 292	\$ 82	\$ 898	\$ 816

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

BICENTENNIAL CELEBRATION FUND

FOR THE YEAR ENDED JUNE 30, 2010

	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	170	210	40
Miscellaneous	-	-	-	-
Total revenues	300	170	210	40
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	170	210	40
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	(8,433)	(8,473)	(40)
Total other financing sources (uses)	-	(8,433)	(8,473)	(40)
NET CHANGE IN FUND BALANCE	300	(8,263)	(8,263)	-
FUND BALANCE - Beginning of year	8,263	8,263	8,263	-
FUND BALANCE - End of year	\$ 8,563	\$ -	\$ -	\$ -

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

M.S.H.D.A. GRANT FUND
 FOR THE YEAR ENDED JUNE 30, 2010

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Special assessments	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	-
Intergovernmental	78,760	482,760	192,153	(290,607)
Charges for services	-	-	-	-
Fines and fees	-	-	-	-
Contributions from private sector	-	-	-	-
Interest and rents	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	78,760	482,760	192,153	(290,607)
EXPENDITURES:				
Current:				
Welfare and social services:				
Personal services	-	-	-	-
Other services and charges	78,760	482,760	164,072	(318,688)
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	78,760	482,760	164,072	(318,688)
Excess (deficiency) of revenues over (under) expenditures	-	-	28,081	28,081
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
NET CHANGE IN FUND BALANCE	-	-	28,081	28,081
FUND BALANCE - Beginning of year	-	-	-	-
FUND BALANCE - End of year	\$ -	\$ -	\$ 28,081	\$ 28,081

CITY OF HOLLAND, MICHIGAN

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

COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) FUND

FOR THE YEAR ENDED JUNE 30, 2010

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Special assessments	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	-
Intergovernmental	463,302	927,312	409,298	(518,014)
Charges for services	-	-	-	-
Fines and fees	-	-	-	-
Contributions from private sector	-	202,359	196,941	(5,418)
Interest and rents	-	-	-	-
Miscellaneous	(584)	3,849	6,832	2,983
Total revenues	462,718	1,133,520	613,071	(520,449)
EXPENDITURES:				
Current:				
Welfare and social services:				
Personal services	111,566	205,568	100,059	(105,509)
Other services and charges	371,152	947,952	533,012	(414,940)
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	482,718	1,153,520	633,071	(520,449)
Excess (deficiency) of revenues over (under) expenditures	(20,000)	(20,000)	(20,000)	-
OTHER FINANCING SOURCES (USES):				
Transfers in	13,089	37,522	13,089	(24,433)
Transfers out	(13,089)	(37,522)	(13,089)	24,433
Total other financing sources (uses)	-	-	-	-
NET CHANGE IN FUND BALANCE	(20,000)	(20,000)	(20,000)	-
FUND BALANCE - Beginning of year	20,000	20,000	20,000	-
FUND BALANCE - End of year	\$ -	\$ -	\$ -	\$ -

CITY OF HOLLAND, MICHIGAN

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

NEIGHBORHOOD IMPACT PROGRAM (NIP) GRANT FUND

FOR THE YEAR ENDED JUNE 30, 2010

	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	4,336	14,977	-	(14,977)
Interest and rents	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	4,336	14,977	-	(14,977)
EXPENDITURES:				
Current:				
Welfare and social services:				
Personal services	4,336	14,977	-	(14,977)
Other services and charges	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	4,336	14,977	-	(14,977)
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE - Beginning of year	-	-	-	-
FUND BALANCE - End of year	\$ -	\$ -	\$ -	\$ -

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

BUDGET STABILIZATION FUND

FOR THE YEAR ENDED JUNE 30, 2010

	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	25,000	25,000	9,626	(15,374)
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	25,000	25,000	9,626	(15,374)
Excess (deficiency) of revenues over (under) expenditures	(25,000)	(25,000)	(9,626)	15,374
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	(150,000)	(150,000)	(150,000)	-
Total other financing sources (uses)	(150,000)	(150,000)	(150,000)	-
NET CHANGE IN FUND BALANCE	(175,000)	(175,000)	(159,626)	15,374
FUND BALANCE - Beginning of year	1,176,446	1,176,446	1,176,446	-
FUND BALANCE - End of year	\$ 1,001,446	\$ 1,001,446	\$ 1,016,820	\$ 15,374

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

CEMETERY PERPETUAL CARE FUND

FOR THE YEAR ENDED JUNE 30, 2010

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Special assessments	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	32,900	27,620	29,575	1,955
Fines and fees	-	-	-	-
Contributions from private sector	-	-	-	-
Interest and rents	40,276	30,163	38,038	7,875
Miscellaneous	-	-	-	-
Total revenues	73,176	57,783	67,613	9,830
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	73,176	57,783	67,613	9,830
OTHER FINANCING SOURCES (USES):				
Transfers in	1,862	1,862	1,862	-
Transfers out	(108,842)	(107,087)	(114,962)	(7,875)
Total other financing sources (uses)	(106,980)	(105,225)	(113,100)	(7,875)
NET CHANGE IN FUND BALANCE	(33,804)	(47,442)	(45,487)	1,955
FUND BALANCE - Beginning of year	1,538,697	1,538,697	1,538,697	-
FUND BALANCE - End of year	\$ 1,504,893	\$ 1,491,255	\$ 1,493,210	\$ 1,955

- - - 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.

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)

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, 2010, the residential customer count for this service is:

- Single-family residences and multi-family housing developments of up to 4-family units = 8,678
- Multi-family housing developments of greater than 4-family units = 6

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)

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. The final maturity on the 1995 obligation occurred in the fiscal year which ended on June 30, 2010; whereas the final maturity on the 1989 obligation occurred in fiscal year 2005. Debt service was 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 (only through March 2010), 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, 2010

<u>ASSETS</u>	REFUSE AND RECYCLING PICKUP	WINDMILL ISLAND	DEPOT OPERATIONS	AIRPORT FACILITIES AND MANAGEMENT SYSTEM
CURRENT ASSETS:				
Cash and pooled investments	\$ 160,725	\$ 99,782	\$ 2	\$ 2,387
Receivables:				
Accounts	167,863	10,451	-	6,944
Taxes and special assessments	-	-	-	71
Due from other funds	184,041	-	-	-
Total current assets	512,629	110,233	2	9,402
NONCURRENT ASSETS:				
Capital assets:				
Land	-	99,809	291,300	5,961,250
Construction in progress	-	25,835	-	-
Machinery and equipment	387,206	1,963,188	1,667,199	14,043,709
Accumulated depreciation	(217,129)	(1,266,239)	(994,925)	(7,327,431)
Total capital assets	170,077	822,593	963,574	12,677,528
Total assets	682,706	932,826	963,576	12,686,930
<u>LIABILITIES</u>				
CURRENT LIABILITIES:				
Accounts payable	111,586	20,657	-	-
Accrued payroll and benefits	1,279	16,700	-	85
Due to other governmental units	-	-	-	9,317
Due to other funds	-	1,942	-	-
Deposits	-	54,875	-	-
Accrued compensated absences - current	-	16,059	-	-
Total current liabilities	112,865	110,233	-	9,402
NET ASSETS:				
Invested in capital assets	170,077	822,593	963,574	12,677,528
Unrestricted	399,764	-	2	-
Total net assets	\$ 569,841	\$ 822,593	\$ 963,576	\$ 12,677,528

PUBLIC TRANSIT
FACILITIES AND
MANAGEMENT
SYSTEM

TOTAL

\$	-	\$	262,896
	7,420		192,678
	1		72
	-		184,041
	7,421		639,687

	-		6,352,359
	-		25,835
	508,254		18,569,556
	(206,528)		(10,012,252)
	301,726		14,935,498
	309,147		15,575,185

	92		132,335
	142		18,206
	-		9,317
	5,607		7,549
	-		54,875
	-		16,059
	5,841		238,341

	301,726		14,935,498
	1,580		401,346
\$	303,306	\$	15,336,844

CITY OF HOLLAND, MICHIGAN

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

FOR THE YEAR ENDED JUNE 30, 2010

	REFUSE AND RECYCLING PICKUP	WINDMILL ISLAND	DEPOT OPERATIONS	AIRPORT FACILITIES AND MANAGEMENT SYSTEM
OPERATING REVENUES				
Usage fees and charges for services	\$ 1,335,644	\$ 43,909	\$ -	\$ 50,708
Admissions and fares	-	315,500	-	-
Rentals	-	95,432	1	-
Total operating revenues	1,335,644	454,841	1	50,708
OPERATING EXPENSES:				
Personal services	112,662	397,795	-	31,256
Other current expenses	1,234,366	195,970	-	137,289
Depreciation	61,559	61,467	55,229	729,001
Total operating expenses	1,408,587	655,232	55,229	897,546
OPERATING LOSS	(72,943)	(200,391)	(55,228)	(846,838)
NONOPERATING REVENUES (EXPENSES):				
Property taxes	-	-	-	118,961
Federal and/or state grants	-	-	-	-
Federal awards passed-through to the Macatawa Area Express Transportation Authority	-	-	-	-
Investment earnings	7,957	2,013	-	396
Interest expense	-	-	-	(1,520)
Loss on disposal of capital assets	(5,386)	-	-	-
Total nonoperating revenues (expenses)	2,571	2,013	-	117,837
INCOME (LOSS) - Before transfers and contribution:	(70,372)	(198,378)	(55,228)	(729,001)
TRANSFERS AND CONTRIBUTIONS				
Other private donations	25	45	-	-
Transfers in	-	198,669	-	-
Total transfers and contributions	25	198,714	-	-
CHANGE IN NET ASSETS	(70,347)	336	(55,228)	(729,001)
NET ASSETS - Beginning of year	640,188	822,257	1,018,804	13,406,529
NET ASSETS - End of year	\$ 569,841	\$ 822,593	\$ 963,576	\$ 12,677,528

PUBLIC TRANSIT FACILITIES AND MANAGEMENT SYSTEM		TOTAL	
\$	201,315	\$	1,631,576
	-		315,500
	-		95,433
	201,315		2,042,509
	199,597		741,310
	1,626		1,569,251
	11,762		919,018
	212,985		3,229,579
	(11,670)		(1,187,070)
	1		118,962
	59,884		59,884
	(59,884)		(59,884)
	152		10,518
	-		(1,520)
	-		(5,386)
	153		122,574
	(11,517)		(1,064,496)
	-		70
	-		198,669
	-		198,739
	(11,517)		(865,757)
	314,823		16,202,601
\$	303,306	\$	15,336,844

CITY OF HOLLAND, MICHIGAN
 COMBINING STATEMENT OF CASH FLOWS
 NONMAJOR ENTERPRISE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2010

	REFUSE AND RECYCLING PICKUP	WINDMILL ISLAND	DEPOT OPERATIONS	AIRPORT FACILITIES AND MANAGEMENT SYSTEM
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers and users	\$ 1,326,652	\$ 458,457	\$ 1	\$ 47,445
Payments to suppliers	(1,256,807)	(182,404)	-	(137,289)
Payments to employees	(112,918)	(394,642)	-	(32,097)
Net cash provided by (used in) operating activities	(43,073)	(118,589)	1	(121,941)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Property taxes	-	-	-	118,911
Other private donations	25	45	-	-
Intragovernmental receipts	-	199,921	-	-
Intragovernmental payments	(85,615)	-	-	-
Net cash provided by (used in) noncapital financing activities	(85,590)	199,966	-	118,911
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Federal and/or state grants	-	-	-	4,082
Federal awards pass-through to the Macatawa Area Express Transportation Authority	-	-	-	-
Principal payments on long-term debt	-	-	-	(16,000)
Interest on long-term debt	-	-	-	(1,520)
Purchase of capital assets	(55,841)	(73,986)	-	-
Net cash used in capital and related financing activities	(55,841)	(73,986)	-	(13,438)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment earnings	7,957	2,013	-	396
NET INCREASE (DECREASE) IN CASH AND POOLED INVESTMENTS	(176,547)	9,404	1	(16,072)
CASH AND POOLED INVESTMENTS -				
Beginning of year	337,272	90,378	1	18,459
CASH AND POOLED INVESTMENTS - End of year	\$ 160,725	\$ 99,782	\$ 2	\$ 2,387

PUBLIC TRANSIT FACILITIES AND MANAGEMENT SYSTEM		TOTAL	
\$	181,920	\$	2,014,475
	(1,756)		(1,578,256)
	(204,205)		(743,862)
	(24,041)		(307,643)
	-		118,911
	-		70
	5,607		205,528
	-		(85,615)
	5,607		238,894
	59,884		63,966
	(59,884)		(59,884)
	-		(16,000)
	-		(1,520)
	-		(129,827)
	-		(143,265)
	152		10,518
	(18,282)		(201,496)
	18,282		464,392
\$	-	\$	262,896

(Continued)

CITY OF HOLLAND, MICHIGAN

COMBINING STATEMENT OF CASH FLOWS (CONCLUDED)
NONMAJOR ENTERPRISE FUNDS

FOR THE YEAR ENDED JUNE 30, 2010

	REFUSE AND RECYCLING PICKUP	WINDMILL ISLAND	DEPOT OPERATIONS	AIRPORT FACILITIES AND MANAGEMENT SYSTEM
Reconciliation of operating loss to net cash provided by (used in) operating activities:				
Operating loss	\$ (72,943)	\$ (200,391)	\$ (55,228)	\$ (846,838)
Adjustment to reconcile operating loss to net cash provided by (used in) operating activities:				
Depreciation	61,559	61,467	55,229	729,001
Changes in operating assets and liabilities which provided (used) cash:				
Accounts receivable	(8,992)	(3,446)	-	(3,263)
Prepaid items	-	1,090	-	-
Accounts payable	(22,441)	12,476	-	-
Accrued payroll and benefits	(256)	2,362	-	(841)
Earned employee compensated absences	-	791	-	-
Unearned revenue	-	7,062	-	-
Net cash provided by (used in) operating activities	\$ (43,073)	\$ (118,589)	\$ 1	\$ (121,941)

Exhibit C-3

PUBLIC TRANSIT FACILITIES AND MANAGEMENT SYSTEM		TOTAL	
\$	(11,670)	\$	(1,187,070)
	11,762		919,018
	(4,395)		(20,096)
	-		1,090
	(130)		(10,095)
	(4,608)		(3,343)
	-		791
	(15,000)		(7,938)
\$	(24,041)	\$	(307,643)

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 third party postal service provider processes the outgoing mail to achieve lower bulk postal rates. 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 FUND

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. Select vehicles are participating in an ongoing biodiesel blend study using a temporary above ground storage tank.

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. In the ensuing fiscal year claims will be administered through a newly negotiated contract with Priority Health effective January 1, 2011.

- - - **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, 2010

ASSETS	TECHNOLOGY SERVICES		
	COMPUTER SERVICES	POSTAGE SERVICES	COMMUNICATION SERVICES
CURRENT ASSETS:			
Cash and pooled investments	\$ 355,090	\$ 5,087	\$ 10,698
Accounts receivable	2,260	-	-
Due from other funds	-	-	-
Prepaid items	-	350	-
Inventories	-	3,053	-
Total current assets	357,350	8,490	10,698
NONCURRENT ASSETS:			
Capital assets:			
Construction in progress	23,801	-	-
Machinery and equipment	741,263	-	122,261
Accumulated depreciation	(636,881)	-	(104,538)
Total capital assets	128,183	-	17,723
Total assets	485,533	8,490	28,421
LIABILITIES			
CURRENT LIABILITIES:			
Accounts payable	12,709	562	-
Claims payable	-	-	-
Accrued payroll and benefits	8,755	-	-
Due to other funds	420	-	-
Deferred revenue	-	-	-
Accrued compensated absences - current	-	-	-
Total current liabilities	21,884	562	-
NONCURRENT LIABILITIES:			
Accrued compensated absences	30,054	-	-
Total liabilities	51,938	562	-
NET ASSETS			
Invested in capital assets	128,183	-	17,723
Unrestricted	305,412	7,928	10,698
Total net assets	\$ 433,595	\$ 7,928	\$ 28,421

EQUIPMENT SERVICES			INSURANCE SERVICES		
FUEL DISPENSING	CENTRALIZED VEHICLE/ EQUIPMENT	FIRE VEHICLE/ EQUIPMENT	WORKERS COMPENSATION	EMPLOYEE DISABILITY INCOME PROTECTION	EMPLOYEE & RETIREE HEALTH/ DENTAL
\$ 56,119	\$ 2,246,587	\$ 310,725	\$ 478,376	\$ 213,819	\$ 1,471,657
32,606	20,213	-	10,003	603	41,857
8,625	181	-	-	-	12,948
-	-	-	10,000	-	-
26,567	43,237	-	-	-	-
123,917	2,310,218	310,725	498,379	214,422	1,526,462
-	-	-	-	-	-
50,906	7,166,443	2,175,300	-	-	-
(42,632)	(4,022,967)	(930,076)	-	-	-
8,274	3,143,476	1,245,224	-	-	-
132,191	5,453,694	1,555,949	498,379	214,422	1,526,462
52,080	32,240	-	2,115	-	59
-	-	-	-	-	374,823
-	14,735	-	-	-	7
-	75	-	-	-	500
-	-	-	-	-	3,579
-	-	-	-	-	-
52,080	47,050	-	2,115	-	378,968
-	53,010	-	-	-	-
52,080	100,060	-	2,115	-	378,968
8,274	3,143,476	1,245,224	-	-	-
71,837	2,210,158	310,725	496,264	214,422	1,147,494
\$ 80,111	\$ 5,353,634	\$ 1,555,949	\$ 496,264	\$ 214,422	\$ 1,147,494

(Continued)

CITY OF HOLLAND, MICHIGAN

COMBINING STATEMENT OF NET ASSETS (CONCLUDED)
INTERNAL SERVICE FUNDS

JUNE 30, 2010

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	\$ 220,059	\$ 429,687	\$ 212,980	\$ 1,538,494	\$ 7,549,378
Accounts receivable	1,014	-	160,261	-	268,817
Due from other funds	-	-	9,629	-	31,383
Prepaid items	-	-	20,000	-	30,350
Inventories	-	-	-	-	72,857
Total current assets	221,073	429,687	402,870	1,538,494	7,952,785
NONCURRENT ASSETS:					
Capital assets:					
Construction in progress	-	-	-	-	23,801
Machinery and equipment	-	-	-	-	10,256,173
Accumulated depreciation	-	-	-	-	(5,737,094)
Total capital assets	-	-	-	-	4,542,880
Total assets	221,073	429,687	402,870	1,538,494	12,495,665
LIABILITIES					
CURRENT LIABILITIES:					
Accounts payable	1,001	-	33,278	-	134,044
Claims payable	-	-	12,000	-	386,823
Accrued payroll and benefits	-	-	-	-	23,497
Due to other funds	-	3,366	-	-	4,361
Deferred revenue	-	-	-	-	3,579
Accrued compensated absences - current	-	-	-	975,000	975,000
Total current liabilities	1,001	3,366	45,278	975,000	1,527,304
NONCURRENT LIABILITIES:					
Accrued compensated absences	-	-	-	563,494	646,558
Total liabilities	1,001	3,366	45,278	1,538,494	2,173,862
NET ASSETS					
Invested in capital assets	-	-	-	-	4,542,880
Unrestricted	220,072	426,321	357,592	-	5,778,923
Total net assets	\$ 220,072	\$ 426,321	\$ 357,592	\$ -	\$ 10,321,803

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, 2010

	TECHNOLOGY SERVICES		
	COMPUTER SERVICES	POSTAGE SERVICES	COMMUNICATION SERVICES
OPERATING REVENUES:			
Charges for services	\$ 555,971	\$ 19,473	\$ 100,695
Premiums	-	-	-
Rentals	-	-	-
Miscellaneous	-	1,000	-
Total operating revenues	555,971	20,473	100,695
OPERATING EXPENSES:			
Personal services	329,837	-	-
Other current expenses	212,630	19,784	98,273
Depreciation expense	38,975	-	4,161
Total operating expenses	581,442	19,784	102,434
OPERATING INCOME (LOSS)	(25,471)	689	(1,739)
NONOPERATING REVENUES AND GAINS:			
Investment earnings	7,712	38	-
Insurance recovery	-	-	-
Gain on disposal of capital assets	-	-	-
Total nonoperating revenues and gains	7,712	38	-
INCOME (LOSS) - Before transfers	(17,759)	727	(1,739)
TRANSFERS:			
Transfers in	-	-	-
Transfers out	-	-	-
Net transfers	-	-	-
CHANGE IN NET ASSETS	(17,759)	727	(1,739)
NET ASSETS - Beginning of year	451,354	7,201	30,160
NET ASSETS - End of year	\$ 433,595	\$ 7,928	\$ 28,421

EQUIPMENT SERVICES			INSURANCE SERVICES		
FUEL DISPENSING	CENTRALIZED VEHICLE/ EQUIPMENT	FIRE VEHICLE/ EQUIPMENT	WORKERS COMPENSATION	EMPLOYEE DISABILITY INCOME PROTECTION	EMPLOYEE & RETIREE HEALTH/ DENTAL
\$ 680,423	\$ 307,190	\$ -	\$ -	\$ -	\$ -
-	-	-	251,314	111,465	4,529,748
-	1,643,734	-	-	-	-
-	34	-	78,345	-	311,785
680,423	1,950,958	-	329,659	111,465	4,841,533
2,343	607,375	-	(89)	2,163	74
673,232	907,421	-	282,462	73,250	5,417,846
2,545	504,869	100,689	-	-	-
678,120	2,019,665	100,689	282,373	75,413	5,417,920
2,303	(68,707)	(100,689)	47,286	36,052	(576,387)
-	53,675	6,858	10,244	4,931	29,452
-	-	-	-	-	-
-	32,072	-	-	-	-
-	85,747	6,858	10,244	4,931	29,452
2,303	17,040	(93,831)	57,530	40,983	(546,935)
-	620,551	75,000	-	-	-
-	(3,884)	(5,309)	-	-	-
-	616,667	69,691	-	-	-
2,303	633,707	(24,140)	57,530	40,983	(546,935)
77,808	4,719,927	1,580,089	438,734	173,439	1,694,429
\$ 80,111	\$ 5,353,634	\$ 1,555,949	\$ 496,264	\$ 214,422	\$ 1,147,494

(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, 2010

	INSURANCE SERVICES				
	VEHICLE DAMAGE & LIABILITY	PROPERTY DAMAGE	GENERAL & PROFESSIONAL LIABILITY	COMPENSATED ABSENCES	TOTAL
OPERATING REVENUES:					
Charges for services	\$ -	\$ -	\$ -	\$ 79,097	\$ 1,742,849
Premiums	138,342	29,841	120,825	-	5,181,535
Rentals	-	-	-	-	1,643,734
Miscellaneous	20,030	-	-	-	411,194
Total operating revenues	158,372	29,841	120,825	79,097	8,979,312
OPERATING EXPENSES:					
Personal services	-	-	-	79,097	1,020,800
Other current expenses	148,368	56,813	261,146	-	8,151,225
Depreciation expense	-	-	-	-	651,239
Total operating expenses	148,368	56,813	261,146	79,097	9,823,264
OPERATING INCOME (LOSS)	10,004	(26,972)	(140,321)	-	(843,952)
NONOPERATING REVENUES AND GAINS:					
Investment earnings	3,961	11,786	5,261	-	133,918
Insurance recovery	-	-	160,261	-	160,261
Gain on disposal of capital assets	-	-	-	-	32,072
Total nonoperating revenues and gains	3,961	11,786	165,522	-	326,251
INCOME (LOSS) - Before transfers	13,965	(15,186)	25,201	-	(517,701)
TRANSFERS:					
Transfers in	-	-	-	-	695,551
Transfers out	-	(39,539)	-	-	(48,732)
Net transfers	-	(39,539)	-	-	646,819
CHANGE IN NET ASSETS	13,965	(54,725)	25,201	-	129,118
NET ASSETS - Beginning of year	206,107	481,046	332,391	-	10,192,685
NET ASSETS - End of year	\$ 220,072	\$ 426,321	\$ 357,592	\$ -	\$ 10,321,803

CITY OF HOLLAND

CITY OF HOLLAND, MICHIGAN
 COMBINING STATEMENT OF CASH FLOWS
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2010

	TECHNOLOGY SERVICES		
	COMPUTER SERVICES	POSTAGE SERVICES	COMMUNICATION SERVICES
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from interfund services provided	\$ 555,528	\$ 20,473	\$ 103,094
Payments to suppliers	(203,840)	(17,795)	(98,333)
Payments to employees	(325,344)	-	-
Net cash provided by (used in) operating activities	26,344	2,678	4,761
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Intragovernmental payments	-	-	-
Intragovernmental receipts	-	-	-
Net cash provided by (used in) noncapital financing activities	-	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from sale of capital assets	-	-	-
Purchase of capital assets	(23,801)	-	-
Net cash provided by (used in) capital and related financing activities	(23,801)	-	-
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment earnings	7,712	38	-
NET INCREASE (DECREASE) IN CASH AND POOLED INVESTMENTS	10,255	2,716	4,761
CASH AND POOLED INVESTMENTS - Beginning of year	344,835	2,371	5,937
CASH AND POOLED INVESTMENTS - End of year	\$ 355,090	\$ 5,087	\$ 10,698
Reconciliation of operating income (loss) to net cash provided by (used in) by operating activities			
Operating income (loss)	\$ (25,471)	\$ 689	\$ (1,739)
Adjustment to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	38,975	-	4,161
Changes in operating assets and liabilities which provided (used) cash:			
Accounts receivable	(443)	-	2,399
Due from other funds	-	-	-
Prepaid items	-	-	-
Inventories	-	1,427	-
Accounts payable	8,790	-	(60)
Claims payable	-	-	-
Accrued payroll and benefits	1,534	562	-
Accrued compensated absences	2,959	-	-
Due to other funds	-	-	-
Unearned revenue	-	-	-
Net cash provided by (used in) operating activities	\$ 26,344	\$ 2,678	\$ 4,761

EQUIPMENT SERVICES			INSURANCE SERVICES			
FUEL DISPENSING	CENTRALIZED VEHICLE/ EQUIPMENT	FIRE VEHICLE/ EQUIPMENT	WORKERS COMPENSATION	EMPLOYEE DISABILITY INCOME PROTECTION	EMPLOYEE & RETIREE HEALTH/ DENTAL	
\$ 663,257	\$ 1,953,469	\$ -	\$ 319,656	\$ 111,443	\$ 4,900,174	
(671,783)	(903,828)	-	(301,282)	(73,250)	(5,224,899)	
(2,343)	(615,407)	-	89	(2,163)	(78)	
(10,869)	434,234	-	18,463	36,030	(324,803)	
-	(3,884)	(5,309)	-	-	-	
-	620,551	75,000	-	-	-	
-	616,667	69,691	-	-	-	
-	48,500	-	-	-	-	
-	(573,278)	-	-	-	-	
-	(524,778)	-	-	-	-	
-	53,675	6,858	10,244	4,931	29,452	
(10,869)	579,798	76,549	28,707	40,961	(295,351)	
66,988	1,666,789	234,176	449,669	172,858	1,767,008	
\$ 56,119	\$ 2,246,587	\$ 310,725	\$ 478,376	\$ 213,819	\$ 1,471,657	
\$ 2,303	\$ (68,707)	\$ (100,689)	\$ 47,286	\$ 36,052	\$ (576,387)	
2,545	504,869	100,689	-	-	-	
(1,682)	1,765	-	(10,003)	(22)	(10,658)	
1,607	746	-	-	-	65,620	
-	-	-	-	-	82,085	
(2,484)	982	-	-	-	-	
3,933	2,611	-	(18,820)	-	(261)	
-	-	-	-	-	111,123	
-	231	-	-	-	(4)	
-	(8,263)	-	-	-	-	
(17,091)	-	-	-	-	100	
-	-	-	-	-	3,579	
\$ (10,869)	\$ 434,234	\$ -	\$ 18,463	\$ 36,030	\$ (324,803)	

(Continued)

CITY OF HOLLAND, MICHIGAN
 COMBINING STATEMENT OF CASH FLOWS (CONCLUDED)
 INTERNAL SERVICE FUNDS

FOR THE YEAR ENDED JUNE 30, 2010

INSURANCE SERVICES

	VEHICLE DAMAGE & LIABILITY	PROPERTY DAMAGE	GENERAL & PROFESSIONAL LIABILITY	COMPENSATED ABSENCES	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from interfund services provided	\$ 157,722	\$ 33,207	\$ 114,865	\$ 79,097	\$ 9,011,985
Payments to suppliers	(148,717)	(64,819)	(244,009)	-	(7,952,555)
Payments to employees	-	-	-	(155,911)	(1,101,157)
Net cash provided by (used in) operating activities	9,005	(31,612)	(129,144)	(76,814)	(41,727)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Intragovernmental payments	-	(39,539)	-	-	(48,732)
Intragovernmental receipts	-	-	-	-	695,551
Net cash provided by (used in) noncapital financing activities	-	(39,539)	-	-	646,819
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Proceeds from sale of capital assets	-	-	-	-	48,500
Purchase of capital assets	-	-	-	-	(597,079)
Net cash provided by (used in) capital and related financing activities	-	-	-	-	(548,579)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Investment earnings	3,961	11,786	5,261	-	133,918
NET INCREASE (DECREASE) IN CASH AND POOLED INVESTMENTS	12,966	(59,365)	(123,883)	(76,814)	190,431
CASH AND POOLED INVESTMENTS - Beginning of year	207,093	489,052	336,863	1,615,308	7,358,947
CASH AND POOLED INVESTMENTS - End of year	\$ 220,059	\$ 429,687	\$ 212,980	\$ 1,538,494	\$ 7,549,378
Reconciliation of operating income (loss) to net cash provided by (used in) by operating activities					
Operating income (loss)	\$ 10,004	\$ (26,972)	\$ (140,321)	\$ -	\$ (843,952)
Adjustment to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	-	-	-	-	651,239
Changes in operating assets and liabilities which provided (used) cash:					
Accounts receivable	(650)	-	-	-	(19,294)
Due from other funds	-	-	(5,960)	-	62,013
Prepaid items	-	-	-	-	82,085
Inventories	-	-	-	-	(75)
Accounts payable	(349)	(8,006)	17,137	-	4,975
Claims payable	-	-	-	-	111,123
Accrued payroll and benefits	-	-	-	-	2,323
Accrued compensated absences	-	-	-	(76,814)	(82,118)
Due to other funds	-	3,366	-	-	(13,625)
Unearned revenue	-	-	-	-	3,579
Net cash provided by (used in) operating activities	\$ 9,005	\$ (31,612)	\$ (129,144)	\$ (76,814)	\$ (41,727)

- - - **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 (none)
- 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, 2010

	CURRENT TAX COLLECTIONS	OUTSIDE AGENCIES COLLECTIONS	EMPLOYEES' FLEXIBLE SPENDING PLAN	IMPREST PAYROLL	TOTALS
<u>ASSETS</u>					
Cash and pooled investments	\$ 3,749	\$ 10,722	\$ 17,177	\$ 59,405	\$ 91,053
Accounts receivable	-	-	440	-	440
Total assets	\$ 3,749	\$ 10,722	\$ 17,617	\$ 59,405	\$ 91,493
<u>LIABILITIES</u>					
Accounts payable	\$ 3,749	\$ 9,067	\$ 465	\$ 20,482	\$ 33,763
Due to other governmental units	-	1,655	-	38,923	40,578
Other liabilities and deposits	-	-	17,152	-	17,152
Total liabilities	\$ 3,749	\$ 10,722	\$ 17,617	\$ 59,405	\$ 91,493

CITY OF HOLLAND, MICHIGAN

COMBINING STATEMENT OF CHANGES IN
FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS

FOR THE YEAR ENDED JUNE 30, 2010

	BALANCE JULY 1, 2009		ADDITIONS		REDUCTION		BALANCE JUNE 30, 2010	
<u>CURRENT TAX COLLECTIONS FUND</u>								
<u>ASSETS</u>								
Cash and pooled investments	\$	-	\$	52,869,493	\$	52,865,744	\$	3,749
Accounts receivable		-		657,958		657,958		-
Total assets	\$	-	\$	53,527,451	\$	53,523,702	\$	3,749
<u>LIABILITIES</u>								
Accounts payable	\$	-	\$	33,576,961	\$	33,573,212	\$	3,749
Due to other governmental units		-		19,950,490		19,950,490		-
Total liabilities	\$	-	\$	53,527,451	\$	53,523,702	\$	3,749
<u>OUTSIDE AGENCIES COLLECTION FUND</u>								
<u>ASSETS</u>								
Cash and pooled investments	\$	21,098	\$	330,992	\$	341,368	\$	10,722
Accounts receivable		-		245,288		245,288		-
Total assets	\$	21,098	\$	576,280	\$	586,656	\$	10,722
<u>LIABILITIES</u>								
Accounts payable	\$	18,357	\$	330,681	\$	339,971	\$	9,067
Due to other governmental units		2,741		245,599		246,685		1,655
Total liabilities	\$	21,098	\$	576,280	\$	586,656	\$	10,722
<u>EMPLOYEES' FLEXIBLE SPENDING PLAN</u>								
<u>ASSETS</u>								
Cash and pooled investments	\$	15,165	\$	297,317	\$	295,305	\$	17,177
Accounts receivable		440		166,424		166,424		440
Total assets	\$	15,605	\$	463,741	\$	461,729	\$	17,617
<u>LIABILITIES</u>								
Accounts payable	\$	470	\$	7,688	\$	7,693	\$	465
Other liabilities and deposits		15,135		456,053		454,036		17,152
Total liabilities	\$	15,605	\$	463,741	\$	461,729	\$	17,617

(Continued)

CITY OF HOLLAND, MICHIGAN

COMBINING STATEMENT OF CHANGES IN
ASSETS AND LIABILITIES (CONCLUDED)
AGENCY FUNDS

FOR THE YEAR ENDED JUNE 30, 2010

	BALANCE JULY 1, 2009	ADDITIONS	REDUCTION	BALANCE JUNE 30, 2010
<u>IMPREST PAYROLL FUND</u>				
<u>ASSETS</u>				
Cash and pooled investments	\$ 69,996	\$ 38,958,514	\$ 38,969,105	\$ 59,405
Account receivable	-	424	424	-
Total assets	\$ 69,996	\$ 38,958,938	\$ 38,969,529	\$ 59,405
<u>LIABILITIES</u>				
Accounts payable	\$ 28,901	\$ 1,132,429	\$ 1,140,848	\$ 20,482
Due to other governmental units	41,095	3,004,857	3,007,029	38,923
Other liabilities and deposits	-	34,821,652	34,821,652	-
Total liabilities	\$ 69,996	\$ 38,958,938	\$ 38,969,529	\$ 59,405
<u>TOTALS - ALL FUNDS</u>				
<u>ASSETS</u>				
Cash and pooled investments	\$ 106,259	\$ 92,456,316	\$ 92,471,522	\$ 91,053
Accounts receivable	440	1,070,094	1,070,094	440
Total assets	\$ 106,699	\$ 93,526,410	\$ 93,541,616	\$ 91,493
<u>LIABILITIES</u>				
Accounts payable	\$ 47,728	\$ 35,047,759	\$ 35,061,724	\$ 33,763
Due to other governmental units	43,836	23,200,946	23,204,204	40,578
Other liabilities and deposits	15,135	35,277,705	35,275,688	17,152
Total liabilities	\$ 106,699	\$ 93,526,410	\$ 93,541,616	\$ 91,493

- - - 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.
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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.

- - - COMPONENT UNITS - - -
(continued)

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.

As of the fiscal year ending June 30, 2010 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	Completed
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, Baker Events catering 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 and banquet facility)	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 FUND

JUNE 30, 2010

ASSETS

CURRENT ASSETS:

Cash and pooled investments	\$	160,357
Taxes receivable		37
Prepaid items		200
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Total assets	\$	160,594
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LIABILITIES AND FUND BALANCE

LIABILITIES:

Accounts payable	\$	2,853
Accrued payroll and fringe benefits		2,863
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Total liabilities		5,716
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FUND BALANCE:

Reserved for prepaid items		200
Unreserved:		
Undesignated		154,678
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Total fund balance		154,878
<hr/>		
Total liabilities and fund balance	\$	160,594
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CITY OF HOLLAND, MICHIGAN

RECONCILIATION OF FUND BALANCE ON THE BALANCE SHEET
FOR THE DOWNTOWN DEVELOPMENT AUTHORITY
GOVERNMENTAL FUND TO NET ASSETS OF TO THE GOVERNMENTAL
ACTIVITIES ON THE STATEMENT OF NET ASSETS

JUNE 30, 2010

Fund balance - total governmental fund	\$	154,878
<p>Amounts reported for governmental activities in the statement of net assets are different because:</p> <p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund.</p>		
Add - capital assets, net		126,804
Net assets of governmental activities	\$	281,682

CITY OF HOLLAND, MICHIGAN

DOWNTOWN DEVELOPMENT AUTHORITY
 STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 GOVERNMENTAL FUND

FOR THE YEAR ENDED JUNE 30, 2010

REVENUES:

Property taxes	\$	197,278
Charges for services		1,550
Investment earnings		6,129
<hr/>		
Total revenues		204,957
<hr/>		

EXPENDITURES:

Economic development:		
Personal services		107,513
Current operating expenditures		109,941
Capital outlay		19,086
<hr/>		
Total expenditures		236,540
<hr/>		

NET CHANGE IN FUND BALANCE		(31,583)
<hr/>		
FUND BALANCE - Beginning of year		186,461
<hr/>		
FUND BALANCE - End of year	\$	154,878
<hr/>		

CITY OF HOLLAND, MICHIGAN

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGE IN FUND BALANCE OF THE DOWNTOWN DEVELOPMENT
AUTHORITY GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2010

Net change in fund balance - total governmental fund	\$	(31,583)
------------------------------------------------------	----	----------

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	19,225
Deduct - depreciation expense	(10,970)
Change in net assets of governmental activities	\$ (23,328)

CITY OF HOLLAND, MICHIGAN

DOWNTOWN DEVELOPMENT AUTHORITY
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
 GOVERNMENTAL FUND

FOR THE YEAR ENDED JUNE 30, 2010

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Property taxes	\$ 197,555	\$ 197,278	\$ 197,278	\$ -
Charges for services	1,000	1,000	1,550	550
Contributions from private sector	5,000	-	-	-
Investment earnings	6,900	5,280	6,129	849
Total revenues	210,455	203,558	204,957	1,399
EXPENDITURES:				
Economic development:				
Personal services	110,000	107,230	107,513	283
Other services and charges	106,100	111,269	109,941	(1,328)
Capital outlay	10,000	29,406	19,086	(10,320)
Total expenditures	226,100	247,905	236,540	(11,365)
NET CHANGE IN FUND BALANCE	(15,645)	(44,347)	(31,583)	12,764
FUND BALANCE - Beginning of year	186,461	186,461	186,461	-
FUND BALANCE - End of year	\$ 170,816	\$ 142,114	\$ 154,878	\$ 12,764

CITY OF HOLLAND, MICHIGAN
BROWNFIELD REDEVELOPMENT AUTHORITY
BALANCE SHEET
GOVERNMENTAL FUND

JUNE 30, 2010

ASSETS

CURRENT ASSETS:

Cash and pooled investments	\$	38,899
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LIABILITIES AND FUND BALANCE

FUND BALANCE:

Unreserved:		
Undesignated	\$	38,899

CITY OF HOLLAND, MICHIGAN

BROWNFIELD REDEVELOPMENT AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND

FOR THE YEAR ENDED JUNE 30, 2010

REVENUES:		
Property taxes	\$	886,024
Investment earnings		6,159
<hr/>		
Total revenues		892,183
<hr/>		
EXPENDITURES:		
Economic development		865,024
<hr/>		
NET CHANGE IN FUND BALANCE		27,159
<hr/>		
FUND BALANCE - Beginning of year		11,740
<hr/>		
FUND BALANCE - End of year	\$	38,899
<hr/>		

CITY OF HOLLAND, MICHIGAN
 BROWNFIELD REDEVELOPMENT AUTHORITY
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
 GOVERNMENTAL FUND

FOR THE YEAR ENDED JUNE 30, 2010

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Property taxes	\$ 890,670	\$ 886,029	\$ 886,024	\$ (5)
Investment earnings	-	4,886	6,159	1,273
Total revenues	890,670	890,915	892,183	1,268
EXPENDITURES:				
Economic development	889,578	865,036	865,024	(12)
NET CHANGE IN FUND BALANCE	1,092	25,879	27,159	1,280
FUND BALANCE - Beginning of year	11,740	11,740	11,740	-
FUND BALANCE - End of year	\$ 12,832	\$ 37,619	\$ 38,899	\$ 1,280

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	174-179
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	180-185
These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	
Debt Capacity	186-194
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	195-196
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	197-200
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 EIGHT FISCAL YEARS

	Fiscal Year							
	2010	2009	2008	2007	2006	2005	2004	2003
Governmental activities								
Invested in capital assets, net of related debt	\$ 91,848,117	\$ 96,236,210	\$ 94,586,185	\$ 85,215,206	\$ 77,018,752	\$ 41,668,796	\$ 27,487,076	\$ 4,326,052
Restricted	8,273,750	4,739,586	5,726,977	6,836,980	8,068,218	11,469,701	3,412,885	3,041,791
Unrestricted	<u>12,644,102</u>	<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>\$ 112,765,969</u>	<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	\$ 125,755,686	\$ 129,330,134	\$ 133,094,822	\$ 134,418,954	\$ 137,313,844	\$ 146,437,083	\$ 142,754,355	\$ 139,109,944
Restricted	11,605,553	11,591,211	13,532,257	14,296,104	6,770,323	6,402,803	10,712,670	10,089,985
Unrestricted	<u>122,771,100</u>	<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>\$ 260,132,339</u>	<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	\$ 217,603,803	\$ 225,566,344	\$ 227,681,007	\$ 219,634,160	\$ 214,332,596	\$ 188,105,879	\$ 170,241,431	\$ 143,435,996
Restricted	19,879,303	16,330,797	19,259,234	21,133,084	14,838,541	17,872,504	14,125,555	13,131,776
Unrestricted	<u>135,415,202</u>	<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>\$ 372,898,308</u>	<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 eight 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 two Fiscal Years Ended June 30, 2001 to 2002.

CITY OF HOLLAND
CHANGES IN NET ASSETS
FOR THE LAST EIGHT FISCAL YEARS

	Fiscal Year							
	2010	2009	2008	2007	2006	2005	2004	2003
Expense								
Governmental activities:								
General government	\$ 4,486,867	\$ 7,087,290	\$ 6,606,201	\$ 6,249,186	\$ 8,643,952	\$ 6,376,009	\$ 6,055,106	\$ 5,076,083
Public Safety	12,220,723	12,845,443	11,782,618	11,584,857	10,738,962	10,544,833	9,787,165	9,567,243
Public Works	7,966,875	9,420,191	7,270,495	6,996,667	4,382,884	5,324,083	3,330,034	3,267,272
Culture and recreation	5,293,696	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	1,473,119	6,048,286	1,093,507	1,310,221	1,372,729	1,310,458	1,371,551	1,390,845
Interest on debt	1,143,337	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>32,584,617</u>	<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	68,510,184	67,823,832	71,198,426	70,982,822	76,883,149	65,698,626	59,519,913	56,964,153
Wastewater Utility	7,926,053	8,185,044	8,006,723	7,692,405	7,708,629	7,235,531	7,068,457	7,019,711
Water Utility	6,020,005	6,181,007	5,558,454	5,662,012	5,542,208	4,858,304	4,927,953	4,574,975
Other enterprise activities	3,296,369	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>85,752,611</u>	<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>\$ 118,337,228</u>	<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	\$ 1,271,066	\$ 3,040,152	\$ 2,514,224	\$ 2,475,575	\$ 2,450,074	\$ 2,418,923	\$ 2,639,966	\$ 1,993,105
Public safety	811,487	798,688	867,229	988,690	928,337	952,885	893,450	836,797
Culture and recreation	495,074	495,556	1,162,829	1,122,695	987,705	968,203	904,771	901,904
Other activities	607,705	982,413	618,367	691,541	917,065	651,398	520,492	465,134
Operating grants and contributions	4,833,063	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	906,356	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>8,924,751</u>	<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	78,536,430	75,466,722	79,166,950	81,276,323	78,272,801	67,001,967	64,819,973	64,463,883
Wastewater Utility	7,874,856	6,879,454	6,997,724	7,315,443	7,219,855	6,634,140	6,912,837	7,099,310
Water Utility	6,331,397	5,881,210	5,715,370	5,668,249	5,859,601	5,213,380	5,251,241	4,924,641
Other enterprise activities	2,042,509	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	59,954	89,035	1,605,962	2,075,992	2,172,593	1,701,262	1,829,910	1,796,648
Capital grants and contributions	544,493	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>95,389,639</u>	<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>\$ 104,314,390</u>	<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 EIGHT FISCAL YEARS

	Fiscal Year							
	2010	2009	2008	2007	2006	2005	2004	2003
Net (Expense)/Revenue								
Governmental activities	\$ (23,659,866)	\$ (25,492,304)	\$ (22,225,964)	\$ (20,516,989)	\$ (18,554,315)	\$ (9,246,580)	\$ (8,561,306)	\$ (17,146,549)
Business-type activities	9,637,028	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>\$ (14,022,838)</u>	<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	\$ 17,251,755	\$ 17,089,338	\$ 17,313,526	\$ 16,771,182	\$ 16,368,318	\$ 16,033,637	\$ 15,286,387	\$ 14,898,818
Intergovernmental	2,698,103	3,041,193	3,168,205	3,133,796	3,229,886	3,265,596	3,412,306	3,700,383
Investment earnings	455,666	635,831	1,254,996	1,222,007	909,619	611,338	479,191	986,897
Miscellaneous	-	-	-	-	-	-	-	(156,220)
Transfers	3,600,531	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>24,006,055</u>	<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	118,962	117,952	19	171,058	113,079	111,020	217,306	234,954
Investment earnings	1,608,802	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	(3,600,531)	(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>(1,872,767)</u>	<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>\$ 22,133,288</u>	<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	\$ 346,189	\$ (937,509)	\$ 2,451,077	\$ 3,145,279	\$ 3,994,873	\$ 12,683,080	\$ 12,727,363	\$ 3,662,248
Business-type activities	7,764,261	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>\$ 8,110,450</u>	<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 eight 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 two Fiscal Years Ended June 30, 2001 to 2002.

CITY OF HOLLAND
FUND BALANCES FOR GOVERNMENTAL FUNDS
FOR THE LAST EIGHT FISCAL YEARS

	Fiscal Year							
	2010	2009	2008	2007	2006	2005	2004	2003
General Fund								
Reserved	\$ 5,010	\$ 2,144	\$ 6,863	\$ 10,874	\$ 14,360	\$ -	\$ -	\$ -
Unreserved	3,229,998	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>\$ 3,235,008</u>	<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	\$ 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	1,441,142	1,411,567	1,385,867	1,365,692	1,339,292	1,236,292	-	-
Permanent fund expendable	52,068	127,130	220,112	267,434	287,653	584,311	-	-
Unreserved, reported in:								
Special revenue funds	6,587,493	3,396,437	3,883,960	4,803,171	4,749,558	6,815,229	4,402,875	6,627,218
Debt service funds	804,641	753,755	826,450	905,740	941,569	-	937,873	948,239
Capital projects funds	1,291,149	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>\$ 10,176,793</u>	<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 eight 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 two Fiscal Years Ended June 30, 2001 to 2002.

CITY OF HOLLAND
 CHANGES IN FUND BALANCES FOR GOVERNMENTAL FUNDS
 FOR THE LAST EIGHT FISCAL YEARS

	Fiscal Year							
	2010	2009	2008	2007	2006	2005	2004	2003
Revenues								
Special assessments	\$ 695,621	\$ 659,329	\$ 624,352	\$ 682,982	\$ 728,498	\$ 583,084	\$ 609,316	\$ 546,185
Property taxes	17,251,755	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	378,613	331,941	428,256	556,324	517,223	510,922	482,360	450,298
Intergovernmental	7,682,981	8,148,604	8,977,468	10,402,819	11,650,263	19,848,219	17,815,507	8,705,043
Charges for services	1,408,254	1,360,268	1,201,777	1,174,439	1,176,727	1,118,339	1,032,832	1,065,981
Fines and penalties	495,531	474,462	460,144	445,206	423,176	450,799	434,164	430,223
Contributions from private sector	386,717	408,948	375,206	408,474	542,430	456,891	811,369	599,173
Interest and rents	1,294,685	3,702,781	4,078,215	4,009,704	3,660,418	3,317,548	3,161,838	2,805,317
Other revenues	260,585	419,427	15,666	10,384	41,169	125,155	24,538	34,637
Total revenues	<u>29,854,742</u>	<u>32,595,098</u>	<u>33,474,610</u>	<u>34,461,514</u>	<u>35,108,222</u>	<u>42,444,594</u>	<u>40,005,812</u>	<u>29,827,163</u>
Expenditures								
General government	3,708,153	6,014,901	6,115,337	5,793,527	5,713,523	5,748,867	5,566,723	4,880,548
Public safety	11,095,227	11,336,176	11,353,454	11,274,392	10,301,845	10,438,435	9,529,234	9,022,053
Public works	3,850,331	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	1,451,323	1,289,774	1,112,074	1,304,323	1,399,094	1,369,692	582,131	543,109
Culture and recreation	5,122,991	5,134,093	5,408,323	5,156,184	5,439,768	5,196,498	5,844,799	5,773,547
Other	75,282	85,705	81,242	151,255	115,681	147,246	144,212	216,841
Debt service								
Principal	1,807,961	2,567,963	2,427,963	2,322,963	2,292,963	2,079,475	1,829,475	1,286,975
Interest	1,181,812	1,230,937	1,195,690	1,273,710	1,534,371	1,489,744	2,266,535	1,421,970
Bond issuance costs	62,973	151,980	-	-	-	-	-	-
Capital outlay	5,970,223	9,538,667	6,455,022	6,056,550	13,185,288	16,301,232	26,310,205	10,282,213
Total expenditures	<u>34,326,276</u>	<u>41,623,593</u>	<u>38,154,282</u>	<u>37,093,016</u>	<u>43,273,191</u>	<u>45,814,860</u>	<u>55,098,001</u>	<u>36,495,983</u>
Deficiency of revenues under expenditures	<u>\$ (4,471,534)</u>	<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 EIGHT FISCAL YEARS

	Fiscal Year							
	2010	2009	2008	2007	2006	2005	2004	2003
Other Financing Sources (Uses)								
Bond issue and land contract	\$ 5,820,000	\$ 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	11,403,402	12,243,923	10,118,589	8,866,486	10,033,423	8,919,203	7,835,073	9,688,603
Transfers out	<u>(8,449,690)</u>	<u>(8,190,968)</u>	<u>(7,060,430)</u>	<u>(5,982,054)</u>	<u>(7,953,935)</u>	<u>(6,858,314)</u>	<u>(5,811,547)</u>	<u>(7,368,213)</u>
Total other financing sources (uses)	<u>8,773,712</u>	<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>\$ 4,302,178</u>	<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	10.3%	11.8%	11.5%	11.3%	11.8%	11.3%	14.2%	10.2%

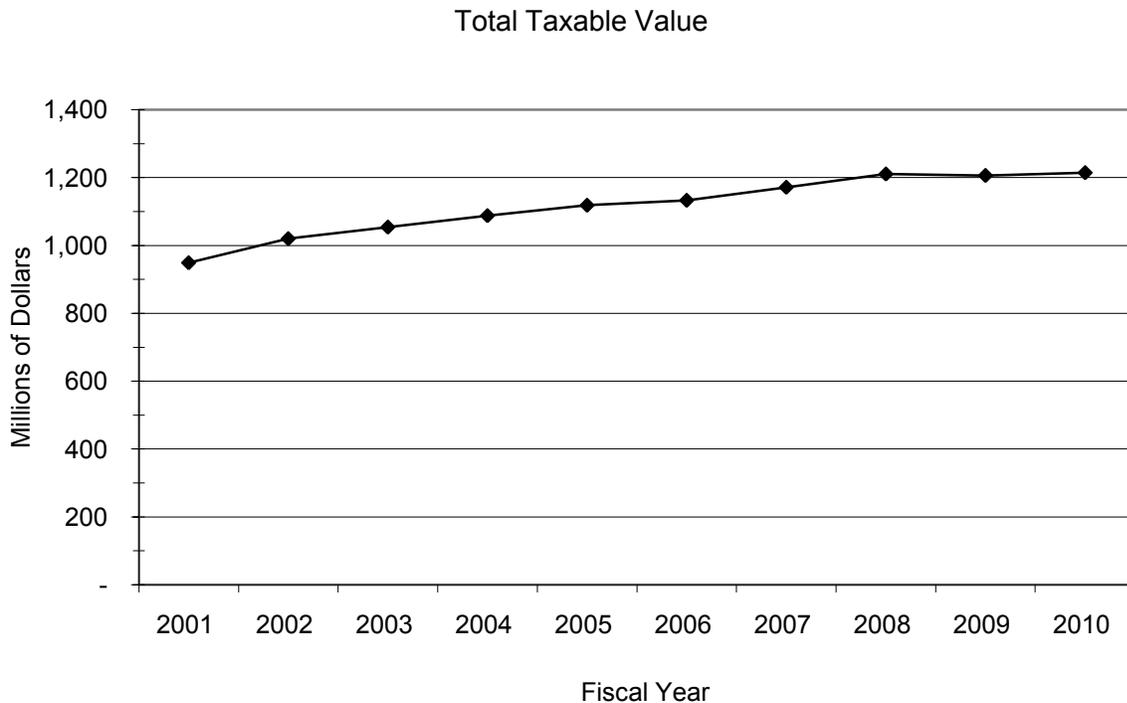
GASB 34 was implemented for Fiscal Year Ended June 30, 2003. Information on this schedule is reported prospectively for the seven years since the time of implementation. The City of Holland has chosen not to make the necessary calculations to retroactively report the information for the two Fiscal Years Ended June 30, 2001 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
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
2010	601,084,113	300,249,618	347,825,287	7,428,422	42,432,650	1,214,154,790	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	General Obligation						Ottawa Area Intermediate Schools			
	Basic Rate	Debt Service	Capital Projects	Herrick District Library	MAX Public Transit	Airport Authority	Total Direct	State of Michigan	MAX Authority	Intermediate Schools
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
2010	9.5000	1.6379	1.4579	1.2542	-	0.1000	13.9500	6.0000	0.3500	5.5234

1.8333 must be added to the City direct rate, for the fiscal year 2010, 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.

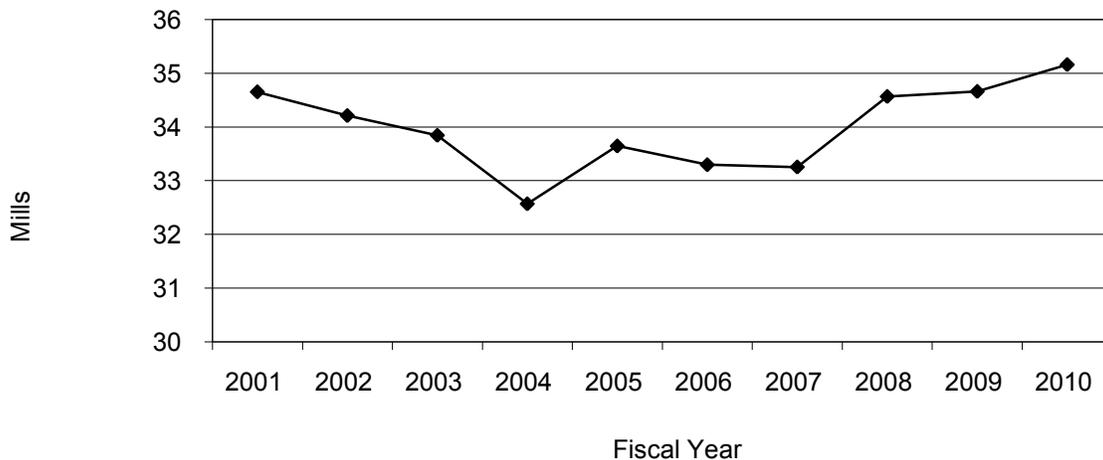
Principal residence rates apply to those homes that are owned and occupied as primary residence. Non-principal residence rates are applied to all other residences.

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
1.7500	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
1.4300	4.3565	5.8974	3.5500	21.5500	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.

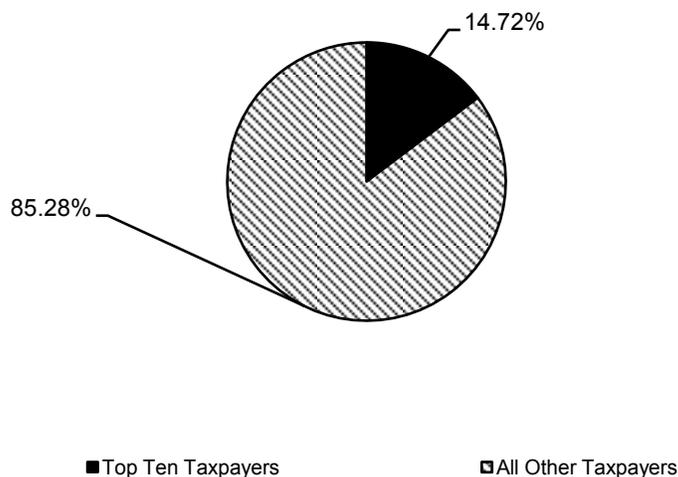
CITY OF HOLLAND
 PRINCIPAL PROPERTY TAX PAYERS
 FOR THE CURRENT FISCAL YEAR AND NINE YEARS AGO

Taxpayer	2010			2001		
	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	\$ 51,284,574	1	4.22 %	\$ 49,044,532	1	5.40 %
Haworth, Inc	35,108,274	2	2.89	46,498,560	2	5.12
ARC Holland Real Estate - Freedom Village Retirement	19,864,017	3	1.64	16,762,871	4	1.84
Cadbury Schweppes	15,522,100	4	1.28	6,925,093	10	0.76
Lumir LLC	12,184,312	5	1.00	7,282,269	9	0.80
H.J. Heinz Co	11,164,315	6	0.92	7,568,756	6	0.83
Hydro Automotive Structures	10,940,500	7	0.90	7,523,458	7	0.83
Challenge MFG Company	9,146,600	8	0.75	-----		----
Meijer Realty Co.	6,827,104	9	0.56	7,360,551	8	0.81
S-2 Yachts	6,790,950	10	0.56	-----		----
Planters Lifesaver Co	-----		----	30,580,567	3	3.37
Herman Miller Inc	-----		----	12,740,424	5	1.40
	<u>\$ 178,832,746</u>		<u>14.72</u>	<u>\$ 192,287,081</u>		<u>21.16</u>

Source: City of Holland Assessor's Office

2010 Total Taxable Value is \$1,214,154,790, which includes IFT's at equivalency valuation.

Concentration of 2010 Taxpayers

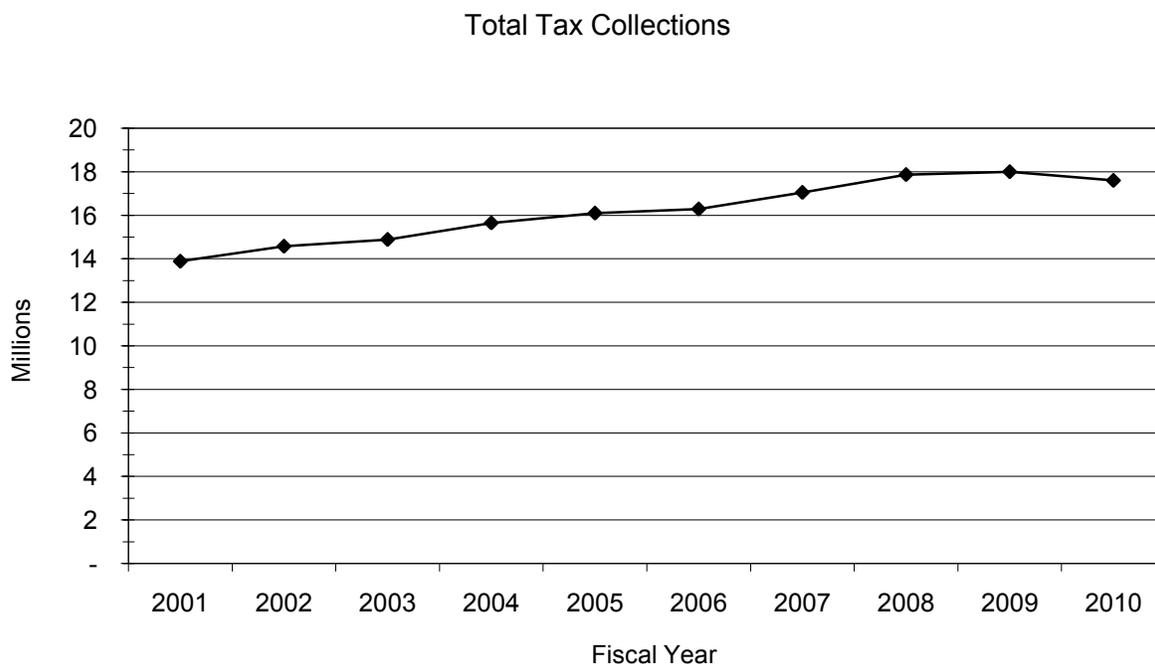


CITY OF HOLLAND
PROPERTY TAX LEVIES AND COLLECTIONS
FOR THE LAST TEN FISCAL YEARS

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
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	15,161	18,015,035	99.93
2010	17,613,111	17,601,147	99.93	-	17,601,147	99.93

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

Governmental Activities

Fiscal Year	General Obligation Bonds	Building Authority Bonds	Michigan Transportation Bonds	Special Assessment Bonds	Environmental Clean-up Costs	Capital Improvement Bonds
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
2010	389,500	21,925,000	-	1,612,650	-	9,455,000

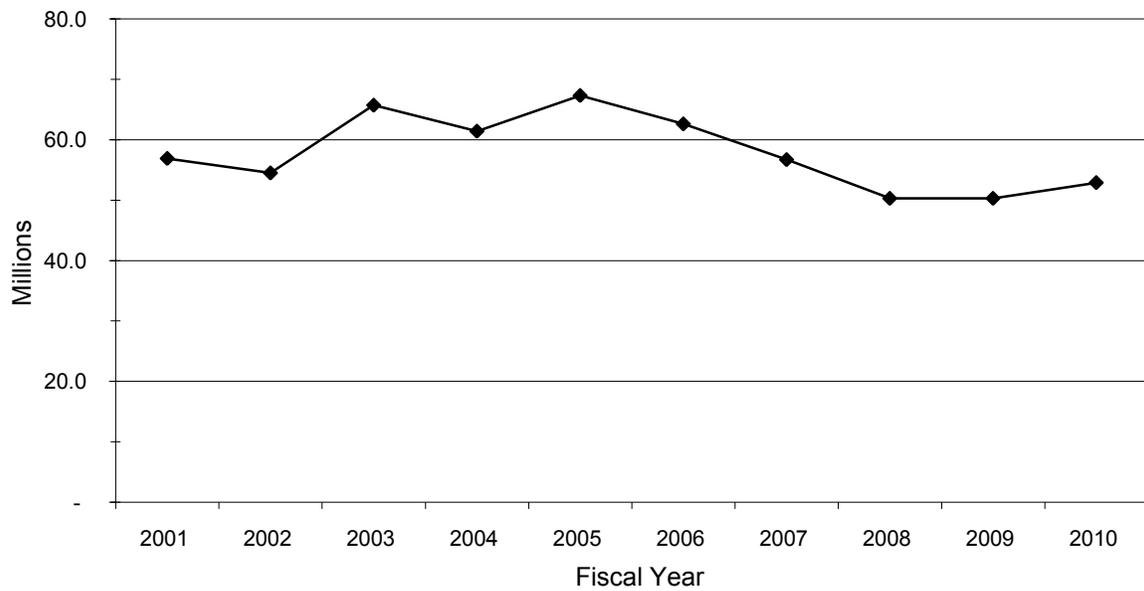
Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

** 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**
\$ 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
-	-	2,579,500	16,975,000	-	52,936,650	7.31	1,555

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		
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
2010	389,500	21,925,000	22,314,500	1.84	655

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, 2010

<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	\$ 6,296,058	10.42%	\$ 656,049
Hamilton School District	37,580,000	19.93%	7,489,694
Holland School District	82,978,526	78.66%	65,270,909
Zeeland School District	102,105,000	0.01%	10,211
Allegan County	22,321,234	9.69%	2,162,928
Ottawa County	133,675,467	7.46%	9,972,190
Holland Area Community Swimming Pool Authority	6,011,383	78.66%	<u>4,728,554</u>
Subtotal, overlapping debt			90,290,535
City direct debt			<u>34,349,000</u>
Total direct and overlapping debt			<u><u>\$ 124,639,535</u></u>

Sources: Assessed value data used to estimate applicable percentages provided by the 2009 Allegan and 2009 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			
	2001	2002	2003	2004
Debt Limit	\$ 94,929,950	\$ 102,005,523	\$ 105,407,600	\$ 108,769,456
Total net debt applicable to limit	<u>23,920,167</u>	<u>22,414,826</u>	<u>38,328,920</u>	<u>30,405,457</u>
Legal debt margin	<u>\$ 71,009,783</u>	<u>\$ 79,590,697</u>	<u>\$ 67,078,680</u>	<u>\$ 78,363,999</u>
Total net debt applicable to the limit as a percentage of debt limit	33.69%	28.16%	57.14%	38.80%

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 \$3,160,000, or \$1,962,360, should be added to the Legal Debt Margin shown above.

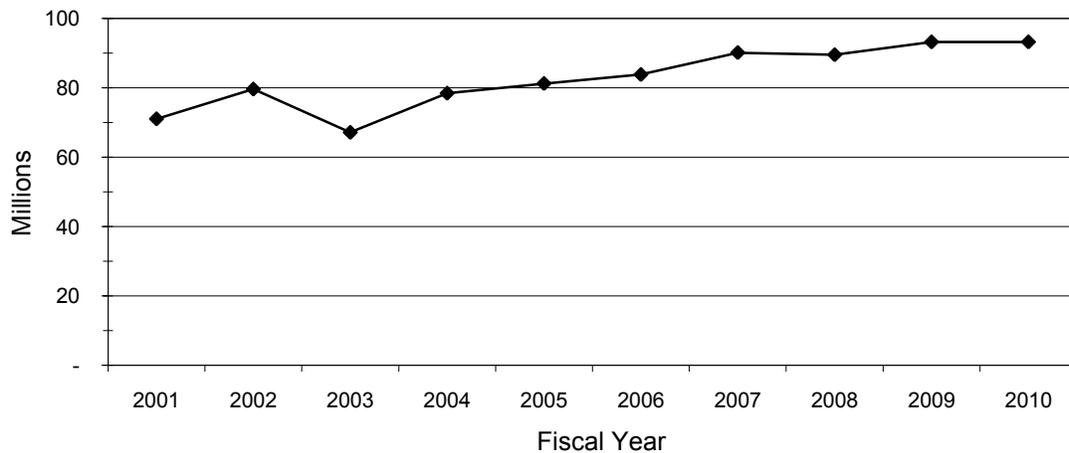
Under state finance law, the City's outstanding general obligation debt should not exceed 10% of total assessed property value.

Legal Debt Margin Calculation for Fiscal Year 2010

Assessed value	\$1,214,154,790
Debt limit (10% of assessed value)	121,415,479
Debt applicable to limit:	
General obligation bonds	389,500
Building authority bonds	18,765,000
County bonds	2,579,500
Capital improvement bonds	9,455,000
Less: Amount set aside for repayment of debt	<u>(142,255)</u>
Total net debt applicable to limit	<u>31,046,745</u>
Legal debt margin	<u><u>\$ 90,368,734</u></u>

2005	2006	2007	2008	2009	2010
\$ 111,833,099	\$ 113,279,753	\$ 117,120,687	\$ 115,235,643	\$ 120,588,930	\$ 121,415,479
30,561,460	28,457,723	26,998,987	25,741,478	27,390,212	31,046,745
<u>\$ 81,271,639</u>	<u>\$ 84,822,030</u>	<u>\$ 90,121,700</u>	<u>\$ 89,494,165</u>	<u>\$ 93,198,718</u>	<u>\$ 90,368,734</u>
37.60%	33.55%	29.96%	28.76%	29.39%	34.36%

Legal Debt Margin



CITY OF HOLLAND
 PLEDGED-REVENUE COVERAGE
 FOR THE LAST TEN FISCAL YEARS

Fiscal Year	Water Revenue Bonds					
	Utility	Less:	Net	Debt Service		Coverage
	Service Charges	Operating Expenses	Available Revenue	Principal	Interest	
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
2010	6,331,397	5,278,098	1,053,299	810,000	742,037	0.68

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	
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	-	-	-
2010	78,536,430	68,524,197	10,012,233	-	-	-

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	
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
2010	269,369	215,461	71,172	0.94

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)
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%
2009	34,053	724,512	21,276	15.8%

Sources:

(1) United States Census Bureau

(2) United States Census Bureau - 2000 Census (last reported)

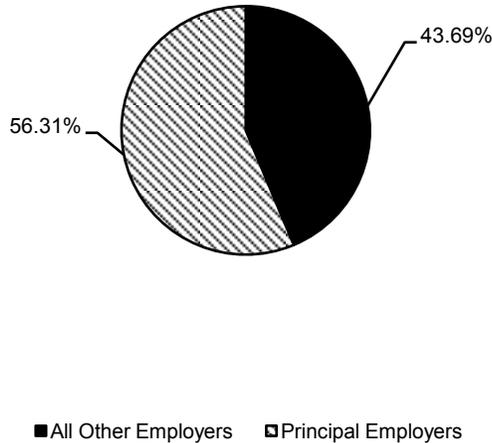
(3) Michigan Bureau of Labor Statistics

CITY OF HOLLAND
PRINCIPAL EMPLOYERS
CURRENT YEAR AND FOUR YEARS AGO

Employer	2010			2006		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Johnson Controls Interiors	2,140	1	14.40 %	2,705	1	15.87 %
Haworth Inc	1,637	2	11.02	1,608	2	9.43
Holland Community Hospital	1,367	3	9.20	1,600	3	9.39
Challenge Mfg Company	850	4	5.72	-	-	-
Hope College	645	5	4.34	750	4	4.40
Holland Public Schools	548	6	3.69	-	-	-
City of Holland / BPW	390	7	2.63	429	7	2.52
Tiara Yachts (S2)	315	8	2.12	750	5	4.40
HJ Heinz	270	9	1.82	-	-	-
L&W Engineering	203	10	1.37	353	9	2.07
Louis Padnos Iron & Metal Co	-	-	-	450	6	2.64
ARC Holland Real Estate	-	-	-	400	8	2.35
- Freedom Village Retirement	-	-	-	-	-	-
Dr Pepper/Seven-Up Bottling	-	-	-	345	10	2.02
	<u>8,365</u>		<u>56.31</u>	<u>9,390</u>		<u>55.09</u>

Sources:
Michigan Department of Labor & Economic Growth
City of Holland Assessor's Office
Principal Employers

2010 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

<u>Function</u>	<u>Full-time Equivalent Employees as of June 30</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>	<u>2010</u>
General government										
Management services	4.60	4.60	4.65	3.55	3.65	3.65	3.20	3.20	3.20	3.33
Fiscal services	14.00	15.00	14.90	14.90	14.90	13.90	14.35	14.35	14.30	13.35
City clerk	3.88	3.88	3.88	3.88	3.00	3.00	3.25	3.25	2.25	2.25
Human resources	2.35	2.35	2.35	2.25	2.25	2.25	2.25	2.25	2.25	2.24
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	4.15	4.15	4.15	4.15	4.15	4.15	3.15
Planning	2.70	3.05	2.90	2.40	3.50	3.50	3.30	3.10	3.20	3.20
Technology	6.00	6.00	6.00	5.00	5.00	5.00	4.00	4.00	4.00	4.00
Public safety										
Police	73.80	76.00	76.00	75.00	74.50	74.50	74.50	74.50	73.50	71.00
Fire	59.00	59.00	59.00	58.00	58.00	58.00	58.00	58.00	57.00	57.00
Environmental health & inspections	11.80	11.80	11.90	11.90	11.50	11.50	11.20	10.20	10.20	10.15
Public works										
Streets	22.15	22.15	19.40	20.04	19.74	19.74	19.74	19.82	19.91	19.90
Engineering	0.00	0.00	2.90	2.90	2.90	2.90	2.90	2.90	3.00	3.00
Transit	2.60	2.60	2.25	2.43	0.98	0.83	1.58	2.75	2.75	2.75
Centralized vehicle maintenance	7.65	7.65	7.65	6.90	8.78	8.93	8.93	8.93	9.95	8.44
Welfare and social services										
Ourstreet / Human relations	4.60	5.80	5.80	6.00	5.05	5.05	3.80	3.80	3.80	3.80
Economic development assistance	1.85	1.50	1.85	1.85	2.10	2.30	2.80	2.00	1.95	1.84
Downtown development	2.15	2.15	2.15	2.15	2.05	2.05	2.05	2.15	2.20	2.20
Culture and recreation										
Recreation	5.60	5.60	5.60	5.60	4.60	4.60	4.60	4.60	4.60	4.60
Parks	15.60	15.60	15.75	14.75	14.65	13.65	13.65	14.65	14.65	13.75
Civic Center	2.50	2.50	2.50	2.50	1.75	1.75	1.75	1.65	1.60	1.50
Board of Public Works Utilities	174.50	178.00	182.00	182.00	182.00	182.00	180.00	185.00	186.00	183.00
Total	422.58	430.48	434.68	429.15	426.05	424.25	421.00	426.25	425.46	415.45

Source: City of Holland Finance Office Fiscal Year 2010 Budget (Approved Positions)

CITY OF HOLLAND
OPERATING INDICATORS BY FUNCTION
FOR THE LAST TEN FISCAL YEARS

Function	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Cemetery										
Burials	286	295	298	283	260	257	292	213	262	245
Police										
Physical arrests	2,902	2,871	3,084	3,096	2,972	2,933	3,186	3,496	3,237	3,339
Parking violations	8,760	7,769	6,930	4,581	5,678	5,187	6,120	5,533	4,551	4,832
Traffic violations	9,827	9,442	10,524	8,430	7,946	7,436	7,235	6,762	6,383	2,924
Fire										
Emergency responses	2,731	2,538	2,511	2,597	2,562	2,670	2,786	2,913	2,994	2,799
Fires	270	164	188	212	118	129	98	146	89	94
Medical Emergencies	1,633	1,599	1,661	1,742	1,644	1,752	1,916	1,959	2,112	1,909
Inspections	992	407	49	75	112	129	71	109	96	145
Public works										
Street resurfacing (miles)	9.5	6.6	6.4	6.7	6.5	6.8	2.2	11.4	11.2	5.5
Working in the ROW permits	343	356	285	282	371	327	307	336	346	337
Community & neighborhood services										
Number of construction permits:										
Industrial & commercial	127	108	98	132	110	116	96	96	68	70
Residential	724	787	825	709	631	603	550	552	459	43
Institutional & municipal	21	31	24	35	30	33	35	27	16	29
Value of construction permits (thousands of dollars)										
Industrial & commercial	21,949	22,316	13,717	27,518	12,687	25,759	67,243	15,116	6,546	6,151
Residential	9,936	12,711	25,661	16,517	17,574	15,435	10,598	8,754	7,005	6,671
Institutional & municipal	7,500	29,114	20,786	35,235	44,336	19,096	7,681	27,180	7,250	13,810
Culture and recreation										
Program participants	15,472	16,531	16,817	16,067	17,795	20,784	26,386	28,115	35,450	30,782
Pool attendance	14,633	10,661	11,639	11,106	11,500	13,317	11,214	10,998	9,047	16,969

<u>Function</u>	<u>Fiscal Year</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>	<u>2010</u>
Water										
Service connections	12,790	12,927	13,039	13,209	13,162	13,139	13,190	13,155	13,414	13,261
Average daily consumption (thousands of gallons)	12,079	12,876	13,336	12,161	13,260	13,387	12,428	12,459	10,689	10,088
Wastewater										
Service connections	11,744	11,861	12,024	12,097	12,107	12,143	12,196	12,169	12,397	12,184
Average daily consumption (thousands of gallons)	8,867	8,950	8,345	9,071	8,941	8,839	7,578	7,448	7,538	7,274

Source: Various city departments

CITY OF HOLLAND
CAPITAL ASSET STATISTICS BY FUNCTION
FOR THE LAST TEN FISCAL YEARS

Function	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
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	17	18	18	18	18	18	19	19	19
Fire Stations	3	3	3	3	3	3	3	3	3	3
Public works										
Streets (miles)	151.15	151.15	151.7	157.1	159.3	148.6	154.5	148.8	148.5	148.5
Streetlights	4,224	4,354	4,383	4,435	4,495	4,632	4,643	4,742	2,520	2,581
Culture and recreation										
Park acreage	423.8	423.8	423.8	448	448	448	448	460	509	509
Parks	21	21	21	24	24	24	24	24	24	24
Baseball/softball diamonds	8	8	9	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	21	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)	220.24	221.51	221.88	221.09	226.45	229.54	232.44	233.08	236.72	236.96
Fire hydrants	2,071	2,081	2,112	2,110	2,166	2,195	2,256	2,250	2,321	2,320
Maximum daily capacity of plant (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)	161.47	164.70	164.74	165.49	177.46	182.52	183.16	182.81	185.84	183.21
Storm sewers (miles)	134.0	134.0	134.0	134.0	131.9	155.0	155.0	155.0	155.0	155.0
Maximum daily capacity of plant (thousands of gallons)	12,000	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.