

CITY OF HOLLAND
HOLLAND, MICHIGAN

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2011

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 14, 2011

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, 2011, 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, then one year with a 0.1 mill increase followed by no increase the next year, the City raised the millage rate by 0.3 mills this year. Ending combined fund equity balances in the General Fund and the Budget Stabilization Fund, at 20.80% 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 2010 census indicates a population of 33,051 with a median age of 31.7 years. This is a 5.7% reduction in population since the high of 35,048 from the 2000 census. At June 30, 2010 the City included an area of 17.45 square miles, 148.51 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, 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 (48.6%), commercial (26.0%), industrial (24.7%), and all other (0.7%). 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 385 filled full-time positions, and approximately 650 part-time positions. The full-time workforce is composed of a base of non-union plus three organized labor bargaining units as follows:

Employee Group	Affiliation	Members
Utility Workers	Service Employees International Union AFL-CIO, Local 568	94
Police Officers	Fraternal Order of Police, Holland Police Officers Division	54
Firefighters	International Association of Firefighters, Local 759	22
Non-Union	None	<u>215</u>
Total		385

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.

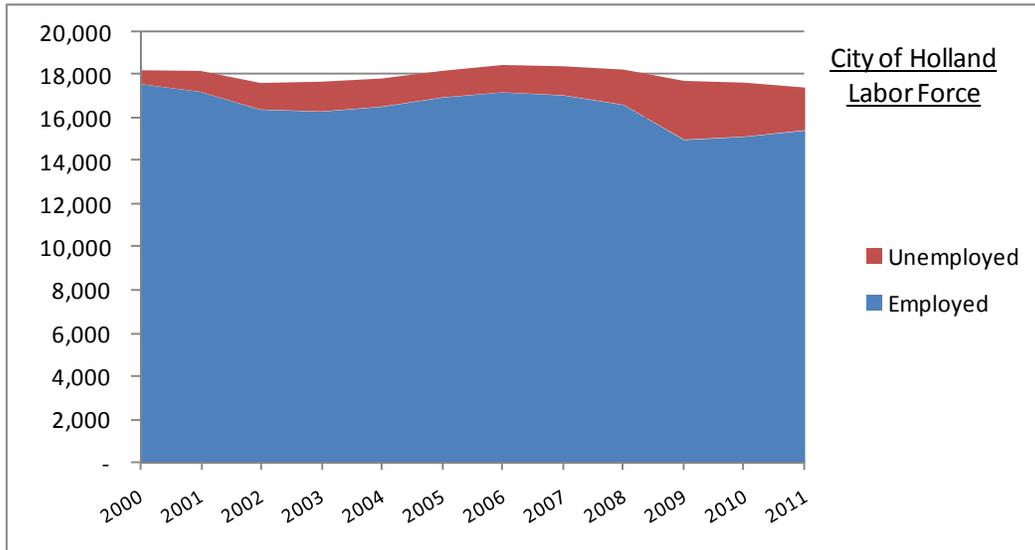
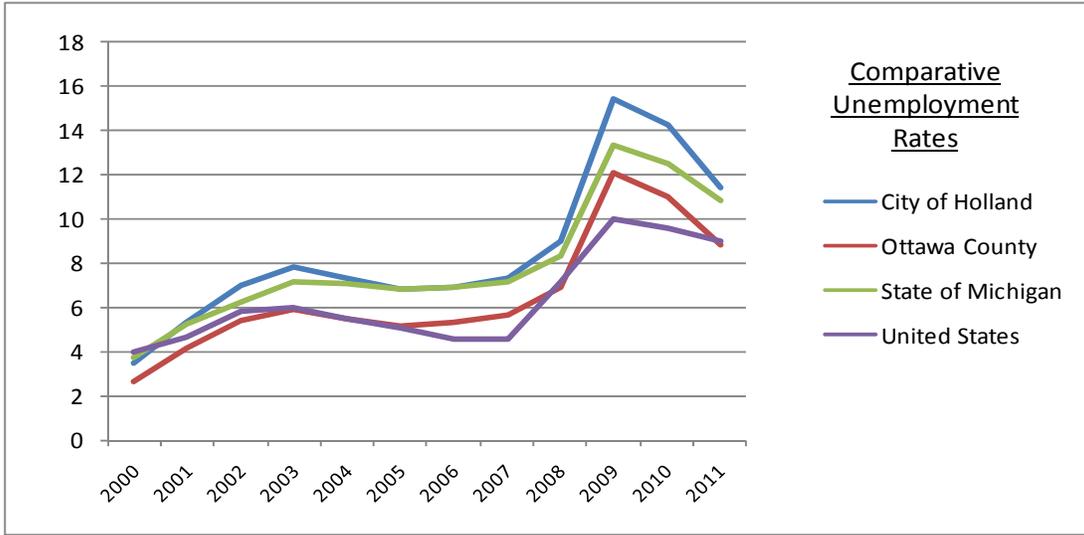
The local West Michigan area has been impacted by the national economic downturn which began in 2001. The following table of comparative unemployment rates paints a vivid picture reflecting 2003 as the first peak of the downturn and 2008-2009's second peak downturn following suit with national and state trends. Approximately 39% of the City of Holland's tax base is in Allegan County and 61% is in Ottawa County.

Comparative Unemployment Rates

Annual Average	City of Holland	Holland/Grand Haven Metro Area	County of Ottawa	County of Allegan	State of Michigan	United States
<u>2011 to date</u>	<u>11.4</u>	<u>8.8</u>	<u>8.8</u>	<u>9.6</u>	<u>10.8</u>	<u>9.0</u>
2010	14.2	11.0	11.0	11.9	12.5	9.6
2009	15.4	12.1	12.1	12.5	13.3	10.0
2008	9.0	6.9	6.9	7.5	8.3	7.2
2007	7.3	5.6	5.6	6.2	7.1	4.6
2006	6.9	5.3	5.3	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 6,809 jobs overall, but 2011 has shown a decrease of 13,204 jobs from 2006, with a 8,743 job loss just since 2008. Between 2006 and 2011 total employment in the City of Holland fell by 1,766 jobs (or a 10.3% reduction) compared to a statewide loss of 513,386 jobs (or a 10.9% 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 Macatawa Area Coordinating Council (MACC) population, made up of Holland, Zeeland and the surrounding seven townships, grew by 6.2% from 2000 to 2010. Between 2000 and 2010, Ottawa County’s total population had a net increase of 25,487 residents, up to 263,801, for a growth rate of 10.7%.

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>	
2011 to date	15,434	1,991	17,425	-1.28%
2010	15,142	2,509	17,651	-0.48%
2009	14,998	2,738	17,736	-2.89%
2008	16,620	1,643	18,263	-0.82%
2007	17,066	1,347	18,413	-0.36%
2006	17,200	1,279	18,479	+1.52%
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	

For the quarter ended September 2011 total employment expanded by 0.3% in greater west Michigan, but held steady in Ottawa County. This was fueled by dominance of the goods-producing sector whose workforce numbers swelled by 2.6% over the last quarter. In the Holland-Grand Haven area goods-producing (manufacturing) employment rose by 3.6% over the last year, but government employment declined by 3.1% over the same time period. The W.E. Upjohn Institute for Employment Research Business Outlook for West Michigan September 2011 publication stated that “economic indicators for the region turned mixed during the period, leaving the door open for conditions to move in either direction over the next few months”. The local Manpower office reports maintaining the highest current number of temporary placements in their history, currently at 1,100 placements, 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 have tapered off, the hemorrhaging in loss of manufacturing jobs has stopped and job fairs are frequently advertised. The government and public schools sector has experienced the highest rate of job losses locally over the past year. The residential housing market started to rebound in the first quarter of 2011, but weakened 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 currently employs 291. The Texas based nationwide company invested about \$2 million in the 37,000 square foot facility in the City. The company expects to hire 100 additional employees over the coming year. 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 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 up to 550 new jobs within the first 5 years. Forty new jobs have been created over the past year with another 50 anticipated over the coming year. 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. Battery production at the plant is helping to establish West Michigan as a leader in energy storage. Jeff Chamberlain of the Argonne National Laboratory’s Battery Research Department notes that the eyes of the automotive world are now focused on Holland’s emerging lithium ion industry.

➤ ECONOMIC CONDITIONS OF THE COMMUNITY

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- Construction was completed in September 2011 on the 650,000 square foot \$304 million LG Chem plant to manufacture lithium-ion cells in the City of Holland. The planned start of production is in January 2013. Advanced battery manufacturer LG Chem is further expanding in Holland with a second electrolyte production plant near the first battery cell plant. LG Chem reports “progress on construction of the electrode building is going well and as planned”. LG Chem supplies the battery for the new GM Chevy Volt and has a new contract for the Ford Focus. Staff hiring continues at a steady pace with 225 employees at the end of 2011 and 300 employees anticipated by the end of 2012. In January 2011 LG Chem and Grand Rapids Community College approved a *Michigan New Jobs Training Program* Agreement under which the company could spend an estimated \$19.6 million to train more than 3,000 employees over the 20-year term of the deal. LG Chem Michigan business planning director Kee Eun recently said “We think Holland will become a hometown for advanced batteries on a global scale”.
- Haworth, Inc. which is headquartered in Holland added approximately 138 new jobs in 2011. Haworth is one of the top office furniture manufacturers in the United States with 2010 global sales of \$1.21 billion and approximately 7,500 employees worldwide. The company serves markets in more than 120 countries through a global network of 600 dealers. Haworth’s chief financial officer John Mooney has indicated the company feels very good about the work force in western Michigan.
- In August Holland’s S2 Yachts started doing subcontract production on a new luxury power yacht for worldwide manufacturer Zeelander Yachts of the Netherlands. The new contract brings over 70 new jobs to the plant and helps utilize excess capacity. The company plans on hiring 40 additional employees over the coming year.
- Holland’s Energetx Composites was the first recipient of Governor Rick Snyder’s Reinventing Michigan award in May. “Energetx Composites embodies the entrepreneurial spirit that once made Michigan the leader in job growth” Snyder said. The new company intends to maintain approximately 105 new jobs in the City over the next few years, but may then expand their wind energy manufacturing to adjacent Holland Township. 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.
- Holland-based Hudsonville Creamery and Ice Cream Company signed a contract in July 2011 with Salt Lake City-based TCBY (The Country’s Best Yogurt) to produce TCBY’s premium hand-scooped frozen yogurt. TCBY’s former production partner suddenly closed its doors and the Holland ice cream producer was able to take over this segment of TCBY’s production within six weeks. TCBY’s Wayne Geilman said “we’re really impressed by how hard the people in Michigan work”. Hudsonville Ice Cream is part of a 2004 Brownfield Redevelopment project site.
- More positive local ripple effect economic stimulus will come to the City with Gentex Corporation’s planned five year expansion at their Zeeland and Holland Township locations. It is estimated that 1,110 new jobs could be added with the help of a state tax credit by the Michigan Economic Growth Authority which was awarded in August 2011. In August more than 1,500 applied at a local Gentex job fair.

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 have 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 2,400 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 8.5% gain over the past year from 2,140 employees up to 2,321. Forty of the job gains resulted from additional workers at the Meadowbrook facility lithium-ion battery plant.

Holland Community Hospital increased staffing levels in 2011 by 2.0% and currently employees 1,395 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 . In 2011 the hospital completed a \$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. Holland Hospital is one of only a small number of hospitals in Michigan to meet the stringent ISO 9001:2008 certification guidelines.

Job growth in the manufacturing sector, which shows signs of rebounding after several years of recession, is a bright spot for West Michigan. Randy Thelen, president of Lakeshore Advantage, a Zeeland-based economic development organization says "We have strong employers in strong industries that are in hot markets". In mid September the Grand Rapids Press reported the employment outlook for the region, which includes Grand Rapids, to be the fifth-best in the nation. Local foreclosures in the lakeshore area are down from a year ago indicating the worst of that trend may be over. In 2010 Ottawa County had 953 foreclosures, but 2011 is projected to come in under 800 foreclosures.

In 2000 the State of Michigan's economy began a downward spiral into a deep recession. A new Bloomberg index recently reported that Michigan's economy is recovering from the recession at the second-fastest pace in the nation, lifted by reviving carmakers and local manufacturers. The University of Michigan's *Research Seminar in Quantitative Economics* group reports that the Michigan economy is two years into a recovery and job growth is currently outpacing the nation. The Ann Arbor research group sees the recovery continuing at least through 2013. The past year's solid growth, accompanied by a gain of about 62,000 jobs, should be replaced with a more subdued pace of growth over the next two years.

But, only 20 percent of jobs lost from mid-2000 to the summer of 2009 are projected to be replenished through 2013. Job growth is seen in the manufacturing, professional, business services and health services sectors while the government sector continues to shed workers. Government employment has shed 25,000 workers over the past year. Between 2001 and 2010 the statewide labor force dropped by 354,217 or 6.9%. During the same time period the City of Holland's labor force dropped by 3.0%. Retail activity and hiring continue to improve in the state supported by steady improvement in the state's personal income. Mortgage delinquencies dropped at the fourth-fastest pace in the nation while employment and personal income growth ranked in the top third according to Bloomberg data.

ECONOMIC CONDITIONS OF THE COMMUNITY

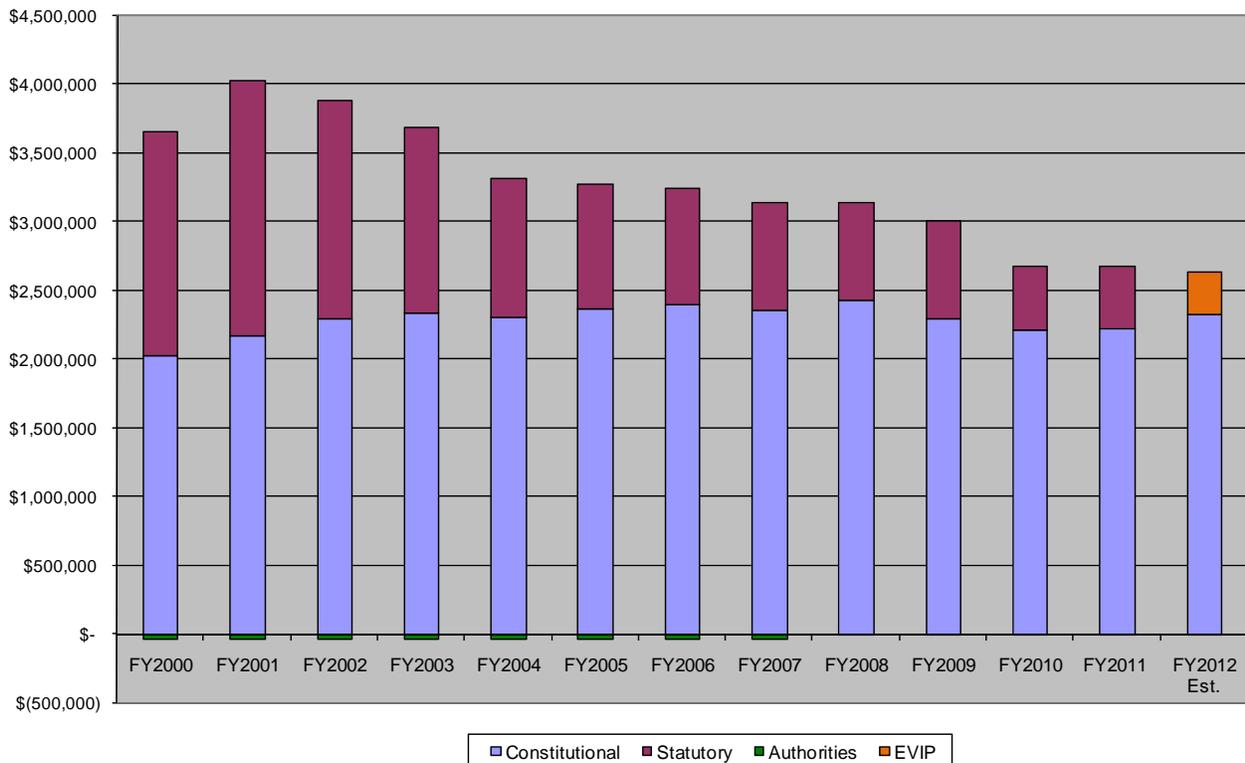
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The State's FY2012 budget was adopted earlier than in recent years in May by first year Governor Rick Snyder with deep spending cuts and much restructuring. While local governments lost some ground in state revenue sharing, those cuts pale in comparison to the revenue worries raised by the governor and legislative Republicans current proposal to repeal the personal property tax. The tax raises more than \$1 billion a year for local governments and schools. The City of Holland stands to lose \$2.4 million if this tax is repealed and not fully replaced.

"Michigan is emerging from, basically, a lost decade" according to Patrick Anderson, CEO of Anderson Economic Group. Former Michigan Governor Jennifer Granholm says "it's an understatement to say that for the people of Michigan it's been an incredibly challenging decade". The National Association of State Budget Officers found that during this decade Michigan shrunk spending and cut a greater percentage from government than any other state in the country. The restructuring and sacrifices appear to be paying off.

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 almost maintaining the overall City property tax rate (tax rate excluding MAX and Airport authorities increased 0.2477 mills). Public officials felt that it was important to control taxes when so many citizens were impacted by the statewide economic downturn. The approved State budget calls for elimination of the statutory portion in sales tax distributions to local governments for FY2012, while maintaining the constitutional portion. The new revenue sharing program, known as the Economic Vitality Incentive Program (EVIP), has a 3-tiered system of requirements the City must meet in order to receive about \$306,000 under EVIP as compared to \$448,000 in statutory payments under the former formula. The EVIP requirements create incentives for local government reforms related to employee compensation, intergovernmental collaboration for delivery of services and new accountability tools.

CITY OF HOLLAND STATE REVENUE SHARING



ECONOMIC CONDITIONS OF THE COMMUNITY

(Continued from Previous Page)

Based on 2011 PA198 industrial facilities and PA328 new personal property tax abatements granted by the City of Holland, 237 new jobs are anticipated to be created along with \$24.5 million of new related construction and machinery. In 2010, Ottawa County issued 34 PA198 tax abatement certificates and was seventh in the state in terms of private investment (\$82.4 million investment). For 2010 the City currently has 130 PA198 industrial facilities certificates active and 7 PA328's active.

The following table identifies the 2011 PA198 industrial tax abatements and PA328 new personal property tax abatements issued by the City. The value of both types of abatements is down by \$8.7 million from 2010, the projected job growth is down by 263.5. Benteler Aluminum Systems produces high-tech aluminum frames, body structures and crash management systems for the automotive industry and has the largest planned investment and projected job growth for the year.

<u>Company</u>	<u>Development</u>	<u>Planned Investment</u>	<u>Projected Job Growth</u>
<u>PA198 Industrial Facilities Tax (IFT's) 2011</u>			
Challenge Manufacturing	Metal Stampings/Assembly	\$4,241,890	50
Edmar Manufacturing Inc.	Metal Fabrication	\$816,440	6
HTTM LLC	Metal Cells for Lithium-ion Batteries	\$3,800,000	10
Profile Tool Inc.	Manf. Instruments/Products	\$440,000	1
Benteler Aluminum Systems	Alum. Extruder Large Frames	\$7,261,615	67
H J Heinz Company LP	Food Processor	\$2,956,700	0
ITB Packaging LLC	Packaging	\$1,311,783	44
Steketee Van-Huis	Printing	<u>\$3,693,070</u>	<u>59</u>
Total PA198 IFT's		<u>\$24,521,498</u>	237

PA 328 Personal Property Tax Abatements 2011

None

Building permit construction values increased overall by 195.9% from FY2010 (\$26.6 million) to FY2011 (\$78.7 million). Industrial and commercial building permit construction values increased 753.1%, residential increased 53.0% and institutional/municipal increased by 16.3%. The largest permit values for FY2011 were for two large permits for Compact Power/LG Chem (\$21.2 million) and one permit for Johnson Controls (\$10.45 million). Large increases in industrial construction values are projected for FY2012 to include to date a permit for Compact Power (\$12.0 million) which is related to lithium-ion battery plant construction. Two large institutional permits have been issued to date for Holland Public Schools (\$2.3 million) and Hope College (\$2.0 million).

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.

Money magazine ranked Holland fourth on the magazine's list of "Where Homes Are Affordable" in 2009. In February 2010 the Gallup-Healthways 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.

ECONOMIC CONDITIONS OF THE COMMUNITY

(Continued from Previous Page)

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. The housing occupancy rate in 2010 was at 91%. Neighborhood improvement projects continue to be a top priority of the Holland City Council and \$687,209 in local and grant funds were expended in homeowner and neighborhood improvements in FY2011.

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. Many Hope College graduates not originally from the area fall in love with West Michigan and locate here permanently citing the good work-life balance. It is estimated that in one year Hope College contributes \$213 million in economic impact to the surrounding community. Each year nearly 75,000 visitors come to Hope College spending over \$9 million in the region during their visits. Enrollment at Hope College is holding relatively steady despite a challenged national economy. Enrollment across all local colleges and universities are down by 124 from a year ago.

<u>Higher Education Institution</u>	<u>Enrollment (Degree Seeking)</u>
Hope College	3,168
Grand Valley State University (Meijer Campus)	508
Grand Rapids Community College (includes all local "Lakeshore" campuses within 10 miles)	1,185
Davenport University	<u>530</u>
Total	5,391

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. Hope College is 75% of the way towards raising \$175 million towards a new student center, art museum and an 800-seat concert hall/music building all of which will have a great impact upon the community and downtown area.

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 92.82% in the central business district reflects - in large part - the administrative efforts and

ECONOMIC CONDITIONS OF THE COMMUNITY

(Continued from Previous Page)

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.

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 4.7% according to records for the fiscal year that ended September 30, 2011. 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 in 2009 added 258 parking spaces to the east end of the downtown area. New downtown directories were installed in 2010. A temporary outdoor ice skating rink is installed downtown in the winter 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, 2010	@ June 30, 2011	Increase (Decrease)
General Fund – General	\$ 3,235,008	\$ 3,195,836	\$ (39,172)
Gen. Fund – Budget Stabilization	1,016,820	936,026	(80,794)
Special Revenue	5,570,973	4,549,912	(1,021,061)
Debt Service Funds	804,641	975,314	170,673
Capital Projects Funds	1,291,149	945,907	(345,242)
Permanent Trust Funds	1,493,210	1,520,216	27,006
Totals	\$ 13,411,801	\$ 12,123,211	\$ (1,288,590)

Additional Comments Concerning Certain Fund Balances

- Looking forward from FY2011 the *General Fund – Fund Balance* of \$3,195,836 at June 30, 2011 was originally budgeted to decrease by \$298,958 in the ensuing FY2011-12. The original FY2012 budget will be further impacted by additional State revenue sharing in the form of the Economic Vitality Incentive Program (EVIP) under which the City anticipates receiving an additional \$300,000. Along with savings realized from key vacant management positions this should offset losses from lower investment earnings, taxable value and union settlements and an unscheduled boiler replacement. Current revised estimates show a June 30, 2012 fund balance of \$3,201,143.
- The decrease in the *Fund Balance of the Special Revenue Funds* in FY2011 mainly resulted from expending bond proceeds in the *Street Improvements Reserve Fund*. The increase in the *Debt Service Funds* related to the planned build up of fund balance in the *G.O. Debt Service Fund* which will be drawn upon in FY2012 to allow a more uniform millage rate across the fiscal years. The decrease in the *Fund Balance of the Capital Projects Funds* resulted from lower allocated property tax revenues and significant expenditures for the Sustainability, Energy Upgrades and Civic Center Boiler projects.
- The *General Fund - Budget Stabilization* portion ended the fiscal year with an *Unassigned Fund Balance* of \$936,026; which at 4.7% is less (by \$1,050,115) than the internally-established guideline targeted at 10% of the ensuing fiscal year *General Fund - General* budget, or \$1,986,141. Across both portions of the General Fund an adequate 20.8% balance of the ensuing FY2011-12 budget exists.

GOVERNMENTAL-TYPE FUNDS - CAPITAL PROJECTS

Expenditures in the *Capital Projects Funds*, excluding interfund transfers, totaled \$7,926,839 for FY2011 as compared to \$5,678,595 for FY2010. More significant projects with expenditures exceeding \$100,000 during the fiscal year included:

INFRASTRUCTURE PROJECTS (Excluding Utility Fund Share)	
East 48 th Street from M40 to City Limit	\$ 1,802,877
Washington Avenue (48 th St) Bridge	811,341
40 th Street, from Washington to Lincoln	703,080
Matt Urban & 48 th Street, from Washington to City Limit	646,084
40 th Street Ditch Enclosure, from Industrial to Waverly	553,260
18 th Street, from Cleveland to River	733,546
Resurfacing Program	618,889
24 th Street Resurfacing, from Country Club to Waverly	291,981
West 48 th Street, from Lincoln to Regent	291,605
Waverly Road, from M40 to 48 th Street	391,572
MUNICIPAL CAPITAL PROJECTS	
Sustainability	224,526
Civic Center Boiler	142,375

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, 2010</u>	<u>Working Capital June 30, 2011</u>
Technology Services	\$ 354,092	\$ 300,198
Equipment Services	\$ 2,645,730	\$ 2,867,342
Insurance Services	<u>\$ 2,862,165</u>	<u>\$ 2,843,013</u>
Totals	<u>\$ 5,861,987</u>	<u>\$ 6,010,553</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 was 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 2010-11 was \$2,755,133.

The most recent actuarial valuation, dated December 31, 2010, indicates that the City's valuation assets (stated at market value) provide 73.5% funding (employer portion only), based upon actuarial determined accrued liabilities of \$110,089,180, valuation assets of \$80,894,618, and unfunded accrued liabilities of \$29,194,562.

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 133 employees participate (72-General City, 61-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 2010-11 was \$523,418 and by employees was \$145,904.

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 1.204%, as compared to 2.552% for the previous fiscal year. If investments had not been valued at market the annualized average interest rate would have been 1.572%. The fiscal year adjustment for market write-down for the pool was \$116,602 and the overall ending market write-up balance was \$27,015. 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	
	2009-2010	2010-2011	Amount	Percentage
General Fund	\$ 299,028	\$ 134,647	\$ (164,381)	-55.0%
Permanent	38,038	17,404	(20,634)	-54.3
Special Revenue	23,801	36,101	12,300	51.7
Debt Service	33,807	21,348	(12,459)	-36.9
Capital Projects	22,982	11,541	(11,441)	-49.8
Enterprise	1,756,617	814,164	(942,453)	-53.7
Internal Service	134,611	57,492	(77,119)	-57.3
Component Units	52,866	102,483	49,617	93.9
Total	\$ 2,361,750	\$ 1,195,180	\$ (1,166,570)	-49.4%

A W A R D S

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
President’s Award-Holland in Bloom (2011)	Keep Michigan Beautiful	Leisure & Cultural Services
Population Category (25,000-50,000) (2011)	America in Bloom	Leisure & Cultural Services
Tidiness Criteria (2011)	America in Bloom	Leisure & Cultural Services
Civic Construction Award of Excellence (2005)	Assoc. Builders & Contractors Assoc. West Mich.	Public Safety – Police
Cover/Feature Story Regarding the Planning and Construction of the New Police Facility (2005)	International Association of Chiefs of Police	Public Safety – Police
Regional Challenge Award (2004)	Michigan Office of Highway Safety Planning	Public Safety - Police
Employment Social Justice Award (2001)	Human Relations Commission	Public Safety – Police
Batmobile Recipient (2001)	Michigan Office of Highway Safety Planning	Public Safety – Police
Outstanding Contributions to Traffic Safety (1999)	Michigan State Safety Commission	Public Safety – Police
1 st Place Award Traffic Safety Efforts (1998)	Michigan Association of Chiefs of Police	Public Safety – Police
Mothers Against Drunk Driving Lifesaver Award (1998)	Mothers Against Drunk Driving (MADD)	Public Safety – Police
Response to Computer Crime Award (2010)	International Association of Chiefs of Police	Public Safety – Police
Victim Services Unit of the Year (2011)	Michigan Sheriff’s Association	Public Safety – Police
Employment Social Justice Award (2006)	City of Holland Human Relations Commission	Public Safety – Fire
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.

<u>Award or Accreditation</u>	<u>Granting Agency</u>	<u>Department</u>
Certificate of Recognition – Neighborhood of the Year – Ourstreet Program (1996)	Neighborhoods, USA	Community & Neighborhood Svcs.
National Award Winner for Outstanding Participation in National Night Out (2008)	National Association of Town Watch	Community & Neighborhood Svcs.
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
Reliable Public Power Provider (2010)	American Public Power Association	Utility Services
Neighborhood Environmental Partners Program (2011)	Michigan Department of Environmental Quality	Utility Services
Award of Excellence Digital Annual Report (2010 and 2011)	American Public Power Association	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.

SIGNIFICANT INITIATIVES, EVENTS AND ACCOMPLISHMENTS

(Continued from Previous Page)

- > 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, has been renovated into a 30 apartment unit senior citizen affordable housing development called Midtown Village. The \$5.9 million construction project, which included a combination of Brownfield tax credits and federal and state historic tax credits, was 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.
- **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. At the close of FY2011 \$1.1 million in bond proceeds remained unspent which will be expended during FY2012.
 - > 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. The overall ongoing multi-year impact is estimated to be about \$1.45 million through the end of FY2012. 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. Another major storm hit the City in July 2011 resulting in \$138,000 in related cleanup costs.
 - > It is the City's normal practice to complete an annual road resurfacing program including several streets. This fiscal year the City resurfaced five different streets. State TED funds of \$359,900 were received towards the \$911,000 resurfacing program. The projects included the major resurfacing of 24th Street for which \$292,000 in local funds was expended.
 - > Work was completed on the \$1.8 million 18th Street Reconstruction Project from Cleveland to River Avenue. Total reconstruction, which was 100% locally funded, included the removal and replacement of aging storm sewer, water main, pavement, and curb and gutter, as well as the replacement of sanitary sewer. This project would not be possible without the 1 mill tax the City has levied for several years specifically for street improvements.
 - > FY2011 saw the completion of the \$2.076 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.

SIGNIFICANT INITIATIVES, EVENTS AND ACCOMPLISHMENTS

(Continued from Previous Page)

- > 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. The projects that had activity in FY2011 included the Washington Avenue (48th Street) Bridge, Waverly Road from M40 to 48th Street, East 48th Street from M40 to the City Limit, and West 48th Street, from Lincoln to Regent. In FY2012 two additional projects which will be completed are the US-31 Bridges and Pavement Washington Interchange project and the M40 from US31 to I-196 project.
- Electric Utility:
 - > Turbine-generator inspections completed for Units 3, 4, & 5.
 - > Exhaust plenum and transition ducting completed for Unit 7.
 - > Hot gas path inspection completed for Unit 7.
 - > NERC compliance testing and maintenance program initiated.
 - > James DeYoung exterior refurbishment Phase 1 completed: painted stacks, cleaned aluminum, painted window trim.
 - > Deployed smart grid distribution automation system on three north side circuits.
 - > Received air-permit from the State of Michigan for a 78-megawatt circulating fluidized bed (CFB) boiler. With the permit, the Holland BPW preserves a viable option for the City of Holland to consider for new baseload generation.
- Wastewater Utility:
 - > A \$5.6 million Headworks construction project is underway and expected to be completed by the end of calendar year 2011. The project will provide new screening and grit removal, and improvements to downstream piping of the primary clarifiers to relieve hydraulic constraints during high flow events.
 - > Replaced 7,887 feet of sewer main throughout the City.
 - > A \$1.64 million dollar contract was awarded in July 2011 to line 48,500 feet of sanitary sewer mains throughout the City as a cost effective rehabilitation method.
- Water Utility:
 - > Implementation of Surface Water Intake Protection Plan (SWIPP).
 - > Reduction in sludge material through testing of alternate chemical use and methods.
 - > In July 2011 two contracts were awarded for a total of \$6.7 million to cover the Holland/Wyoming interconnect project.

SIGNIFICANT INITIATIVES, EVENTS AND ACCOMPLISHMENTS

(Continued from Previous Page)

- **Utility Funds Renewable Energy:**
 - > Rolled out BPW EarthCare Lifestyle brand to promote a more sustainable environment in our community.
 - > Installed 17 electric vehicle charging stations for public use throughout the Holland area.
 - > Replaced 248 decorative and pedestrian street lighting downtown with mercury-free LED lights.
 - > Part-way through a year-long wind study in Allegan County to help determine feasibility of a local wind farm.

- **Utility Funds Finance, Human Resources and Technology:**
 - > Began utility-wide training and deployment of Lean 5S methodology.
 - > Launched an individual leadership development process to prepare high potential employees for advancement opportunities.
 - > Offered an educational Power Supply class to the community as well as to BPW employees.

- **Municipal Projects:**
 - > Design work was underway in FY2011 and construction began in July 2011 for a new skatepark at Smallenburg Park. The concept focuses on providing an “urban” design and the first phase is estimated at \$392,000. Hope College contributed \$279,000 as part of a property exchange agreement which was completed in May 2011 under which the City obtained property abutting Smallenburg Park in exchange for Lincoln and Columbia Parks adjacent to Hope College.

 - > At the close of FY2011 the \$603,000 Windmill Island Bank Erosion and Canal Dredging project was completed. 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 Civic Center boiler was replaced in FY2011 at a cost of \$142,000. Even though future plans for the aging facility are yet undetermined, this mechanical work could not be postponed any longer.

 - > The sustainability initiative received a major \$113,000 boost from a federal Department of Energy LED retrofit grant. The \$145,748 project included changing every pedestrian light in the downtown area and to convert some fixtures in adjacent residential neighborhoods. Another \$92,000 lighting retrofit project to provide energy upgrades to City facilities received Department of Energy grant assistance of \$29,000. Both of these projects 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.

SIGNIFICANT INITIATIVES, EVENTS AND ACCOMPLISHMENTS

(Continued from Previous Page)

- **Employee Health Insurance Program:**

- > After 60 plus years with Blue Cross Blue Shield, with the last 20 of those years with the Blues serving as the third party administrator when the City became self-insured, the City of Holland accepted the bid from Priority Health to serve as third party administrator, effective January 1, 2011. The Priority Health bid came in much lower than the Blues for administrative costs for the 454 contracts (\$330,424 lower) as well as in the illustrative rates recommended for the program. In many cases their recommended rates were lower than the prior year premiums, which yielded a significant savings.
- > For calendar 2012 Priority Health has recommended new illustrative rates which are significantly higher than the 2011 rates, in many cases more than 20%. While their administrative costs remained the same as 2011, the reinsurance rates are somewhat higher although they represent a very small portion of the overall increase. Most of the increased costs will be retained by the City's Health Insurance Fund to pay claims, which continue to increase. While the FY2012 General Fund budget will realize estimated savings of \$35,600 with the new rates, it is expected that the premium increases in the FY2013 budget will exceed the FY2012 General Fund budget by about \$200,000.

- **Holland Municipal Stadium:**

- > Discussions between the City of Holland, Hope College, Holland Public Schools and Holland Christian Schools are seriously underway to develop a plan for a major renovation of the City-owned stadium. A new nonprofit entity could be formed by the multiple entities to operate and improve the facility through a lease arrangement. The intent is also to explore a fund raising program to determine the scope of improvements which could be accomplished over the next 3-5 years.
- > In addition to artificial turf, estimated to cost \$1 million, the facility needs upgraded bathroom and concession facilities.

- **Sustainability and Energy Conservation:**

- > Over the spring and summer the City installed 17 electric vehicle charging stations throughout town at key locations. Some of the sites included are at Holland City Hall, Hope College, train and bus depot, 7th Street Parking Ramp and various schools and hotels. The City recently awarded bids to purchase a Chevy Volt and Ford Fusion Hybrid for the motor pool fleet. The Volt will be a public relations tool to show the community how the car works and foster support of the emerging local lithium ion industry which has brought many new jobs to Holland.
- > The City recently accepted the \$187,500 Energy Plan Study performed by Garforth International. The plan recommends approaches to meet the goals of ensuring economic competitiveness, providing reliable and affordable energy and protecting the environment. The public has been involved in several community forums. An information and education initiative called P21, which stands for Power for the 21st Century, was launched in mid-September to help determine whether a \$260 million 70 megawatt solid fuel (coal) expansion of the municipal power plant is necessary to meet future electricity demand. The Garforth study recommends a combined-cycle gas turbine expansion of the plant.

SIGNIFICANT INITIATIVES, EVENTS AND ACCOMPLISHMENTS

(Continued from Previous Page)

- **Budgetary Predictors**

- > The national and statewide economic recession 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 50% of the General Fund FY2012 budget. Property tax valuations in FY2011 declined by 3.23% from the previous year and property values are estimated to decline by 7% to 8% in FY2013. The inflation rate multiplier established by the State for FY2013 is 1.027 or a positive 2.7% change. This multiplier is used in the capped value formula and "Headlee" millage reduction fraction formula.
- > The City anticipates receiving \$300,000 in EVIP state revenue sharing funding for FY2012 over and above what was previously budgeted. The City has met the first of three milestones required to receive the EVIP monies by providing a dashboard on the City's website.
- > For FY2012 lower investment income, taxable value losses due to settlements, police union settlement items and replacement of the City Hall boiler which all negatively impact the General Fund balance should be offset by savings from longer term vacant positions.

- **Key Management Vacancies:**

- > Recent retirements of long-time City Manager Soren Wolff and BPW General Manager Loren Howard have left key top-level management positions vacant. Outside consultants are involved in the replacement and hiring process. It is anticipated both positions will be filled in the near future.

- **Fiscal Services:**

- > Capital asset records amounting to approximately \$6.9 million were added to the database for FY2010-11 not including capital assets remaining in CIP or utility funds assets. \$5.2 million in combined state and federal grants were managed and accounted for under 30 separate grant contracts, which does not include \$5.2 million state revenue sharing of sales tax, liquor tax and gas and weight tax.
- > The City implemented new financial software in July 2011 under a contract with New World Systems of Troy, Michigan. 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 consumed much of the staff time for Fiscal Services, Human Resources, and Technology Services over the past 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).

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, 2010. 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, 2011

Elected Members of the City Council

Mayor	Kurt Dykstra
Council Member, At Large	Shawn Miller
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.)
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
Director of Public Safety	Matt Messer
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, 2010

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.

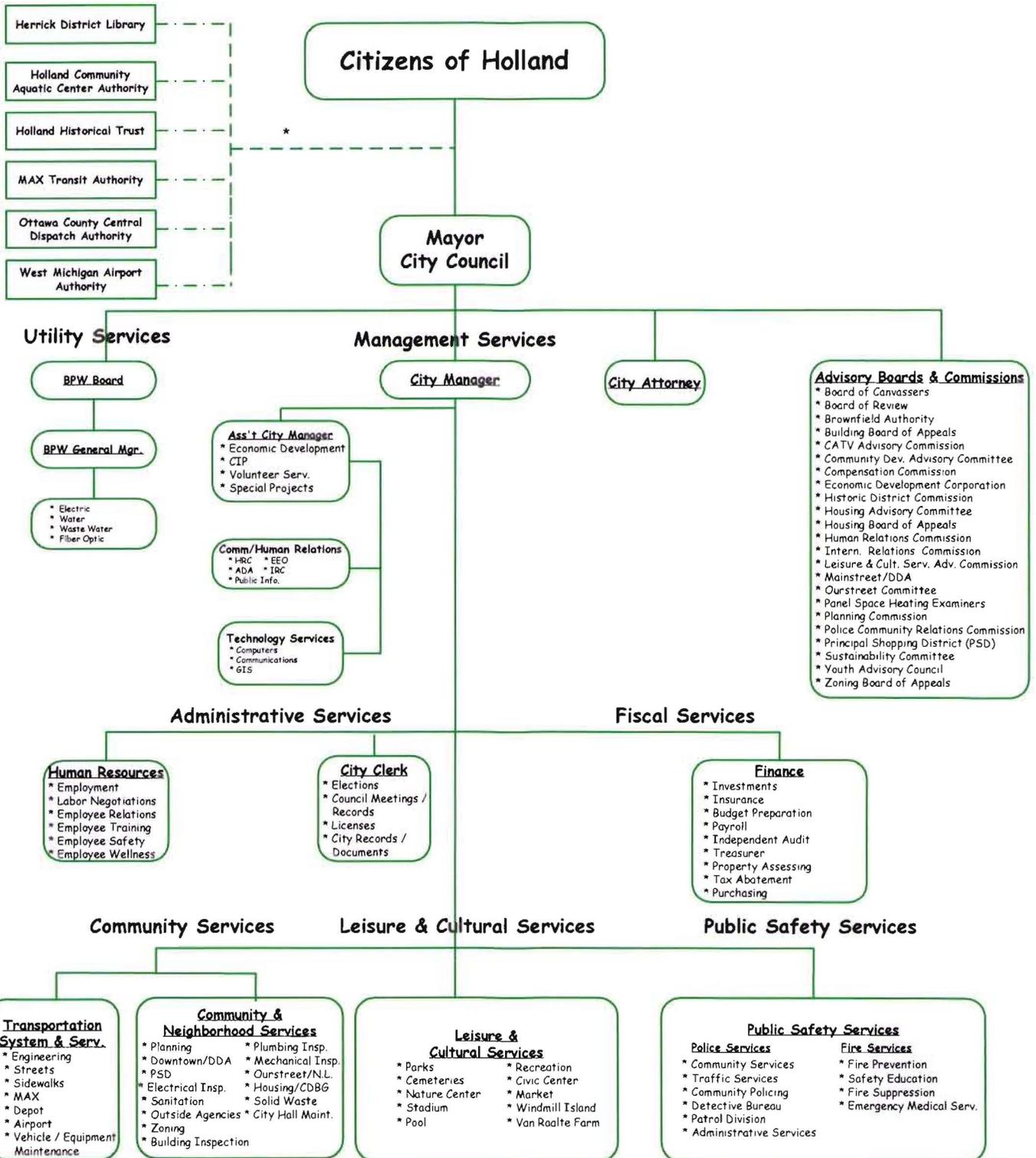


President

Executive Director

City of Holland

Organizational Chart



* The City Council makes appointments to these Districts and Authorities

CITY OF HOLLAND

Auditor's Opinion and MD&A

INDEPENDENT AUDITORS' REPORT

December 14, 2011

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, 2011, 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. 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, 2011, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 14, 2011, on our consideration of the City'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 67-68 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'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's basic financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly presented, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

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

Management's Discussion and Analysis

As management of the City of Holland, we offer readers of the City of Holland financial statements this narrative overview and analysis of the financial activities of the City of Holland for the fiscal year ended June 30, 2011. 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 the \$142,000 Civic Center boiler replacement project.
- Completion of the \$603,000 Windmill Island Bank Erosion and Canal Dredging project.
- \$911,000 expended on various road resurfacing projects.
- Progress on the \$728,000 40th Street ditch enclosure project.
- Construction was half completed on the \$1,500,000 Matt Urban & 48th Street road reconstruction project.
- A \$2,076,000 multi-year road and sidewalk reconstruction project on 40th Street between Washington and Lincoln with beautification enhancements was virtually completed.
- The \$886,000 18th Street Project, Cleveland to River Avenue comprised of inner city road and sewer total reconstruction work was completed.
- Regarding sustainability an \$187,500 Energy Plan Study was underway. A \$146,000 LED Pedestrian Light Retrofit project and \$91,000 City facilities energy upgrade project were both completed.
- The City's utility funds expended a total of \$14,326,634 in capital purchases and projects.
- Work on four of the 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. Current year expenditures on the projects were \$3,297,000.

The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$386,341,811 (net assets). Of this amount, \$139,758,109 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 \$13,443,503.

As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$12,123,211, a decrease of \$1,279,915 in comparison with the prior year.

At the end of the current fiscal year, unassigned fund balance for the General Fund was \$4,065,072 or 20.3% 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 28 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 25 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 33-66 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 70-164 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 \$386,341,811 at the close of the most recent fiscal year.

City of Holland's Net Assets

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Assets						
Current and other assets	\$ 29,716,158	\$ 28,618,426	\$ 148,058,666	\$ 140,840,457	\$ 177,774,824	\$ 169,458,883
Capital assets, net	125,297,115	121,854,137	148,531,719	144,912,112	273,828,834	266,766,249
Total assets	155,013,273	150,472,563	296,590,385	285,752,569	451,603,658	436,225,132
Liabilities						
Long-term liabilities	32,967,984	34,787,578	18,423,722	19,598,181	51,391,706	54,385,759
Other liabilities	5,586,424	2,927,691	8,283,717	6,013,374	13,870,141	8,941,065
Total liabilities	38,554,408	37,715,269	26,707,439	25,611,555	65,261,847	63,326,824
Net assets						
Invested in capital assets, net of related debt	97,982,454	91,848,117	130,752,723	125,755,686	228,735,177	217,603,803
Restricted	5,007,295	8,273,750	12,841,230	11,605,553	17,848,525	19,879,303
Unrestricted	13,469,116	12,635,427	126,288,993	122,779,775	139,758,109	135,415,202
Total net assets	\$ 116,458,865	\$ 112,757,294	\$ 269,882,946	\$ 260,141,014	\$ 386,341,811	\$ 372,898,308

As a result of implementation of GASB 54, the 2010 amounts have been restated to show the Employee Benefit Fund as an enterprise fund, which was previously shown as a special revenue fund.

The largest portion of the City of Holland net assets (59.2%) reflects its investment in capital assets (e.g., land, buildings, vehicles, equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City of Holland uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Holland's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional part of the City of Holland's net assets (4.6%) represents resources that are subject to external restrictions on how they may be used. The remaining (36.2%) balance (\$139,758,109) 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 \$13,443,503 during the current fiscal year. This growth is due primarily to capital grants received from the state and federal governments (approximately \$5.011 million) and the excess of operating revenues over expenses.

Governmental activities

Governmental activities increased the City of Holland's net assets by \$3,701,571 mainly due to many large infrastructure projects funded by capital grants. Key elements of capital grants are as follows.

Capital grants from several sources resulted in total capital grant revenue for governmental type funds of \$4,372,059. This is made up primarily of a \$2,523,195 State Transportation Economic Development Fund (TEDF) grant including four industrial area road and bridge projects, \$360,717 in grant funding for various road resurfacing projects, a \$514,982 40th Street reconstruction project grant, a \$316,322 40th Street ditch enclosure federal project grant, a \$257,812 Matt Urban and 48th Street reconstruction project grant, a \$31,920 Columbia at 7th/9th traffic signal grant, \$142,099 in energy grants for two sustainability projects, and \$225,012 in various Police Equipment grants.

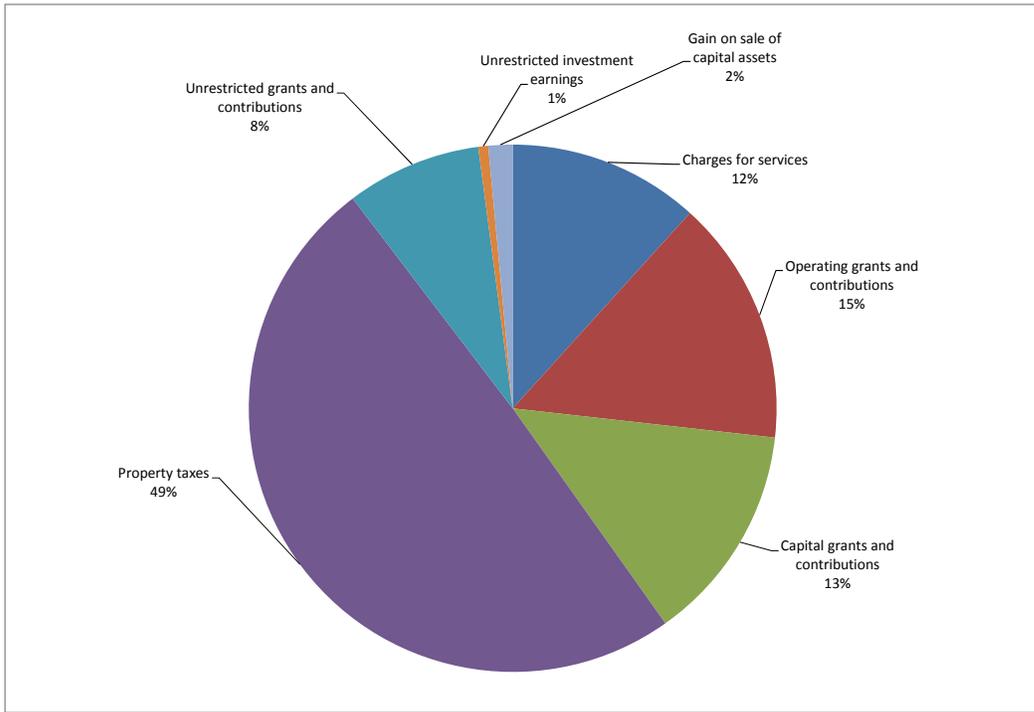
Business-type activities

Business-type activities increased the City of Holland's net assets by \$9,741,932. The key elements of this increase were \$639,163 in capital grants and contributions received by the enterprise funds and positive utility fund sales which resulted in operating income of \$13.3 million. The Electric Utility Fund experienced a slight increase in sales units for all rate classes. The cost of natural gas was lower than anticipating for some months of the year; therefore the percentage sales increase was greater than the percentage cost increase. The Water Utility Fund experienced decreased sales but the corresponding decrease in costs helped maintain the net income. The water utility fund also had non-cash capital contributions that were larger than usual due to construction of infrastructure for industrial locations.

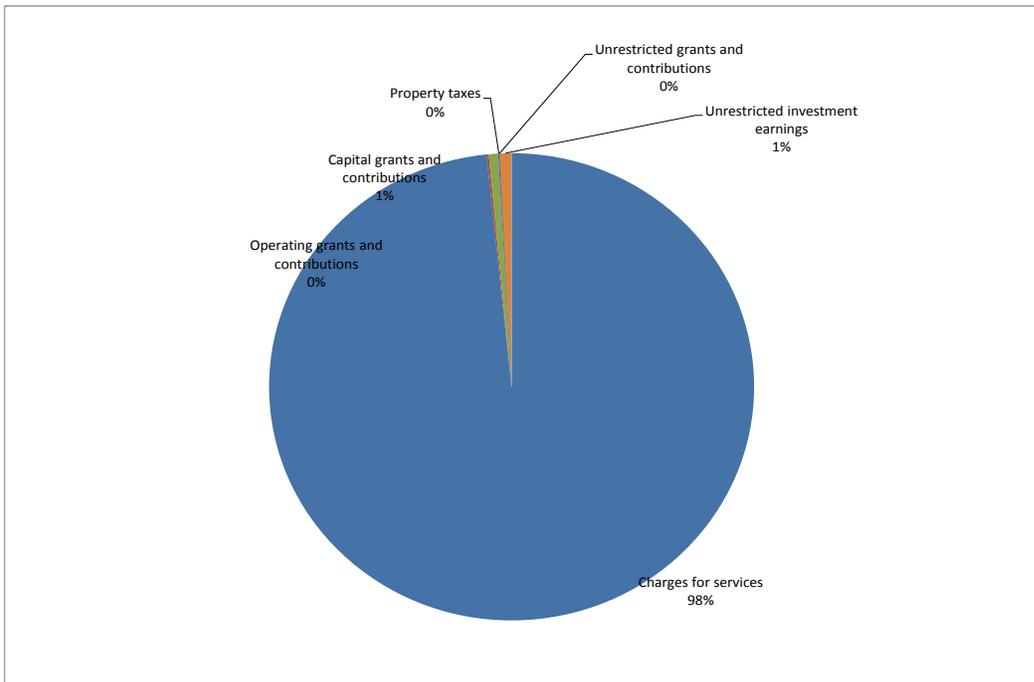
City of Holland's Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues						
Program revenues:						
Charges for services	\$ 3,821,042	\$ 3,175,713	\$ 102,304,192	\$ 94,794,811	\$ 106,125,234	\$ 97,970,524
Operating grants and contributions	4,905,759	4,832,388	157,859	60,629	5,063,618	4,893,017
Capital grants and contributions	4,372,059	906,356	639,163	544,493	5,011,222	1,450,849
General revenues:						
Property taxes	16,121,528	17,251,755	108,734	118,962	16,230,262	17,370,717
Intergovernmental	2,697,917	2,698,103	-	-	2,697,917	2,698,103
Unrestricted investment earnings	197,270	455,666	814,059	1,608,802	1,011,329	2,064,468
Gain on sale of capital assets	482,588	-	-	-	482,588	-
Total revenues	32,598,163	29,319,981	104,024,007	97,127,697	136,622,170	126,447,678
Expenses						
General government	4,746,330	4,476,088	-	-	4,746,330	4,476,088
Public safety	12,078,156	12,220,723	-	-	12,078,156	12,220,723
Public works	7,821,063	7,966,875	-	-	7,821,063	7,966,875
Welfare and social services	1,332,557	1,473,119	-	-	1,332,557	1,473,119
Culture and recreation	5,244,382	5,293,696	-	-	5,244,382	5,293,696
Interest on long-term debt	968,108	1,143,337	-	-	968,108	1,143,337
Electric utility	-	-	73,286,291	68,510,184	73,286,291	68,510,184
Wastewater utility	-	-	8,230,946	7,926,053	8,230,946	7,926,053
Water utility	-	-	6,293,924	6,020,005	6,293,924	6,020,005
Other enterprise activities	-	-	3,176,910	3,307,148	3,176,910	3,307,148
Total expenses	32,190,596	32,573,838	90,988,071	85,763,390	123,178,667	118,337,228
Change in net assets before transfers	407,567	(3,253,857)	13,035,936	11,364,307	13,443,503	8,110,450
Transfers	3,294,004	3,600,531	(3,294,004)	(3,600,531)	-	-
Change in net assets	3,701,571	346,674	9,741,932	7,763,776	13,443,503	8,110,450
Net assets, beginning of year	112,757,294	112,410,620	260,141,014	252,377,238	372,898,308	364,787,858
Net assets, end of year	\$ 116,458,865	\$ 112,757,294	\$ 269,882,946	\$ 260,141,014	\$ 386,341,811	\$ 372,898,308

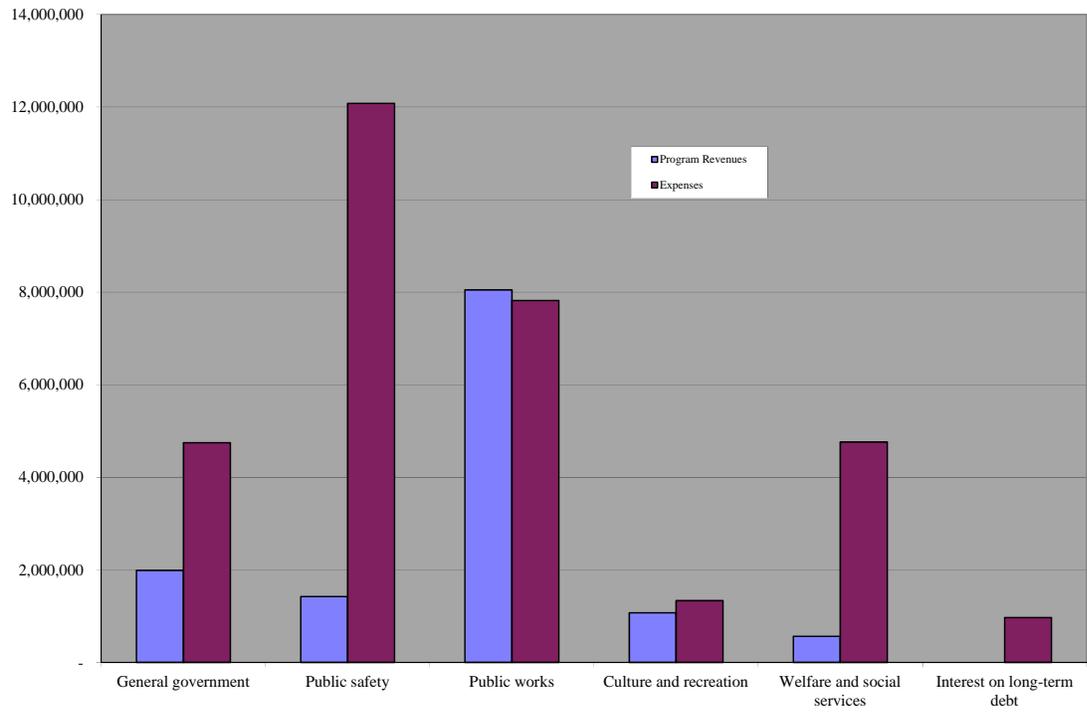
Revenues by Source - Governmental Activities



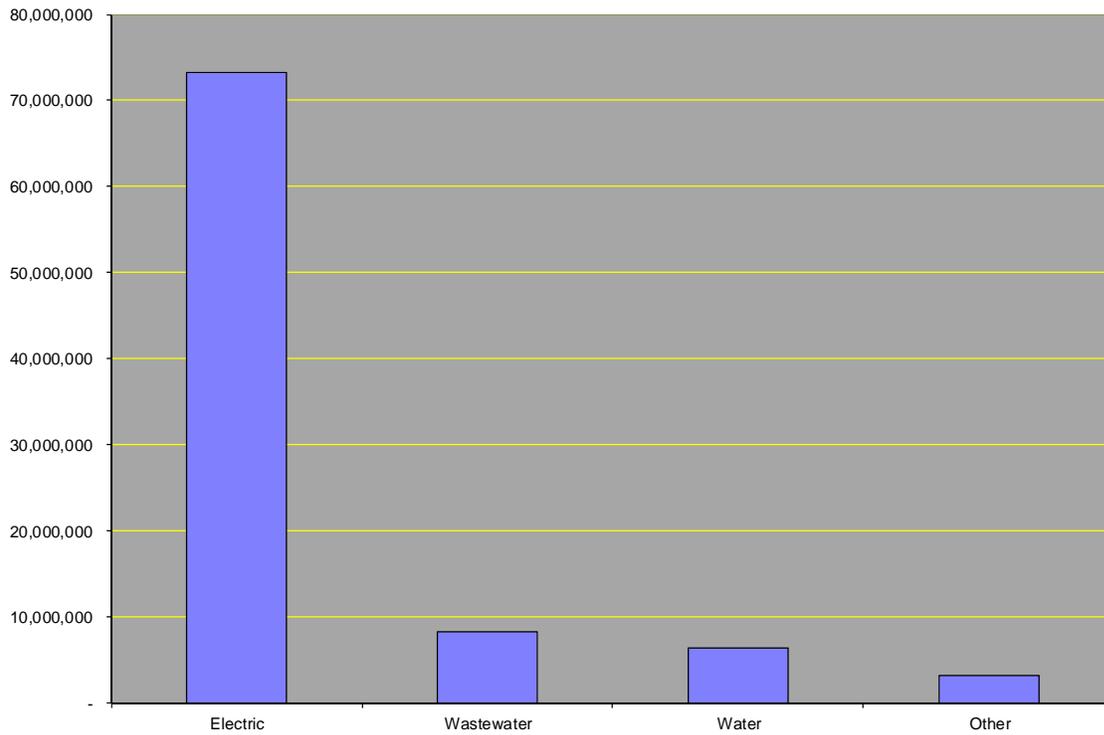
Revenues by Source – Business-type Activities



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, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The overall results of governmental funds operations was a decrease in fund balance of \$1,279,915. The decrease is primarily the result of the \$1.2 million drop in fund balance for the Street Improvements Reserve Fund as bond proceeds were expended for street capital projects.

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 \$7.8 million increase in net assets of which \$3.8 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 \$293,255 in net assets.

General Fund Budgetary Highlights

The original revenue budget was \$16,348,951 and as amended was \$16,248,316 which represents a decrease of \$100,635. The original expenditure budget was \$19,747,341 and as amended was \$20,027,165 which represents an increase of \$279,824.

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. Non business license estimates were reduced significantly. On the revenue side, variances were unfavorable by \$47,959 due to lower charges for services receipts and penalties and interest on delinquent taxes lower than projected. On the expenditure side, including transfers out, variances were favorable by \$420,780. Expenditures in virtually every department were decreased due to much belt tightening. As staff positions became vacant most were left unfilled.

The required transfer out to the Windmill Island Fund was \$50,113 lower than the amended budget due to higher than anticipated admissions revenues at the island. Expenditures in the General Fund Streets Department came in \$74,382 below the amended budget mainly due to lower allocated wages and spring cleanup costs.

Overall, the amended budgeted expenditures were \$279,824 higher than the original budgets. Actual expenditures came in \$90,976 less than the original budget and \$370,800 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 \$8 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	
	2011	2010	2011	2010	2011	2010
Land	\$ 16,137,534	\$ 15,476,051	\$ 13,255,388	\$ 13,221,888	\$ 29,392,922	\$ 28,697,939
Construction in progress	3,851,205	1,379,786	6,919,222	1,742,155	10,770,427	3,121,941
Buildings, equipment and infrastructure, net	105,308,376	104,998,300	128,357,109	129,948,069	233,665,485	234,946,369
Total	\$ 125,297,115	\$ 121,854,137	\$ 148,531,719	\$ 144,912,112	\$ 273,828,834	\$ 266,766,249

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 governmental activities issued \$7,425,000 in Police Improvement Refunding Bonds during the year ended June 30, 2011.

City of Holland's Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Bonds	\$ 31,043,186	\$ 32,992,650	\$ 18,132,000	\$ 19,554,500	\$ 49,175,186	\$ 52,547,150
Unamortized premium (discount) on bonds payable	374,156	32,988	(100,892)	(112,716)	273,264	(79,728)
Unamortized refunding costs	(625,371)	(249,118)	(252,112)	(285,358)	(877,483)	(534,476)
Other debt	511,104	389,500	-	-	511,104	389,500
Accrued compensated absences	1,664,909	1,621,558	644,726	441,755	2,309,635	2,063,313
Total	\$ 32,967,984	\$ 34,787,578	\$ 18,423,722	\$ 19,598,181	\$ 51,391,706	\$ 54,385,759

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 \$111,202,723.

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 dropped to 11.4%, from the 2009 high of 15.4%. This is an increase of 68% from 2005 when the rate was 6.8%. The total labor force has declined by 4.6% from 2008, and has declined by 5.7% overall from the recent high point in 2006.

Fiscal year 2012 experienced a 3.23% decline in tax valuation base. It is anticipated that the City may experience as much as an additional 7% reduction in the overall tax base for upcoming fiscal year 2013 which roughly equates to a \$1 million loss for the General Fund. 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 remains constant at 14.25 mills for the ensuing fiscal year 2012 (fiscal year ended June 30, 2012). The General Fund budget for fiscal year 2012 projected a \$299,693 drop in fund balance to arrive at an end of year projected fund balance of \$2,896,143 or 14.6% of fiscal year 2012 budgeted expenditures. Current estimates for fiscal year 2012 project that negative factors such as decreases in investment income, taxable value settlement losses, City Hall boiler replacement and police union settlement items will be offset by several vacant positions which remain unfilled. It is projected that state revenue sharing will be approximately \$300,000 higher than budgeted due to EVIP receipts that the City did not budget for. The City is not projecting any significant drop in fund balance from the prior year for fiscal year 2012 which is much more favorable than the original adopted 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

BASIC FINANCIAL STATEMENTS

CITY OF HOLLAND, MICHIGAN

STATEMENT OF NET ASSETS

JUNE 30, 2011

	PRIMARY GOVERNMENT			COMPONENT UNITS		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	DOWNTOWN DEVELOPMENT AUTHORITY	HOLLAND HISTORICAL TRUST	BROWNFIELD REDEVELOPMENT AUTHORITY
Assets						
Cash and pooled investments	\$ 20,596,837	\$ 58,823,909	\$ 79,420,746	\$ 169,220	\$ 194,614	\$ 23,948
Investments	-	52,531,395	52,531,395	-	534,015	-
Receivables, net	6,450,201	14,379,847	20,830,048	12	124,500	-
Internal balances	(63,326)	63,326	-	-	-	-
Inventory	100,200	8,952,611	9,052,811	-	7,672	-
Prepaid items and other assets	42,898	388,251	431,149	200	2,279	-
Assets held for sale	-	-	-	-	48,569	-
Restricted assets:						
Cash and pooled investments	1,220,228	6,768,348	7,988,576	-	-	-
Investments	-	6,150,605	6,150,605	-	-	-
Accrued interest	-	374	374	-	-	-
Unamortized bond issuance costs	377,623	-	377,623	-	-	-
Net pension asset	991,497	-	991,497	-	-	-
Capital assets:						
Land	16,137,534	13,255,388	29,392,922	-	40,000	-
Construction in progress	3,851,205	6,919,222	10,770,427	-	-	-
Being depreciated, net of depreciation	105,308,376	128,357,109	233,665,485	115,022	2,033,157	-
Total assets	155,013,273	296,590,385	451,603,658	284,454	2,984,806	23,948
Liabilities						
Payables	3,471,394	7,086,645	10,558,039	13,277	27,019	-
Unearned revenue	1,280,977	239,420	1,520,397	-	15,152	-
Deposits	290,683	62,600	353,283	-	-	-
Accrued interest payable from restricted assets	-	331,725	331,725	-	-	-
Line of credit	-	-	-	-	47,000	-
Landfill closure and postclosure cost	-	327,450	327,450	-	-	-
Accrued compensated absences:						
Due within one year	1,050,000	644,726	1,694,726	-	-	-
Due in more than one year	614,909	-	614,909	-	-	-
Bonds and loans payable:						
Due within one year from restricted assets	-	830,517	830,517	-	-	-
Due within one year	3,089,914	610,374	3,700,288	-	-	-
Due in more than one year	28,213,161	16,338,105	44,551,266	-	-	-
Net other postemployment benefit obligation	543,370	235,877	779,247	-	-	-
Total liabilities	38,554,408	26,707,439	65,261,847	13,277	89,171	-
Net assets						
Invested in capital assets, net of related debt	97,982,454	130,752,723	228,735,177	115,022	2,073,157	-
Restricted:						
Nonexpendable:						
Cemetery endowment corpus	1,464,842	-	1,464,842	-	-	-
Expendable for:						
Cemetery maintenance	55,374	-	55,374	-	-	-
Street construction and maintenance	1,979,030	-	1,979,030	-	-	-
Debt service	711,792	-	711,792	-	-	-
Capital projects and by agreement	796,257	12,841,230	13,637,487	-	407,610	-
Unrestricted	13,469,116	126,288,993	139,758,109	156,155	414,868	23,948
Total net assets	\$ 116,458,865	\$ 269,882,946	\$ 386,341,811	\$ 271,177	\$ 2,895,635	\$ 23,948

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

CITY OF HOLLAND, MICHIGAN

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2011

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	\$ 4,746,330	\$ 1,380,752	\$ 556,983	\$ 49,735	\$ (2,758,860)
Public safety	12,078,156	1,002,070	276,428	146,157	(10,653,501)
Public works	7,821,063	772,188	3,131,545	4,147,047	229,717
Welfare and social services	1,332,557	155,969	915,670	-	(260,918)
Culture and recreation	5,244,382	510,063	25,133	29,120	(4,680,066)
Interest on long-term debt	968,108	-	-	-	(968,108)
Total governmental activities	32,190,596	3,821,042	4,905,759	4,372,059	(19,091,736)
Business-type activities:					
Electric utility	73,286,291	84,411,319	-	-	11,125,028
Wastewater utility	8,230,946	8,854,094	-	106,564	729,712
Water utility	6,293,924	7,133,417	-	532,599	1,372,092
Refuse and recycling pickup	1,607,762	1,394,814	-	-	(212,948)
Windmill Island	679,730	490,410	9,540	-	(179,780)
Airport facilities and management system	655,925	2,318	-	-	(653,607)
Other enterprise activities	233,493	17,820	148,319	-	(67,354)
Total business-type activities	90,988,071	102,304,192	157,859	639,163	12,113,143
Total primary government	\$ 123,178,667	\$ 106,125,234	\$ 5,063,618	\$ 5,011,222	\$ (6,978,593)
Component units:					
Downtown Development Authority	\$ 203,040	\$ 2,366	\$ 2,983	\$ -	\$ (197,691)
Holland Historical Trust	971,278	177,063	558,847	430	(234,938)
Brownfield Redevelopment Authority	813,800	-	3,613	-	(810,187)
Total component units	\$ 1,988,118	\$ 179,429	\$ 565,443	\$ 430	\$ (1,242,816)

(Continued)

CITY OF HOLLAND, MICHIGAN
STATEMENT OF ACTIVITIES (CONCLUDED)
FOR THE YEAR ENDED JUNE 30, 2011

	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	\$ (19,091,736)	\$ 12,113,143	\$ (6,978,593)	\$ (197,691)	\$ (234,938)	\$ (810,187)
General revenues:						
Property taxes	16,121,528	108,734	16,230,262	187,186	-	795,236
State shared revenues	2,697,917	-	2,697,917	-	-	-
Investment earnings - unrestricted	197,270	814,059	1,011,329	-	-	-
Gain on sale of capital assets	482,588	-	482,588	-	-	-
Transfers - internal activities	3,294,004	(3,294,004)	-	-	-	-
Total general revenues and transfers	22,793,307	(2,371,211)	20,422,096	187,186	-	795,236
Change in net assets	3,701,571	9,741,932	13,443,503	(10,505)	(234,938)	(14,951)
Net assets, beginning of year	112,757,294	260,141,014	372,898,308	281,682	3,130,573	38,899
Net assets, end of year	\$ 116,458,865	\$ 269,882,946	\$ 386,341,811	\$ 271,177	\$ 2,895,635	\$ 23,948

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

CITY OF HOLLAND, MICHIGAN

BALANCE SHEET
GOVERNMENTAL FUNDS

JUNE 30, 2011

	GENERAL FUND	BUILDING AUTHORITY DEBT SERVICE FUND	INFRASTRUCTURE PROJECTS	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>ASSETS</u>					
Cash and pooled investments	\$ 4,644,042	\$ 12,776	\$ 1,675,015	\$ 7,461,268	\$ 13,793,101
Restricted cash and pooled investments	-	-	1,220,228	-	1,220,228
Receivables:					
Accounts	153,280	-	392	119,519	273,191
Taxes and special assessments	2,906	-	1,523	1,056,010	1,060,439
Interest	84,587	-	-	-	84,587
Leases	-	2,733,654	-	-	2,733,654
Due from other governmental units	539,605	-	-	517,210	1,056,815
Due from other funds	158	-	87,544	136,428	224,130
Prepaid items	300	-	-	300	600
Total assets	\$ 5,424,878	\$ 2,746,430	\$ 2,984,702	\$ 9,290,735	\$ 20,446,745
<u>LIABILITIES AND FUND BALANCES</u>					
LIABILITIES:					
Accounts payable	\$ 460,892	\$ -	\$ 1,468,971	\$ 237,190	\$ 2,167,053
Accrued payroll and benefits	396,176	-	5,870	41,626	443,672
Due to other governmental units	-	-	-	4,666	4,666
Due to other funds	99,015	-	-	200,909	299,924
Deposits	290,683	-	-	-	290,683
Deferred revenue	46,250	2,733,654	1,221,750	1,115,882	5,117,536
Total liabilities	1,293,016	2,733,654	2,696,591	1,600,273	8,323,534
FUND BALANCES (NOTE 12):					
Nonspendable	300	-	-	1,465,142	1,465,442
Restricted	-	-	194,015	4,738,194	4,932,209
Committed	66,490	12,776	94,096	1,487,126	1,660,488
Unassigned	4,065,072	-	-	-	4,065,072
Total fund balances	4,131,862	12,776	288,111	7,690,462	12,123,211
Total liabilities and fund balances	\$ 5,424,878	\$ 2,746,430	\$ 2,984,702	\$ 9,290,735	\$ 20,446,745

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, 2011

Fund balances - total governmental funds	\$	12,123,211
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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.

Total Capital assets, net	125,297,115
Less capital assets accounted for in the Internal Service Fund	(4,460,572)

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.

Net assets of governmental activities accounted for in the internal service funds	10,409,277
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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.

Net pension asset	991,497
Deferred revenue on lease from library	2,733,654
Deferred revenue for reimbursement of litigation fees	46,250
Deferred revenue from special assessments	1,056,655

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

Unamortized deferred refunding costs	625,371
Unamortized bond issuance costs	377,623
Bonds payable	(31,420,186)
Unamortized premium on bonds payable	(374,156)
Legal settlement	(134,104)
Accrued interest on bonds payable	(269,400)
Other postemployment benefit obligation	(543,370)

Net assets of governmental activities	\$	116,458,865
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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, 2011

	GENERAL FUND	BUILDING AUTHORITY DEBT SERVICE FUND	INFRASTRUCTURE PROJECTS	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:					
Special assessments	\$ -	\$ -	\$ 254	\$ 721,089	\$ 721,343
Property taxes	11,011,823	-	54,334	5,055,371	16,121,528
Licenses and permits	551,740	-	-	-	551,740
Intergovernmental	2,758,931	-	4,004,948	4,284,392	11,048,271
Charges for services	1,264,802	-	-	279,867	1,544,669
Fines and fees	205,498	-	-	344,000	549,498
Contributions from private sector	-	-	-	586,279	586,279
Interest and rents	389,421	576,728	2,686	134,574	1,103,409
Miscellaneous	18,142	1,641	780	236,017	256,580
Total revenues	16,200,357	578,369	4,063,002	11,641,589	32,483,317
EXPENDITURES:					
Current:					
General government	3,580,814	-	-	312,293	3,893,107
Public safety	10,847,277	-	-	364,763	11,212,040
Public works	1,267,495	-	-	2,684,290	3,951,785
Welfare and social services	608,504	-	-	718,160	1,326,664
Culture and recreation	3,282,843	-	-	1,703,843	4,986,686
Other	69,432	-	-	-	69,432
Debt service:					
Principal retirement	-	1,635,000	-	346,964	1,981,964
Interest and fiscal charges	-	706,392	-	341,093	1,047,485
Bond issuance costs	-	114,289	-	-	114,289
Capital outlay	-	-	7,069,935	1,144,570	8,214,505
Total expenditures	19,656,365	2,455,681	7,069,935	7,615,976	36,797,957
Excess (deficiency) of revenue over (under) expenditures	(3,456,008)	(1,877,312)	(3,006,933)	4,025,613	(4,314,640)
OTHER FINANCING SOURCES (USES):					
Issuance of bonds	-	7,425,000	-	-	7,425,000
Premium on bonds issued	-	385,976	-	-	385,976
Payment to escrow agent	-	(7,852,210)	-	-	(7,852,210)
Transfers in	3,666,429	1,918,879	3,046,165	1,985,110	10,616,583
Transfers out	(330,387)	-	-	(7,210,237)	(7,540,624)
Total other financing sources (uses)	3,336,042	1,877,645	3,046,165	(5,225,127)	3,034,725
NET CHANGE IN FUND BALANCES	(119,966)	333	39,232	(1,199,514)	(1,279,915)
FUND BALANCES - Beginning of year	4,251,828	12,443	248,879	8,889,976	13,403,126
FUND BALANCES - End of year	\$ 4,131,862	\$ 12,776	\$ 288,111	\$ 7,690,462	\$ 12,123,211

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, 2011

Net change in fund balances - total governmental funds \$ (1,279,915)

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.

Purchases of capital assets	8,109,556
Depreciation expense	(4,504,144)
Net book value of disposed capital assets	(80,126)

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.

Principal payments on long-term liabilities	1,981,964
Issuance of long-term debt	(7,425,000)
Premium on issuance of long-term debt	(385,976)
Payment to refunded bond escrow agent	7,852,210
Bond issuance cost related to long-term debt	114,289
Change in legal settlement	(134,104)
Amortization of deferred refunding costs	(70,957)
Amortization of premium on long-term debt	44,808
Amortization of bond issuance costs	(33,048)

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.

Gain from governmental activities in internal service funds	87,474
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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.

Change in special assessments deferred revenue	(49,599)
Change in litigation fees reimbursement deferred revenue	46,250
Change in net pension asset	(20,024)
Library lease payment	(448,227)
Change in accrued interest on bonds payable	(8,766)
Change in other postemployment benefit obligations	(95,094)

Change in net assets of governmental activities	\$ 3,701,571
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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, 2011

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Property taxes	\$ 11,005,501	\$ 11,033,056	\$ 11,011,823	\$ (21,233)
Licenses and permits	584,100	542,550	551,740	9,190
Intergovernmental	2,709,200	2,758,360	2,758,931	571
Charges for services	1,335,315	1,311,852	1,264,802	(47,050)
Fines and fees	188,500	197,000	205,498	8,498
Interest and rents	516,001	392,634	389,421	(3,213)
Miscellaneous	10,334	12,864	18,142	5,278
Total revenues	16,348,951	16,248,316	16,200,357	(47,959)
EXPENDITURES:				
Current:				
General government	3,498,142	3,670,503	3,580,814	(89,689)
Public safety	11,124,224	10,906,428	10,847,277	(59,151)
Public works	1,338,972	1,352,149	1,267,495	(84,654)
Welfare and social services	692,585	642,819	608,504	(34,315)
Culture and recreation	3,450,718	3,385,816	3,282,843	(102,973)
Other	(357,300)	69,450	69,432	(18)
Total expenditures	19,747,341	20,027,165	19,656,365	(370,800)
Deficiency of revenues under expenditures	(3,398,390)	(3,778,849)	(3,456,008)	322,841
OTHER FINANCING SOURCES (USES):				
Transfers in	3,616,400	3,673,640	3,666,429	(7,211)
Transfers out	(402,514)	(380,367)	(330,387)	49,980
Total other financing sources (uses)	3,213,886	3,293,273	3,336,042	42,769
NET CHANGE IN FUND BALANCES	(184,504)	(485,576)	(119,966)	365,610
FUND BALANCES - Beginning of year	4,251,828	4,251,828	4,251,828	-
FUND BALANCES- End of year	\$ 4,067,324	\$ 3,766,252	\$ 4,131,862	\$ 365,610

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, 2011

BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS

ASSETS	ELECTRIC	WASTEWATER	WATER	OTHER
	UTILITY	UTILITY	UTILITY	ENTERPRISE FUNDS
CURRENT ASSETS:				
Cash and pooled investments	\$ 46,306,686	\$ 8,901,563	\$ 3,089,928	\$ 525,732
Investments	47,003,755	5,028,405	499,235	-
Receivables:				
Accounts	11,617,606	1,297,047	990,529	169,920
Taxes and special assessments	-	99,562	72,761	25
Interest	100,013	32,244	140	-
Deposit with others	-	-	-	-
Due from other funds	194,203	48,280	23,923	-
Inventories	8,667,755	62,860	221,996	-
Prepaid items	355,656	27,007	4,338	1,250
Total current assets	114,245,674	15,496,968	4,902,850	696,927
NONCURRENT ASSETS:				
Restricted assets:				
Cash and pooled investments	-	3,435,108	3,333,240	-
Investments	5,151,347	999,258	-	-
Accrued interest	-	374	-	-
Total restricted assets	5,151,347	4,434,740	3,333,240	-
Capital assets:				
Land	4,809,939	260,673	1,832,417	6,352,359
Construction in progress	2,398,350	2,988,045	1,532,827	-
Machinery and equipment	220,290,311	68,321,295	53,832,727	18,798,995
Accumulated depreciation	(162,862,954)	(38,979,973)	(20,574,431)	(10,468,861)
Total capital assets	64,635,646	32,590,040	36,623,540	14,682,493
Total noncurrent assets	69,786,993	37,024,780	39,956,780	14,682,493
Total assets	184,032,667	52,521,748	44,859,630	15,379,420

LIABILITIES

CURRENT LIABILITIES:				
Accounts payable	5,621,450	594,316	159,403	124,701
Claims payable	-	-	-	-
Accrued payroll and benefits	246,423	173,248	140,636	20,653
Accrued interest payable	-	3,337	-	-
Due to other governmental units	-	-	-	2,478
Accrued interest payable from restricted assets	-	-	331,725	-
Due to other funds	6,480	73,628	23,838	99,134
Deposits	-	-	-	62,600
Unearned revenue	239,420	-	-	-
Accrued compensated absences - current	367,928	148,105	111,103	17,590
Bonds and lease purchases payable - current	-	610,374	-	-
Bonds payable from restricted assets - current	-	-	830,517	-
Total current liabilities	6,481,701	1,603,008	1,597,222	327,156
NONCURRENT LIABILITIES:				
Landfill closure and postclosure cost	327,450	-	-	-
Accrued compensated absences	-	-	-	-
Bonds payable and lease purchases payable	-	1,262,925	15,075,180	-
Net other postemployment benefit obligation	156,778	43,316	35,783	-
Total noncurrent liabilities	484,228	1,306,241	15,110,963	-
Total liabilities	6,965,929	2,909,249	16,708,185	327,156

NET ASSETS

Invested in capital assets, net of related debt	64,635,646	30,716,741	20,717,843	14,682,493
Restricted for capital projects and by agreement	5,151,347	4,356,643	3,333,240	-
Unrestricted	107,279,745	14,539,115	4,100,362	369,771
Total net assets	\$ 177,066,738	\$ 49,612,499	\$ 28,151,445	\$ 15,052,264

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

		GOVERNMENTAL	
		ACTIVITIES	
TOTAL		INTERNAL	
ENTERPRISE		SERVICE	
FUNDS		FUNDS	
\$ 58,823,909	\$	6,803,736	
52,531,395		-	
14,075,102		390,469	
172,348		-	
132,397		-	
-		851,046	
266,406		13,138	
8,952,611		100,200	
388,251		42,298	
<u>135,342,419</u>		<u>8,200,887</u>	
6,768,348		-	
6,150,605		-	
374		-	
<u>12,919,327</u>		<u>-</u>	
13,255,388		-	
6,919,222		203,269	
361,243,328		10,322,590	
<u>(232,886,219)</u>		<u>(6,065,287)</u>	
<u>148,531,719</u>		<u>4,460,572</u>	
<u>161,451,046</u>		<u>4,460,572</u>	
<u>296,793,465</u>		<u>12,661,459</u>	
6,499,870		175,754	
-		383,049	
580,960		27,800	
3,337		-	
2,478		-	
331,725		-	
203,080		670	
62,600		-	
239,420		-	
644,726		1,050,000	
610,374		-	
830,517		-	
<u>10,009,087</u>		<u>1,637,273</u>	
327,450		-	
-		614,909	
16,338,105		-	
235,877		-	
<u>16,901,432</u>		<u>614,909</u>	
<u>26,910,519</u>		<u>2,252,182</u>	
130,752,723		4,460,572	
12,841,230		-	
126,288,993		5,948,705	
<u>\$ 269,882,946</u>	<u>\$</u>	<u>10,409,277</u>	

CITY OF HOLLAND, MICHIGAN

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

FOR THE YEAR ENDED JUNE 30, 2011

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			
	ELECTRIC UTILITY	WASTEWATER UTILITY	WATER UTILITY	OTHER ENTERPRISE FUNDS
OPERATING REVENUES:				
Usage fees and charges for services	\$ 84,411,319	\$ 8,854,094	\$ 7,133,417	\$ 1,461,106
Premiums	-	-	-	-
Admissions and fares	-	-	-	352,591
Rentals	-	-	-	91,665
Miscellaneous	-	-	-	-
Total operating revenues	84,411,319	8,854,094	7,133,417	1,905,362
OPERATING EXPENSES:				
Personal services	5,944,803	1,694,961	1,384,102	527,156
Other current expenses	59,489,683	4,751,764	2,856,503	1,659,489
Depreciation	7,813,259	1,668,564	1,342,399	673,756
Total operating expenses	73,247,745	8,115,289	5,583,004	2,860,401
OPERATING INCOME (LOSS)	11,163,574	738,805	1,550,413	(955,039)
NONOPERATING REVENUES (EXPENSES):				
Property taxes	-	-	-	108,734
Federal and/or state grants	-	-	-	146,451
Federal awards passed-through to the Macatawa Area Express Transportation Authority	-	-	-	(146,451)
Investment earnings	681,160	94,136	34,659	4,209
Interest expense	-	(117,285)	(712,548)	-
Insurance recovery	-	-	-	-
Gain (loss) on disposal of capital assets	(38,546)	1,628	1,628	(170,058)
Total nonoperating revenues (expenses)	642,614	(21,521)	(676,261)	(57,115)
INCOME (LOSS) - Before transfers and contributions	11,806,188	717,284	874,152	(1,012,154)
TRANSFERS AND CONTRIBUTIONS:				
Capital contributions	-	106,564	532,599	-
Other private donations	-	-	-	11,303
Transfers in	-	-	-	707,596
Transfers out	(4,001,600)	-	-	-
Net transfers and contributions	(4,001,600)	106,564	532,599	718,899
CHANGE IN NET ASSETS	7,804,588	823,848	1,406,751	(293,255)
NET ASSETS - Beginning of year	169,262,150	48,788,651	26,744,694	15,345,519
NET ASSETS - End of year	\$ 177,066,738	\$ 49,612,499	\$ 28,151,445	\$ 15,052,264

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

TOTAL ENTERPRISE FUNDS	GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS
\$ 101,859,936	\$ 2,906,741
-	5,435,355
352,591	-
91,665	1,870,330
-	793,244
<u>102,304,192</u>	<u>11,005,670</u>
9,551,022	2,031,130
68,757,439	8,544,726
11,497,978	647,462
<u>89,806,439</u>	<u>11,223,318</u>
<u>12,497,753</u>	<u>(217,648)</u>
108,734	-
146,451	-
(146,451)	-
814,164	57,492
(829,833)	-
-	26,342
<u>(205,348)</u>	<u>3,243</u>
<u>(112,283)</u>	<u>87,077</u>
<u>12,385,470</u>	<u>(130,571)</u>
639,163	-
11,303	-
707,596	251,252
<u>(4,001,600)</u>	<u>(33,207)</u>
<u>(2,643,538)</u>	<u>218,045</u>
9,741,932	87,474
<u>260,141,014</u>	<u>10,321,803</u>
<u>\$ 269,882,946</u>	<u>\$ 10,409,277</u>

CITY OF HOLLAND, MICHIGAN

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2011

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			
	ELECTRIC UTILITY	WASTEWATER UTILITY	WATER UTILITY	OTHER ENTERPRISE FUNDS
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers and users	\$ 82,464,421	\$ 8,800,220	\$ 7,181,191	\$ 1,935,974
Receipts from internal services provided	-	-	-	-
Payments to suppliers	(58,635,193)	(4,741,654)	(3,111,013)	(1,669,180)
Payments to employees	(5,875,070)	(1,632,289)	(1,345,266)	(523,178)
Net cash provided by (used in) operating activities	17,954,158	2,426,277	2,724,912	(256,384)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Property taxes	-	-	-	101,942
Private donations	-	-	-	11,303
Intragovernmental receipts	-	-	-	988,653
Intragovernmental payments	(4,001,600)	-	-	(5,422)
Net cash provided by (used in) noncapital financing activities	(4,001,600)	-	-	1,096,476
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Federal and/or state grants	-	-	-	146,451
Federal awards passed-through to the Macatawa Area Express Transportation Authority	-	-	-	(146,451)
Principal paid on long-term debt	-	(651,000)	(845,000)	-
Interest paid on long-term debt	-	(54,126)	(676,576)	-
Capital contributions	-	106,564	41,555	-
Proceeds from sales of capital assets	51,559	1,927	32,068	-
Purchase of capital assets	(9,330,728)	(3,199,676)	(1,796,230)	(590,810)
Net cash used in capital and related financing activities	(9,279,169)	(3,796,311)	(3,244,183)	(590,810)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Proceeds from sales of investments	46,642,420	8,079,160	1,005,000	-
Purchase of investments	(52,155,102)	(6,027,663)	(499,235)	-
Investment earnings	721,535	100,945	37,047	4,209
Net cash provided by (used in) investing activities	(4,791,147)	2,152,442	542,812	4,209
NET INCREASE (DECREASE) IN CASH AND POOLED INVESTMENTS	(117,758)	782,408	23,541	253,491
CASH AND POOLED INVESTMENTS -				
Beginning of year	46,424,444	11,554,263	6,399,627	272,241
CASH AND POOLED INVESTMENTS - End of year	\$ 46,306,686	\$ 12,336,671	\$ 6,423,168	\$ 525,732
STATEMENT OF NET ASSETS CLASSIFICATIONS OF CASH AND POOLED INVESTMENTS:				
Current assets	\$ 46,306,686	\$ 8,901,563	\$ 3,089,928	\$ 525,732
Restricted assets	-	3,435,108	3,333,240	-
TOTAL STATEMENT OF NET ASSETS CLASSIFICATION	\$ 46,306,686	\$ 12,336,671	\$ 6,423,168	\$ 525,732

TOTAL ENTERPRISE FUNDS	GOVERNMENTAL ACTIVITIES
	INTERNAL SERVICE FUNDS
\$ 100,381,806	\$ -
-	9,869,621
(68,157,040)	(9,397,127)
(9,375,803)	(931,762)
<u>22,848,963</u>	<u>(459,268)</u>
101,942	-
11,303	-
988,653	251,252
(4,007,022)	(33,207)
<u>(2,905,124)</u>	<u>218,045</u>
146,451	-
(146,451)	-
(1,496,000)	-
(730,702)	-
148,119	-
85,554	89,322
(14,917,444)	(651,233)
<u>(16,910,473)</u>	<u>(561,911)</u>
55,726,580	-
(58,682,000)	-
863,736	57,492
<u>(2,091,684)</u>	<u>57,492</u>
941,682	(745,642)
<u>64,650,575</u>	<u>7,549,378</u>
<u>\$ 65,592,257</u>	<u>\$ 6,803,736</u>
\$ 58,823,909	\$ 6,803,736
6,768,348	-
<u>\$ 65,592,257</u>	<u>\$ 6,803,736</u>

(Continued)

CITY OF HOLLAND, MICHIGAN

STATEMENT OF CASH FLOWS (CONCLUDED)
 PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2011

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)	\$ 11,163,574	\$ 738,805	\$ 1,550,413	\$ (955,039)
Adjustment to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	7,813,259	1,668,564	1,342,399	673,756
Changes in operating assets and liabilities which provided (used) cash:				
Accounts receivable	(1,973,639)	(42,274)	(76,833)	22,887
Due from other funds	(9,126)	(11,600)	124,607	-
Inventories	(1,743,330)	(16,952)	(39,667)	-
Prepaid items	496,161	(27,007)	77	(1,250)
Accounts payable	2,078,915	226,297	(63,097)	(8,441)
Claims payable	-	-	-	-
Accrued payroll and benefits	69,733	62,672	38,836	2,447
Due to other funds	(24,803)	(172,228)	(151,823)	-
Unearned revenue	35,867	-	-	7,725
Accrued compensated absences	-	-	-	1,531
Net other postemployment benefits obligation	47,547	-	-	-
Net cash provided by (used in) operating activities	\$ 17,954,158	\$ 2,426,277	\$ 2,724,912	\$ (256,384)
Noncash investing, capital and financing activities				
Noncash bond refunding	\$ -	\$ 1,981,000	\$ -	\$ -
Noncash capital contributions	-	-	491,044	-

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

BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS	GOVERNMENTAL ACTIVITIES
TOTAL	INTERNAL SERVICE FUNDS
\$ 12,497,753	\$ (217,648)
11,497,978	647,462
(2,069,859)	(95,310)
103,881	18,245
(1,799,949)	(27,343)
467,981	(862,994)
2,233,674	41,710
-	(3,774)
173,688	4,303
(348,854)	(3,691)
43,592	(3,579)
1,531	43,351
47,547	-
<u>\$ 22,848,963</u>	<u>\$ (459,268)</u>
\$ 1,981,000	\$ -
<u>491,044</u>	<u>-</u>

CITY OF HOLLAND, MICHIGAN

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS

JUNE 30, 2011

<u>ASSETS</u>		
Cash and pooled investments		\$ 104,096
Accounts receivable		435
Due from other governmental units		2,541
<hr/>		
Total assets		\$ 107,072
<u>LIABILITIES</u>		
Accounts payable		\$ 51,223
Due to other governmental units		38,840
Other liabilities and deposits		17,009
<hr/>		
Total liabilities		\$ 107,072
<hr/>		

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

NOTES TO FINANCIAL STATEMENTS

CITY OF HOLLAND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011

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. Typically, such contributions have been significant to both the City and the Trust. Complete financial statements for Holland Historical Trust may be obtained at the administrative office located at 31 West 10th Street, Holland, MI 49423. Due to the long-standing financial and operational relationship between the City and the Trust, management believes it would be misleading to exclude the Trust from the City's reporting entity.

CITY OF HOLLAND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011

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.

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.

CITY OF HOLLAND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011

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.

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 accounted for and reported 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 restricted and committed 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.

CITY OF HOLLAND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011

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.

Additionally, the City reports the following fund types:

Special Revenue Funds – used to account for restricted or committed revenues for specified purposes other than debt service or capital projects that comprise, or are expected to comprise a substantial portion of the fund's total reported inflows.

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.

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.

CITY OF HOLLAND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011

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.
- 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.

CITY OF HOLLAND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011

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.

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.

CITY OF HOLLAND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011

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.

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

CITY OF HOLLAND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011

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:

	<u>Unearned</u>	<u>Unavailable</u>	<u>Total</u>
Governmental activities			
Governmental funds:			
Long-term lease receivable	\$ -	\$ 2,733,654	\$ 2,733,654
Special assessments receivable:			
Special assessment debt	-	669,017	669,017
Infrastructure projects	-	1,523	1,523
Miscellaneous governmental functions	-	386,115	386,115
Attorney fees reimbursement receivable	-	46,250	46,250
Grant drawdowns in excess of amounts expended:			
Culture and community improvement	60,127	-	60,127
Municipal facilities and land improvement projects	623	-	623
Infrastructure projects	1,220,227	-	1,220,227
Total governmental activities	<u>\$ 1,280,977</u>	<u>\$ 3,836,559</u>	<u>\$ 5,117,536</u>

CITY OF HOLLAND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011

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, 2009 was \$1,112,027,230, which provides a City-wide valuation equivalency that allows for a uniform millage rate across all taxable properties, including tax-abated properties. The tax levy was based on the following rates:

	<u>Millage Rate Used</u>	<u>Authorized Millage Rate By Either State Law or City Charter</u>	
General Operating	9.5089		
Street Development and Improvement	1.0000		
Sidewalk Development and Improvement	0.0500		
Municipal Capital Projects	0.2004		
Debt Service General Obligation	2.1277		
	<u>12.8870</u>	16.1346	(1)
		17.5000	(City Charter)
Library Support/Debt Service	1.2630	1.3086	(1)
		1.5000	(2)
West Michigan Airport Authority	.1000	.1000	(1) and (3)

(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.

CITY OF HOLLAND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011

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 \$4,001,600 was made. A \$3,559,200 transfer was made to the General Fund and a \$442,400 transfer was made to the Municipal Facilities and Land Improvements Project Fund.

Compensated Absences

Non-union City employees are granted paid time off (PTO) each pay period in varying amounts based on length of service. Public safety union employees are granted vacation and sick pay in varying amounts based on length of service. Utilities bargaining unit employees are granted paid time off on their anniversary date of hire. These benefits are compensable upon termination of employment except during resignation or discharge for disciplinary cause.

Vacation hours are credited to each public safety bargaining unit 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 for police bargaining union and 145.60 for fire bargaining union. Police bargaining 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, 2011. Fire bargaining employees receive no pay out upon termination for accumulated sick leave hours.

The City's policy is to recognize the cost of vacation, sick, paid time off, 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

Governmental funds report nonspendable fund balance for amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Restricted fund balance is reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws or regulations of other governments. Committed fund balance is reported for amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the City Council. A formal resolution of the City Council is required to establish, modify, or rescind a fund balance commitment. The City reports assigned fund balance for amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. Unassigned fund balance is the residual classification for the general fund.

CITY OF HOLLAND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011

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, 2011, 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>
General Fund:			
General government			
City assessor	\$ 589,099	\$ 589,800	\$ 701
Legal services	186,900	199,320	12,420
City hall grounds	206,502	210,687	4,185
Law Enforcement Block Grant Fund:			
Public safety	-	6,503	6,503
District Library Taxation Fund:			
Culture and recreation	1,377,761	1,385,199	7,438
M.S.H.D.A Grant Fund:			
Transfers out	25,000	74,921	49,921

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.

3. DEPOSITS AND INVESTMENTS

The City's reporting entity deposits and investments as of June 30, 2011 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	\$ 20,596,837	\$ 58,823,909	\$ 387,782	\$ 104,096	\$ 79,912,624
Investments	-	52,531,395	534,015	-	53,065,410
Restricted assets:					
Cash and pooled investments	1,220,228	6,768,348	-	-	7,988,576
Investments	-	6,150,605	-	-	6,150,605
	<u>\$ 21,817,065</u>	<u>\$ 124,274,257</u>	<u>\$ 921,797</u>	<u>\$ 104,096</u>	<u>\$ 147,117,215</u>

CITY OF HOLLAND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011

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

Petty cash	\$	11,025
Deposits (checking/savings accounts)		4,359,472
Certificate of deposit (due within one year)		13,012,689
Certificate of deposit (due within one to five years)		1,000,000
Investments		<u>128,734,029</u>
		<u>\$147,117,215</u>

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

<u>Investment</u>	<u>Balance</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Rating</u>	<u>Callable</u>
City of Holland					
FHLB	\$ 1,510,245	3.750%	09/09/2011	S&P AAA	Non callable
FHLB	1,000,060	0.750%	10/06/2014	S&P AAA	Quarterly beginning 04/06/2011
FHLB	998,770	0.500%	12/29/2014	S&P AAA	Quarterly beginning 09/29/2011
FHLB	995,390	1.400%	12/30/2014	S&P AAA	Continuous after 09/30/2011
FNMA	2,021,480	2.000%	04/20/2015	S&P AAA	One time only on 04/20/2012
FHLB	1,001,070	2.000%	04/28/2016	S&P AAA	Quarterly 07/28/2011 – 10/28/2013
Money market funds	<u>2,639,510</u>	0.010 to 0.100%	N/A	S&P AAA and AA-	N/A
Total City of Holland	<u>\$10,166,525</u>				

CITY OF HOLLAND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011

Investment	Balance	Interest Rate	Maturity Date	Rating	Callable
Holland Board of Public Works					
FHLB	\$ 1,000,180	0.250%	10/19/2012	S&P AAA	Quarterly
FHLB	1,000,060	0.750%	08/01/2013	S&P AAA	02/01/2011
Michigan Municipal Bond Authority	530,329	4.950%	11/01/2011	S&P AAA	Non-Callable
FFCB	2,000,420	1.440%	07/08/2013	S&P AAA	07/08/2011
FFCB	2,000,180	0.875%	10/28/2013	S&P AAA	01/28/2011
FFCB	2,001,280	0.750%	06/12/2013	S&P AAA	08/12/2011
FFCB	1,996,940	0.600%	06/13/2013	S&P AAA	06/13/2012
FHLB	2,001,440	1.125%	07/29/2013	S&P AAA	07/29/2011
FHLB	2,002,400	1.000%	08/23/2013	S&P AAA	08/23/2011
FHLB	2,003,240	1.000%	12/09/2013	S&P AAA	09/09/2011
FHLB	2,013,280	1.000%	12/30/2013	S&P AAA	Non-Callable
FHLB	2,000,100	0.750%	08/09/2013	S&P AAA	02/09/2011
FHLB	2,002,960	1.000%	12/02/2013	S&P AAA	Quarterly
FHLB	1,999,340	0.550%	03/20/2013	S&P AAA	07/20/2011
FHLB	1,999,420	0.500%	06/21/2013	S&P AAA	Non-Callable
FFCB	1,001,129	0.550%	10/12/2012	S&P AAA	10/12/2011
FFCB	2,004,888	1.125%	12/06/2013	S&P AAA	12/06/2011
FFCB	4,000,184	0.450%	11/23/2012	S&P AAA	08/23/2011
FFCB	1,996,936	0.600%	06/13/2013	S&P AAA	06/13/2012
FHLB	2,013,416	1.000%	12/27/2013	S&P AAA	Non-Callable
FHLB	2,003,250	1.000%	12/09/2013	S&P AAA	09/09/2011
FHLB	2,013,286	1.000%	12/30/2013	S&P AAA	Non-Callable
FHLB	947,532	1.140%	12/09/2013	S&P AAA	06/09/2011
FHLB	1,999,334	0.550%	03/20/2013	S&P AAA	07/20/2011
FHLB	1,995,694	0.650%	06/28/2013	S&P AAA	09/28/2011
FHLB	2,004,060	1.000%	08/26/2015	S&P AAA	08/26/2011
FHLB	250,407	2.000%	07/28/2015	S&P AAA	07/28/2011
FHLB	250,268	0.875%	11/22/2013	S&P AAA	02/22/2011
FHLB	500,670	2.000%	07/29/2016	S&P AAA	07/29/2011
Michigan State Taxable Refunding Bonds	499,815	1.772%	11/01/2013	S&P AA-	Non-Callable
Michigan State Taxable Refunding Bonds	499,560	2.302%	11/01/2014	S&P AA-	Non-Callable
MPPA Trust Pool	5,151,347	N/A	Various	S&P AAA	N/A
Repurchase agreements	62,350,144	N/A	N/A	Unrated	N/A
Total Holland Board of Public Works	\$ 118,033,489				
Holland Historical Trust					
Bond Mutual Funds	\$ 146,693	N/A	N/A	Various	N/A
Equity Mutual Funds	303,838	N/A	N/A	N/A	N/A
Other Mutual Funds	52,482	N/A	N/A	N/A	N/A
Domestic corporate equities	31,002	N/A	N/A	N/A	N/A
Total Holland Historical Trust	\$ 534,015				
Total	\$ 128,734,029				

CITY OF HOLLAND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011

FNMA – Federal National Mortgage Association

FHLB – Federal Home Loan Bank

FFCB – Federal Farm Credit Bank

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 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, \$10,852,412 of the bank balance of \$19,562,194 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 \$128,734,029 of investments held at year-end, the City has a custodial credit risk exposure of \$60,729,525 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 and MPPA Trust Pool 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, 2011

4. RECEIVABLES, NET

Receivables are comprised of the following at year-end:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Downtown Development Authority</u>	<u>Holland Historical Trust</u>
Accounts	\$ 663,660	\$ 14,075,102	\$ -	\$ -
Taxes and special assessments	1,060,439	172,348	12	-
Interest	84,587	132,397	-	-
Leases	2,733,654	-	-	-
Pledges receivable	-	-	-	124,500
Due from other governmental units	1,056,815	-	-	-
Deposit with others	851,046	-	-	-
	<u>\$ 6,450,201</u>	<u>\$ 14,379,847</u>	<u>\$ 12</u>	<u>\$ 124,500</u>

Of the amounts reported for receivables above, leases receivable in the amount of \$2,255,000 and special assessments receivable in the amount of \$1,046,232 are not expected to be collected within one year.

5. CAPITAL ASSETS

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Primary government				
Governmental activities				
Capital assets, not being depreciated:				
Land	\$ 15,476,051	\$ 696,836	\$ 35,353	\$ 16,137,534
Construction in progress	1,379,786	7,495,940	5,024,521	3,851,205
Total capital assets, not being depreciated	<u>16,855,837</u>	<u>8,192,776</u>	<u>5,059,874</u>	<u>19,988,739</u>
Capital assets, being depreciated:				
Land improvements	19,857,523	177,971	83,171	19,952,323
Buildings	36,797,075	261,648	42,867	37,015,856
Machinery and equipment	7,973,429	419,192	183,565	8,209,056
Vehicles	6,785,061	163,471	222,433	6,726,099
Infrastructure	89,014,482	4,570,252	401,879	93,182,855
Total capital assets, being depreciated	<u>160,427,570</u>	<u>5,592,534</u>	<u>933,915</u>	<u>165,086,189</u>

CITY OF HOLLAND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011

Primary government (continued)	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities (continued)				
Less accumulated depreciation for:				
Land improvements	\$ 8,260,211	\$ 912,492	\$ 77,530	\$ 9,095,173
Buildings	9,964,571	1,029,825	42,867	10,951,529
Machinery and equipment	4,514,881	447,288	159,280	4,802,889
Vehicles	3,635,606	443,189	160,002	3,918,793
Infrastructure	29,054,001	238,812	363,384	31,009,429
Total accumulated depreciation	<u>55,429,270</u>	<u>5,151,606</u>	<u>803,063</u>	<u>59,777,813</u>
Net capital assets, being depreciated	<u>104,998,300</u>	<u>440,928</u>	<u>130,852</u>	<u>105,308,376</u>
Net governmental activities capital assets	<u>\$ 121,854,137</u>	<u>\$ 8,633,704</u>	<u>\$ 5,190,726</u>	<u>\$125,297,115</u>
Business-type activities				
Capital assets, not being depreciated:				
Land	\$ 13,221,888	\$ 33,685	\$ 185	\$ 13,255,388
Construction in progress	1,742,155	8,766,900	3,589,833	6,919,222
Total capital assets, not being depreciated	<u>14,964,043</u>	<u>8,800,585</u>	<u>3,590,018</u>	<u>20,174,610</u>
Capital assets, being depreciated:				
Land improvements	13,662,431	603,554	-	14,265,985
Buildings	3,582,881	-	-	3,582,881
Machinery and equipment	333,163,424	9,196,870	1,552,754	340,807,540
Office Equipment/ Furniture	35,757	-	-	35,757
Vehicles	2,377,444	361,963	188,242	2,551,165
Total capital assets, being depreciated	<u>352,821,937</u>	<u>10,162,387</u>	<u>1,740,996</u>	<u>361,243,328</u>
Less accumulated depreciation for:				
Land improvements	7,418,974	495,172	-	7,914,146
Buildings	2,138,615	97,409	-	2,236,024
Machinery and equipment	211,378,621	10,755,772	1,297,406	220,836,987
Office Equipment/ Furniture	34,935	583	-	35,518
Vehicles	1,902,723	149,042	188,221	1,863,544
Total accumulated depreciation	<u>222,873,868</u>	<u>11,497,978</u>	<u>1,485,627</u>	<u>232,886,219</u>
Net capital assets, being depreciated	<u>129,948,069</u>	<u>(1,335,591)</u>	<u>255,369</u>	<u>128,357,109</u>
Net business-type activities capital assets	<u>\$ 144,912,112</u>	<u>\$ 7,464,994</u>	<u>\$ 3,845,387</u>	<u>\$148,531,719</u>

CITY OF HOLLAND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011

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

Governmental activities:	
General government	\$ 238,162
Public safety	551,547
Public works	2,783,969
Culture and recreation	930,277
Welfare and social services	189
Internal service funds	<u>647,462</u>
Total depreciation expense - governmental activities	<u>\$ 5,151,606</u>

Business-type activities:	
Electric utility	\$ 7,813,259
Wastewater utility	1,668,564
Water utility	1,342,399
Refuse and recycling pickup	18
Windmill island	61,931
Depot operations	55,228
Airport facilities and management system	544,816
Public transit facilities and management system	<u>11,763</u>
Total depreciation expense - business type activities	<u>\$ 11,497,978</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	\$ 232,533	\$ -	\$ -	\$ 232,533
Less accumulated depreciation for:				
Land improvements	<u>105,729</u>	<u>11,782</u>	<u>-</u>	<u>117,511</u>
Net capital assets	<u>\$ 126,804</u>	<u>\$ (11,782)</u>	<u>\$ -</u>	<u>\$ 115,022</u>

CITY OF HOLLAND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011

	<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	\$ -	\$ 10,000	\$ 40,000
Construction in progress	434,405	-	434,405	-
	<u>484,405</u>	<u>-</u>	<u>444,405</u>	<u>40,000</u>
Capital assets, being depreciated				
Buildings and improvements	2,559,814	459,313	68,618	2,950,509
Land improvements	20,617	-	-	20,617
Furniture and equipment	151,620	1,234	80,982	71,872
	<u>2,732,051</u>	<u>460,547</u>	<u>149,600</u>	<u>3,042,998</u>
Total capital assets, being depreciated				
Less accumulated depreciation for:				
Buildings and improvements	828,357	144,477	30,049	942,785
Land improvements	15,014	1,347	-	16,361
Furniture and equipment	124,708	6,799	80,812	50,695
	<u>968,079</u>	<u>152,623</u>	<u>110,861</u>	<u>1,009,841</u>
Total accumulated depreciation				
Net capital assets, being depreciated	<u>1,763,972</u>	<u>307,924</u>	<u>38,739</u>	<u>2,033,157</u>
Total capital assets	<u>\$ 2,248,377</u>	<u>\$ 307,924</u>	<u>\$ 483,144</u>	<u>\$ 2,073,157</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	\$ 2,342,807	\$ 6,499,870	\$ 10,238	\$ 9,835
Accrued payroll and benefits	471,472	580,960	3,039	17,184
Claims payable	383,049	-	-	-
Accrued interest payable	269,400	3,337	-	-
Due to other governmental units	4,666	2,478	-	-
	<u>\$ 3,471,394</u>	<u>\$ 7,086,645</u>	<u>\$ 13,277</u>	<u>\$ 27,019</u>

CITY OF HOLLAND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011

7. LINE OF CREDIT

The Holland Historical Trust component unit has available a \$100,000 line of credit with interest at 0.625% under the bank's prime rate, limited to a minimum rate of 4.5% (effective rate of 4.5% at June 30, 2011). The line expires on January 25, 2012. Outstanding borrowings on the line as of June 30, 2011 were \$47,000. 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, 2011 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 years 2006 and 2011) remainder due in one installment of \$870,000 in fiscal year 2012; interest at 4.00%.	\$ 9,065,000	\$ -	\$ 8,195,000	\$ 870,000	\$ 870,000
\$380,000 1997A Utility Improvement Bonds, paid in full during fiscal year 2011.	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%.	50,000	-	25,000	25,000	25,000
\$350,000 2000 Special Assessment Bonds due in annual installments of \$25,000 through 2014; interest at 5.80% to 5.85%.	100,000	-	25,000	75,000	25,000

CITY OF HOLLAND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011

	<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%.	\$ 657,650	\$ -	\$ 70,464	\$ 587,186	\$ 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%.	350,000	-	60,000	290,000	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%.	3,160,000	-	445,000	2,715,000	460,000
\$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%.	2,555,000	-	370,000	2,185,000	385,000
\$352,000 2004 Land Contract; due in one installment of \$352,000 in 2012; non-interest bearing.	352,000	-	-	352,000	352,000
\$175,000 2003 Land contract due in annual installments of \$12,500 through 2013; interest at 5.00%.	37,500	-	12,500	25,000	12,500
\$7,255,000 2006 Building Authority Refunding Bonds, (partial 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%.	7,145,000	-	30,000	7,115,000	30,000

CITY OF HOLLAND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011

	<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%.	\$ 110,000	\$ -	\$ 10,000	\$ 100,000	\$ 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%	3,955,000	-	55,000	3,900,000	65,000
\$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	520,000
\$170,000 2010 Drain Improvements, due in annual installments of \$34,000 through 2015; interest at 4.38%.	170,000	-	34,000	136,000	34,000
\$150,000 2010 Drain Improvements, due in annual installments of \$30,000 through 2015; interest at 4.38%.	150,000	-	30,000	120,000	30,000
\$7,425,000 2010 Police Improvement Refunding Bonds, (partial refunding of the 2002 Police and Transportation Facilities Improvement Bonds) due in annual installments of \$35,000 to \$1,460,000 through 2018; interest at 2.00% to 4.50%	-	7,425,000	-	7,425,000	35,000
Total installment debt	33,382,150	7,425,000	9,386,964	31,420,186	2,983,963
Legal settlement	-	134,104	-	134,104	134,104
Premium on bonds payable	32,988	385,976	44,808	374,156	47,367
Unamortized deferred refunding costs	(249,118)	(447,210)	(70,957)	(625,371)	(75,520)
Total bonds and loans payable	33,166,020	7,497,870	9,360,815	31,303,075	3,089,914
Accrued compensated absences	1,621,558	1,087,965	1,044,614	1,664,909	1,050,000
Total Governmental Activities	\$ 34,787,578	\$ 8,585,835	\$10,405,429	\$ 32,967,984	\$ 4,139,914
Business-type Activities					
\$6,576,500 2001 Ottawa County Refunded Sewage Bonds (City assumed 70% of total 2001 Ottawa County Disposal Bond Issue), refunded in 2011.	\$ 2,579,500	\$ -	\$ 2,579,500	\$ -	\$ -
\$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%.	6,335,000	-	685,000	5,650,000	715,000

CITY OF HOLLAND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Business-type Activities (Concluded)					
\$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%.	\$ 10,640,000	\$ -	\$ 160,000	\$ 10,480,000	\$ 160,000
\$2,054,500 2011 Ottawa County Refunded Sewage Bonds (City assumed 70% of total 2011 Ottawa County Disposal Bond issue), due in annual installments of \$52,500 to \$682,500 through 2014, interest rate of 2%.	-	2,054,500	52,500	2,002,000	654,500
Total installment debt	19,554,500	2,054,500	3,477,000	18,132,000	1,529,500
Discount on bonds payable	(112,716)	-	(11,824)	(100,892)	(11,483)
Unamortized deferred refunding costs	(285,358)	(147,087)	(180,333)	(252,112)	(77,126)
Total bonds and loans payable	19,156,426	1,907,413	3,284,843	17,778,996	1,440,891
Accrued compensated absences	441,755	935,490	732,519	644,726	644,726
Total Business-type Activities Long-Term Debt	<u>\$ 19,598,181</u>	<u>\$ 2,842,903</u>	<u>\$ 4,017,362</u>	<u>\$ 18,423,722</u>	<u>\$ 2,085,617</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 \$10,219 held in trust at June 30, 2011. 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.

CITY OF HOLLAND

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2011

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.

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, 2011, the City has cash and investments of \$557,554 available in Debt Service Funds for repayment of these bonds. In addition, there is \$1,056,655 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, 2011, 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>
2012	\$ 2,983,963	\$ 1,105,971	\$ 1,529,500	\$ 689,529
2013	2,771,963	1,021,334	1,570,000	647,195
2014	2,864,463	934,876	1,617,500	602,250
2015	2,997,950	836,748	975,000	554,738
2016	3,068,950	728,863	1,010,000	517,038
2017-2021	12,032,897	2,114,840	5,745,000	1,927,652
2022-2026	2,785,000	601,488	5,685,000	565,093
2027-2031	1,335,000	329,958	-	-
2032-2033	580,000	43,500	-	-
Total	\$ 31,420,186	\$ 7,717,578	\$ 18,132,000	\$ 5,503,495

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.

CITY OF HOLLAND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011

<u>For Whom</u>	<u>Purpose</u>	<u>Outstanding Principal at June 30, 2011</u>
Thrifty Holland, Inc.	Acquisition, construction and equipping of a retail, grocery and department store	<u>\$ 7,300,000</u>

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.

Refunded Debt

During fiscal year 2011, the City partially advance refunded \$7,405,000 of 2002 Police and Transportation Facilities Improvement Bonds to provide resources to purchase U.S. government securities that were placed in an escrow fund for the purpose of generating resources for all future debt service payments of \$7,405,000 of refunded debt. As a result, the certificates are considered defeased and the liability has been removed from the statement of net assets. The refunding resulted in a savings of \$305,671 and an economic gain of \$276,915.

In addition, the City of Holland Board of Public Works advance refunded \$1,981,000 of 2001 Ottawa County Sewage Bonds to provide resources to purchase U.S. government securities that were placed in an escrow fund for the purpose of generating resources for all future debt service payments of \$1,981,000 of refunded debt. As a result, the certificates are considered defeased and the liability has been removed from the statement of net assets. The refunding resulted in a savings of \$72,115 and an economic gain of \$69,552.

Defeased Debt

As of June 30, 2011, in conjunction with refunded debt, \$14,210,000 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.

CITY OF HOLLAND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011

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, 2011, the Board recognized expenses totaling \$13,937,763 under the terms of the contract which represented \$3,238,743 for fixed operating costs, \$5,225,641 for debt service and \$5,473,380 for the purchase of power. Accounts payable to MPPA totaled \$2,139,308 at June 30, 2011. 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.

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

Year	Belle River		Campbell		Total
	Debt Service	Fixed Operating	Debt Service	Fixed Operating	
2012	\$ 4,306,001	\$ 2,702,069	\$ 922,180	\$ 733,913	\$ 8,664,163
2013	4,305,460	2,783,131	923,442	755,931	8,767,964
2014	4,305,960	2,866,625	909,075	778,609	8,860,269
2015	4,305,533	2,952,623	869,550	801,967	8,929,673
2016	12,916,953	3,041,202	830,025	826,026	17,614,206
2017-2018	-	6,358,849	-	-	6,358,849
	\$ 30,139,907	\$ 20,704,499	\$ 4,454,272	\$ 3,896,446	\$ 59,195,124

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.

CITY OF HOLLAND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011

10. INTERFUND TRANSACTIONS

Due to/from other funds at June 30, 2011 were:

	Due From Other Funds							Total
	General Fund	Infrastructure Projects Fund	Nonmajor			Water Utility	Internal Service Funds	
			Governmental Funds	Electric Utility	Wastewater Utility			
Due to other funds:								
General Fund Nonmajor	\$ -	\$ -	\$ -	\$ 72,182	\$ 17,922	\$ 8,911	\$ -	\$ 99,015
Governmental Funds	-	-	133,137	49,398	12,327	6,047	-	200,909
Electric Utility	10	5,428	228	-	-	-	814	6,480
Wastewater Utility	112	61,981	2,233	-	-	-	9,302	73,628
Water Utility Nonmajor Enterprise Funds	36	20,135	645	-	-	-	3,022	23,838
Internal Service Funds	-	-	185	72,134	17,910	8,905	-	99,134
	-	-	-	489	121	60	-	670
	<u>\$ 158</u>	<u>\$ 87,544</u>	<u>\$ 136,428</u>	<u>\$ 194,203</u>	<u>\$ 48,280</u>	<u>\$ 23,923</u>	<u>\$ 13,138</u>	<u>\$ 503,674</u>

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 Fund	Building Authority Debt Service Fund		Infrastructure Projects Fund	Nonmajor Governmental Funds	Nonmajor Enterprise Fund		Internal Service Funds
		Transfers out:						
General Fund Nonmajor	\$ -	\$ -	\$ -	\$ 128,384	\$ 125,751	\$ 76,252	\$ 330,387	
Governmental Funds	107,229	1,918,879	3,046,165	1,381,119	581,845	175,000	7,210,237	
Electric Utility	3,559,200	-	-	442,400	-	-	4,001,600	
Internal Service Funds	-	-	-	33,207	-	-	33,207	
	<u>\$ 3,666,429</u>	<u>\$ 1,918,879</u>	<u>\$ 3,046,165</u>	<u>\$ 1,985,110</u>	<u>\$ 707,596</u>	<u>\$ 251,252</u>	<u>\$ 11,573,536</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.

CITY OF HOLLAND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011

11. INVESTED IN CAPITAL ASSETS NET OF RELATED DEBT

	Governmental Activities	Business-type Activities	Downtown Development Authority	Holland Historical Trust
Capital assets:				
Land	\$ 16,137,534	\$ 13,255,388	\$ -	\$ 40,000
Construction in progress	3,851,205	6,919,222	-	-
Being depreciated, net of depreciation	105,308,376	128,357,109	115,022	2,033,157
	<u>125,297,115</u>	<u>148,531,719</u>	<u>115,022</u>	<u>2,073,157</u>
Related debt:				
Total bonds and loans payable	31,420,186	18,132,000	-	-
Net bond premium/discount	374,156	(100,892)	-	-
Deferred loss on advance refunding	(625,371)	(252,112)	-	-
Less: unexpended bond proceeds	(1,139,310)	-	-	-
Less: bonds payable related to capital leases receivable	(2,715,000)	-	-	-
	<u>27,314,661</u>	<u>17,778,996</u>	<u>-</u>	<u>-</u>
Invested in capital assets, net of related debt	<u>\$ 97,982,454</u>	<u>\$ 130,752,723</u>	<u>\$ 115,022</u>	<u>\$ 2,073,157</u>

12. FUND BALANCES – GOVERNMENTAL FUNDS

The District adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in the current year. GASB 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. While the classifications of fund balance in the City's various governmental funds were revised, the implementation of this standard had no effect on total fund balance. Detailed information on fund balances of governmental funds is as follows:

CITY OF HOLLAND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011

	General Fund	Building Authority Debt Service Fund	Infrastructure Projects	Nonmajor Governmental Funds	Total
Nonspendable for:					
Prepaid items	\$ 300	\$ -	\$ -	\$ 300	\$ 600
Cemetery endowment corpus	-	-	-	1,464,842	1,464,842
	<u>300</u>	<u>-</u>	<u>-</u>	<u>1,465,142</u>	<u>1,465,442</u>
Restricted for:					
Street construction and maintenance	-	-	-	1,979,030	1,979,030
Cemetery maintenance and improvements	-	-	-	55,374	55,374
Debt service	-	-	-	2,101,848	2,101,848
Capital improvements	-	-	194,015	64,422	258,437
Parking system and maintenance	-	-	-	105,193	105,193
Snowmelt system and maintenance	-	-	-	156,859	156,859
Downtown promotion	-	-	-	186,986	186,986
Specified donations	-	-	-	88,482	88,482
	<u>-</u>	<u>-</u>	<u>194,015</u>	<u>4,738,194</u>	<u>4,932,209</u>
Committed for:					
Debt service	-	12,776	-	-	12,776
Infrastructure construction and maintenance	-	-	-	434,980	434,980
Public access television	-	-	-	389,411	389,411
Grant and support programs	-	-	-	3,682	3,682
Capital improvements	66,490	-	94,096	659,053	819,639
	<u>66,490</u>	<u>12,776</u>	<u>94,096</u>	<u>1,487,126</u>	<u>1,660,488</u>
Unassigned	4,065,072	-	-	-	4,065,072
Total fund balances	<u>\$ 4,131,862</u>	<u>\$ 12,776</u>	<u>\$ 288,111</u>	<u>\$ 7,690,462</u>	<u>\$12,123,211</u>

13. 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.

CITY OF HOLLAND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011

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 17.02% to 17.85% 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	\$ 477,476
Police; Non-union	102,244
Fire; Non-union	13,859
Street, Parks, Cemetery; Non-union	78,152
Public Works; Non-union	385,644

Participating employees are required to contribute from 2% 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, 2011, the City's actual and required contribution for MERS was \$2,755,133. The required contribution was determined as part of the December 31, 2008 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, 2010, the date of the latest actuarial valuation, was 28 years.

Three-Year Trend Information

Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
2009	\$ 2,257,568	99%	\$ (1,031,951)
2010	2,309,042	99%	(1,011,521)
2011	2,775,157	99%	(991,497)

CITY OF HOLLAND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011

Funded Status and Funding Progress. As of December 31, 2010, the most recent actuarial valuation date, the Plan was 73 percent funded. The actuarial accrued liability for benefits was \$110,089,180, and the actuarial value of assets was \$80,894,618, resulting in an unfunded actuarial accrued liability (UAAL) of \$29,194,562. The covered payroll (annual payroll of active employees covered by the Plan) was \$15,525,358, and the ratio of the UAAL to the covered payroll was 188 percent.

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.

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

Actuarially determined contribution	\$ 2,755,133
Interest on Net Pension Asset	80,922
Adjustment to actuarially determined contribution	<u>(60,898)</u>
 Annual pension cost	 2,775,157
 Contributions made	 <u>2,755,133</u>
 Decrease in Net Pension Asset	 (20,024)
Net pension Asset beginning of year	<u>1,011,521</u>
 Net Pension Asset at end of year	 <u><u>\$ 991,497</u></u>

Defined Contribution Pension Plan

The City participates in a defined contribution retirement plan which is administered by the ICMA for nonbargaining employees. The defined contribution provisions of the plan require the City to contribute 6% to 8% of covered employee payroll and to match employee contributions up to 0% to 2%. The participants direct their investments under defined contribution provisions. The City contributed \$523,418 and employees contributed \$145,904 to the defined contribution plan.

14. 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.

CITY OF HOLLAND

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2011

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

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, 2011, the City contributed \$558,373, including cash contributions of \$211,373 and an implicit rate subsidy (which did not require cash) of \$347,000.

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

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

Annual required contribution	\$ 712,285
Interest on net OPEB obligation	25,464
Adjustment to annual required	(36,735)
Net OPEB cost (expense)	701,014
Contributions made	558,373
Increase in net OPEB obligation	142,641
Net OPEB obligation, beginning of year	636,606
Net OPEB obligation, end of year	\$ 779,247

CITY OF HOLLAND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011

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

<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2009	\$ 531,086	35%	\$ 346,005
2010	666,535	56%	636,606
2011	701,014	80%	779,247

Funded Status and Funding Progress. As of June 30, 2010, the most recent actuarial valuation date, the Plan was 0 percent 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 covered payroll (annual payroll of active employees covered by the Plan) was \$22,456,009, and the ratio of the UAAL to the covered payroll was 28 percent.

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
YEAR ENDED JUNE 30, 2011

15. 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. A tax assessment appeals settlement did occur subsequent to the fiscal year end that resulted in an expected liability of \$134,104 as of June 30, 2011. This liability had not been paid as of year end and therefore has been recorded in the government-wide financial statements.

Besides the item identified above, management of the City is of the opinion that the outcome of other legal 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.

16. 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, 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
Estimated claims and premiums Incurred, including changes In estimates	5,520,324	113,243	48,608	257,980	269,326	113,525	6,323,006
Claims and premiums paid	5,463,163	113,243	48,608	257,980	269,326	113,525	6,265,845
Estimated liability- June 30, 2011	\$ 371,049	\$ -	\$ -	\$ 12,000	\$ -	\$ -	\$ 383,049

CITY OF HOLLAND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011

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 \$4,525,000 aggregate. Vehicle liability insurance provides first-dollar coverage on all claims. The City assumes total unlimited risk for damage to its vehicles, except fire vehicles, with small deductibles for damages. Damages to all other forms of property are established with a \$100,000 deductible per incident. Retentions for general and public liability risks are currently \$100,000 per incident.

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

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.

17. COMMITMENTS

At June 30, 2011, the City had the following outstanding commitments:

- a. \$2,463,336 for construction of roads.
- b. \$1,623,836 for various electrical utility projects.
- c. \$235,980 for various water utility projects.
- d. \$3,561,163 for various wastewater utility projects.
- e. \$216,097 for various administrative utility projects.

18. RESTATEMENT

As described in Note 12, the City adopted the provisions of GASB Statement No. 54 in the current year. While the classifications of fund balance in the City's various governmental funds were revised, the implementation of this standard had no effect on total fund balance. Beginning fund balance of the Employee Benefit Fund enterprise fund increased by \$8,675, which was comprised of amounts previously reported as the Employee Benefits Fund special revenue fund. Beginning fund balance of the General Fund increased by \$1,016,820, which was comprised of amounts previously reported in the Budget Stabilization Fund special revenue fund.

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CITY OF HOLLAND
REQUIRED SUPPLEMENTAL INFORMATION
YEAR ENDED JUNE 30, 2011

**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)
12/31/10	\$ 80,894,618	\$ 110,089,180	\$ 29,194,562	73%	\$ 15,525,358	188%
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%

**Schedule of Employer Contributions
MERS Pension Plan**

Year Ended	Annual Required Contribution (ARC)	Percentage of ARC Contributed
6/30/11	\$ 2,755,133	100%
6/30/10	2,288,612	100%
6/30/09	2,236,726	100%
6/30/08	2,169,602	100%
6/30/07	2,088,653	100%
6/30/06	1,640,144	100%

CITY OF HOLLAND
REQUIRED SUPPLEMENTAL INFORMATION
YEAR ENDED JUNE 30, 2011

**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%	\$ 22,456,099	28%
06/30/08	*	-	4,791,667	0%	22,256,240	22%

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

Year Ended	Annual Required Contribution	Percentage of ARC Contributed
6/30/11	\$ 712,285	78%
6/30/10	672,284	56%
6/30/09	531,086	35%

*Only two years of data is available

SUPPLEMENTARY INFORMATION

- - - 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 four 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. This is in addition to the balance in the Budget Stabilization Fund denoted below.

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.

As a result of GASB 54, for reporting purposes the Budget Stabilization Fund is combined with the General Fund as the Budget Stabilization Fund does not have a dedicated revenue stream. All transfers between the funds are eliminated for financial statement purposes.

CITY OF HOLLAND, MICHIGAN

COMBINING SCHEDULE OF BALANCE SHEET ACCOUNTS
GENERAL FUND

JUNE 30, 2011

<u>ASSETS</u>	<u>General Fund</u>	<u>Budget Stabilization Fund</u>	<u>Total General Fund</u>
Cash and pooled investments	\$ 3,631,290	\$ 1,012,752	\$ 4,644,042
Receivables - net:			
- General and cemetery	153,280	-	153,280
- Property taxes	2,906	-	2,906
- Interest	84,587	-	84,587
- Other governmental units	539,605	-	539,605
Due from other funds	158	-	158
Prepaid items	300	-	300
Total assets	\$ 4,412,126	\$ 1,012,752	\$ 5,424,878

LIABILITIES AND FUND BALANCES

LIABILITIES:

Accounts payable	\$ 384,166	\$ 76,726	\$ 460,892
Accrued payroll and benefits	396,176	-	396,176
Due to other funds	99,015	-	99,015
Deposits for:			
- Advance payments of property taxes not yet due	8,278	-	8,278
- Duplicate payments and overpayments of property taxes	177,365	-	177,365
- Undistributed service charge in lieu of taxes	82,406	-	82,406
- Nature Center tours	615	-	615
- Fire escrow	22,019	-	22,019
Deferred revenue	46,250	-	46,250
Total liabilities	1,216,290	76,726	1,293,016

FUND BALANCES:

Nonspendable	300	-	300
Committed	66,490	-	66,490
Unassigned	3,129,046	936,026	4,065,072
Total fund balance	3,195,836	936,026	4,131,862
Total liabilities and fund balance	\$ 4,412,126	\$ 1,012,752	\$ 5,424,878

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

FOR THE YEAR ENDED JUNE 30, 2011

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
GENERAL FUND REVENUES:				
TAXES:				
Property	\$ 10,337,201	\$ 10,336,466	\$ 10,336,853	\$ 387
Penalties and interest on delinquent taxes	142,000	135,000	113,399	(21,601)
Administration fee	490,700	527,278	527,291	13
Public service charge in lieu of property tax	34,100	32,908	32,908	-
Other miscellaneous tax revenue	1,500	1,404	1,372	(32)
Total taxes	11,005,501	11,033,056	11,011,823	(21,233)
LICENSES AND PERMITS:				
Business	94,200	106,000	99,828	(6,172)
Nonbusiness	489,900	436,550	451,912	15,362
Total licenses and permits	584,100	542,550	551,740	9,190
INTERGOVERNMENTAL:				
State	2,647,200	2,697,780	2,697,917	137
Federal	18,000	15,580	15,580	-
Other	44,000	45,000	45,434	434
Total intergovernmental	2,709,200	2,758,360	2,758,931	571
CHARGES FOR SERVICES:				
Fees	600,550	589,461	569,914	(19,547)
Services rendered	626,365	626,789	605,675	(21,114)
Sales	108,400	95,602	89,213	(6,389)
Total charges for services	1,335,315	1,311,852	1,264,802	(47,050)
FINES AND FEES	188,500	197,000	205,498	8,498
INTEREST AND RENTS:				
Investment earnings	249,601	135,859	134,647	(1,212)
Rents	266,400	256,775	254,774	(2,001)
Total interest and rents	516,001	392,634	389,421	(3,213)
MISCELLANEOUS	10,334	12,864	18,142	5,278
TOTAL REVENUES	\$ 16,348,951	\$ 16,248,316	\$ 16,200,357	\$ (47,959)

CITY OF HOLLAND, MICHIGAN

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

FOR THE YEAR ENDED JUNE 30, 2011

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
GENERAL FUND EXPENDITURES:				
GENERAL GOVERNMENT:				
City council	\$ 192,450	\$ 196,892	\$ 181,435	\$ (15,457)
City manager	309,900	295,592	287,265	(8,327)
Elections	53,350	53,554	52,227	(1,327)
City finance	553,527	562,087	560,939	(1,148)
Independent audit	50,800	46,423	46,321	(102)
City assessor	517,015	589,099	589,800	701
Legal services	182,300	186,900	199,320	12,420
City clerk	170,800	165,230	165,074	(156)
Personnel	266,500	311,678	298,538	(13,140)
City treasurer	216,627	210,932	196,132	(14,800)
City hall and grounds	203,850	206,502	210,687	4,185
Cemetery	441,873	455,905	422,454	(33,451)
Volunteer services	8,200	8,300	5,988	(2,312)
Planning commission	300,950	299,409	283,840	(15,569)
Total general government	3,468,142	3,588,503	3,500,020	(88,483)
PUBLIC SAFETY:				
Police	7,249,744	7,121,397	7,094,182	(27,215)
Fire	3,069,664	2,947,602	2,928,798	(18,804)
Environmental health/inspections	450,035	451,448	446,969	(4,479)
Construction inspections	354,781	385,981	377,328	(8,653)
Total public safety	11,124,224	10,906,428	10,847,277	(59,151)
PUBLIC WORKS:				
Streets	1,149,368	1,187,765	1,113,383	(74,382)
Transportation management/engineering	189,604	164,384	154,112	(10,272)
Total public works	1,338,972	1,352,149	1,267,495	(84,654)
WELFARE AND SOCIAL SERVICES:				
Social services	130,500	131,850	130,125	(1,725)
Ourstreet program	205,685	162,149	141,375	(20,774)
Economic development assistance	191,500	188,306	180,394	(7,912)
Human relations commission	164,900	160,514	156,610	(3,904)
Total welfare and social services	692,585	642,819	608,504	(34,315)

(Continued)

CITY OF HOLLAND, MICHIGAN

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

FOR THE YEAR ENDED JUNE 30, 2011

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
GENERAL FUND EXPENDITURES (CONTINUED):				
CULTURE AND RECREATION:				
Parks	\$ 1,455,201	\$ 1,429,011	\$ 1,387,042	\$ (41,969)
Municipal stadium	73,658	72,800	66,560	(6,240)
Nature center	241,313	255,418	252,299	(3,119)
Cultural-recreational	309,227	310,577	309,827	(750)
Civic center	266,886	258,716	255,008	(3,708)
Recreation	937,533	889,085	844,532	(44,553)
Market	108,300	110,011	107,560	(2,451)
Leisure services administration	58,600	60,198	60,015	(183)
Total culture and recreation	3,450,718	3,385,816	3,282,843	(102,973)
OTHER APPROPRIATIONS:				
Insurance	82,500	69,450	69,432	(18)
Contingencies	(439,800)	-	-	-
Total other appropriations	(357,300)	69,450	69,432	(18)
TOTAL GENERAL FUND EXPENDITURES	19,717,341	19,945,165	19,575,571	(369,594)
BUDGET STABILIZATION FUND EXPENDITURES:				
GENERAL GOVERNMENT:				
Other services and charges	30,000	82,000	80,794	(1,206)
TOTAL BUDGET STABILIZATION FUND EXPENDITURES	30,000	82,000	80,794	(1,206)
TOTAL EXPENDITURES	\$ 19,747,341	\$ 20,027,165	\$ 19,656,365	\$ (370,800)

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

FOR THE YEAR ENDED JUNE 30, 2011

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
TRANSFERS IN				
Special Revenue Funds:				
M.S.H.D.A. Grant	\$ 25,000	\$ 82,566	\$ 74,921	\$ (7,645)
Neighborhood Impact Program (NIP) Grant	-	14,977	14,976	(1)
Permanent Fund:				
Cemetery Trust	32,200	16,897	17,332	435
Enterprise Funds:				
Electric Utility	3,559,200	3,559,200	3,559,200	-
Total transfers in	\$ 3,616,400	\$ 3,673,640	\$ 3,666,429	\$ (7,211)
TRANSFERS OUT				
Special Revenue Funds:				
Public Safety Grants Fund:				
Anti-Drug Abuse WEMET Grants	\$ 143,054	\$ 128,303	\$ 128,384	\$ 81
Federal Emergency Management Agency (FEMA) Grant	2,320	-	-	-
Enterprise Funds:				
Windmill Island	182,140	175,864	125,751	(50,113)
Internal Service Fund:				
Technology Services:				
Computer Services	-	1,200	1,252	52
Equipment Services:				
Fire Vehicle	75,000	75,000	75,000	-
Total transfers out	\$ 402,514	\$ 380,367	\$ 330,387	\$ (49,980)

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

Special Revenue Funds are governmental funds that account for proceeds of specific revenue sources which are legally restricted or committed 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. Funding can also be provided in the form of bond proceeds when debt is issued for multiple street construction projects. 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 OPERATIONS 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 OPERATIONS 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, the 8th Street Market Circle and the 7th Street Parking Deck 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 OPERATIONS 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 and from special event fees. Expenditures are primarily applied towards advertising & marketing, consultants, and special events designed to benefit the downtown.

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.

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

REVOLVING CASH ASSISTANCE FUND

This long-established revolving fund provides upfront working capital assistance for special assessment construction projects for which special assessment bonds are not issued. This fund receives significant reimbursement revenue from long term special assessment installment payments. Typically a fifteen year installment payback term is used.

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.

POLICE CRIMINAL JUSTICE TRAINING FUND

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

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

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

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

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, 2011 of Estimated Revenues and Appropriations are carried forward to the ensuing fiscal year.

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, 2011 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 and bulletproof vests 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, 2011 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 and self contained breathing apparatus.

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, 2011 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 public safety training and equipment items.

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

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, 2011.

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.

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, 2011 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, 2011 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. This fund is closed as of June 30, 2011. Future activity will occur within the Ourstreet Program in 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, 2011 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:
 - > Road Surfacing

PARKS, RECREATION, CULTURAL AND LEISURE SERVICES:

- Kollen Park and Boardwalk:
 - > Replace Planks East End
- Civic Center:
 - > Study of New or Renovated Facility
 - > Boiler Replacement
- Cappon Historical House:
 - > Painting
- Window-on-the-Waterfront:
 - > Design Boardwalk Extension to Windmill Island
- Matt Urban Sports Complex:
 - > Playground Equipment
- DeGraaf Nature Center:
 - > Repairs to Solar Heating Walls
 - > Paving
 - > Roofing
 - > Skylights
- Van Raalte Farm:
 - > Boardwalk Repairs (Storm Damage)

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

CAPITAL PROJECTS DETAIL LISTING
- MUNICIPAL FACILITIES AND LAND IMPROVEMENTS -

PARKS, RECREATION, AND LEISURE SERVICES (continued):

- Tennis and Basketball Courts:
 - > Resurfacing
- Various:
 - > Temporary Ice Rink
 - > Picnic Tables
 - > Trees
- Smallenburg Park:
 - > Ice Skating and Skate Park Design Work
- Centennial Park:
 - > Demolition of Former Bathrooms
- Municipal Stadium:
 - > Scoreboard Message Center

PUBLIC SAFETY:

- Various:
 - > Police Dual Antenna Radar Units
 - > Fire Self Contained Breathing Apparatus (SCBA)
- Kollen Park Fire Station:
 - > Bathroom Tilework
- Virginia Park Fire Station:
 - > Physio/Lifepack AED

ALL OTHER MUNICIPAL PROJECTS & PROGRAMS:

- Sustainability:
 - > Study and Public Workshop
 - > Lighting Retrofits
 - > Energy Upgrades to City Facilities
- Ourstreet Program and Central Neighborhoods Restoration:
 - > Funding Assistance for Home Repairs/Replacements in Central City Area
- Property:
 - > Hope College Property Exchange
 - > Obsolete Building Demolitions

- - - 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)
- Central Avenue / Colonial Court / 40th Street:
 - > street reconstruction, to include replacement of utilities
- Annual Resurfacing Program of Various Streets
 - > 2009 Project – residual crack sealing
 - > 2010 Project – resurface 4 streets at various locations throughout the City (partial MDOT-TEDF funding)
 - > 2010 Project – 24th Street, Country Club to Waverly Road
 - > 2011 Project – preliminary work
- East 48th Street, from M-40 to East City Limit:
 - > 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)
- 40th Street Repair
 - > culvert
- 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
- Central Avenue, 8th to State 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

- 32nd Street and Graafschap Road Stabilization:
 - > storm damage repairs
- Geurink Boulevard:
 - > 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)

DRAIN PROJECTS

- Major Drain System Project:
 - > Watershed / Storm Water Regulation (MACC Project)
- Studies:
 - > Maplewood Drain Detention Ponds
 - > City Wide Drainage Master Plan
- 40th Street Ditch Enclosure, from Industrial Avenue to Waverly Road:
 - > safety project
- Foreclosure Property Acquisitions:
 - > for drainage enhancement
- June 2009 Storm Damage Repair Projects:
 - > No. 24 Drain, North of 8th Street Along West Side of US-31
 - > East End Drive Culvert
 - > Lugers Road North of 32nd Street
 - > Holland Heights Drain
 - > 34th Street, Central to Pine

- - - 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 -

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
- 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, 2011

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	\$ 1,697,713	\$ -	\$ 38,980	\$ 1,574,290
Receivables:				
Accounts	2,024	7,859	-	-
Taxes and special assessments	-	-	-	-
Due from other governmental units	307,660	85,254	-	-
Due from other funds	2,199	908	-	-
Prepaid items	-	-	-	-
Total assets	\$ 2,009,596	\$ 94,021	\$ 38,980	\$ 1,574,290
<u>LIABILITIES AND FUND BALANCES</u>				
LIABILITIES:				
Accounts payable	\$ 37,145	\$ 23,039	\$ -	\$ -
Accrued payroll and benefits	9,824	14,192	-	-
Due to other governmental units	-	-	-	-
Due to other funds	24,577	54,790	-	-
Deferred revenue	-	-	-	-
Total liabilities	71,546	92,021	-	-
FUND BALANCES:				
Nonspendable	-	-	-	-
Restricted	1,938,050	2,000	38,980	1,139,310
Committed	-	-	-	434,980
Total fund balances	1,938,050	2,000	38,980	1,574,290
Total liabilities and fund balances	\$ 2,009,596	\$ 94,021	\$ 38,980	\$ 1,574,290

SPECIAL REVENUE FUNDS

DOWNTOWN OPERATIONS			MISCELLANEOUS GOVERNMENTAL FUNCTIONS		
PUBLIC PARKING SYSTEM FUND	SNOWMELT OPERATING SYSTEM FUND	PRINCIPAL SHOPPING DISTRICT FUND	CATV - (PUBLIC ACCESS CHANNELS) FUND	REVOLVING CASH ASSISTANCE FUND	SPECIFIED DONATIONS FUND
\$ 114,145	\$ 199,399	\$ 192,649	\$ 319,067	\$ 64,422	\$ 97,497
551	-	450	87,011	-	601
-	-	-	-	386,115	-
-	-	-	-	-	-
-	-	300	-	-	-
\$ 114,696	\$ 199,399	\$ 193,399	\$ 406,078	\$ 450,537	\$ 98,098
\$ 7,094	\$ 274	\$ 2,126	\$ 16,667	\$ -	\$ 9,616
1,709	-	3,877	-	-	-
-	-	-	-	-	-
700	42,266	110	-	-	-
-	-	-	-	386,115	-
9,503	42,540	6,113	16,667	386,115	9,616
-	-	300	-	-	-
105,193	156,859	186,986	-	64,422	88,482
-	-	-	389,411	-	-
105,193	156,859	187,286	389,411	64,422	88,482
\$ 114,696	\$ 199,399	\$ 193,399	\$ 406,078	\$ 450,537	\$ 98,098

(Continued)

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

JUNE 30, 2011

SPECIAL REVENUE FUNDS

	SPECIAL REVENUE FUNDS			
	MISCELLANEOUS GOVERNMENTAL FUNCTIONS	PUBLIC SAFETY		
DANGEROUS STRUCTURES 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	
<u>ASSETS</u>				
Cash and pooled investments	\$ -	\$ 1,582	\$ -	\$ -
Receivables:				
Accounts	9,227	-	-	-
Taxes and special assessments	-	-	-	-
Due from other governmental units	-	-	24,734	18,184
Due from other funds	-	-	-	-
Prepaid items	-	-	-	-
Total assets	\$ 9,227	\$ 1,582	\$ 24,734	\$ 18,184
<u>LIABILITIES AND FUND BALANCES</u>				
LIABILITIES:				
Accounts payable	\$ -	\$ -	\$ 2,414	\$ -
Accrued payroll and benefits	-	-	6,648	3,151
Due to other governmental units	-	-	-	4,666
Due to other funds	7,970	-	15,672	10,367
Deferred revenue	-	-	-	-
Total liabilities	7,970	-	24,734	18,184
FUND BALANCES:				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	1,257	1,582	-	-
Total fund balances	1,257	1,582	-	-
Total liabilities and fund balances	\$ 9,227	\$ 1,582	\$ 24,734	\$ 18,184

SPECIAL REVENUE FUNDS

PUBLIC SAFETY			CULTURE AND COMMUNITY IMPROVEMENT		
LAW ENFORCEMENT BLOCK GRANT FUND	FEDERAL EMERGENCY MANAGEMENT AGENCY (FEMA) GRANT FUND	HOMELAND SECURITY GRANT FUND	DISTRICT LIBRARY TAXATION FUND	M.S.H.D.A. GRANT FUND	COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) FUND
\$ 51,682	\$ 2,387	\$ -	\$ 186	\$ -	\$ 27,826
-	-	-	7,355	-	-
-	-	-	326	-	-
19,571	-	-	-	-	61,807
-	-	-	-	-	-
\$ 71,253	\$ 2,387	\$ -	\$ 7,867	\$ -	\$ 89,633
\$ 34,613	\$ 2,387	\$ -	\$ 7,534	\$ -	\$ 17,697
-	-	-	-	-	2,225
-	-	-	-	-	-
2,572	-	-	-	-	41,885
32,301	-	-	-	-	27,826
69,486	2,387	-	7,534	-	89,633
-	-	-	-	-	-
-	-	-	-	-	-
1,767	-	-	333	-	-
1,767	-	-	333	-	-
\$ 71,253	\$ 2,387	\$ -	\$ 7,867	\$ -	\$ 89,633

(Continued)

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

JUNE 30, 2011

	<u>SPECIAL REVENUE FUNDS</u>	<u>DEBT SERVICE FUNDS</u>		<u>CAPITAL PROJECTS FUNDS</u>
	<u>CULTURE AND COMMUNITY IMPROVEMENT</u>			
	<u>NEIGHBORHOOD IMPACT PROGRAM (NIP) FUND</u>	<u>GENERAL OBLIGATION DEBT SERVICE FUND</u>	<u>SPECIAL ASSESSMENT DEBT SERVICE FUND</u>	<u>MUNICIPAL FACILITIES AND LAND IMPROVEMENTS PROJECTS FUND</u>
<u>ASSETS</u>				
Cash and pooled investments	\$ -	\$ 404,432	\$ 557,554	\$ 601,556
Receivables:				
Accounts	-	-	-	126
Taxes and special assessments	-	552	669,017	-
Due from other governmental units	-	-	-	-
Due from other funds	-	-	-	133,321
Prepaid items	-	-	-	-
Total assets	\$ -	\$ 404,984	\$ 1,226,571	\$ 735,003
<u>LIABILITIES AND FUND BALANCES</u>				
LIABILITIES:				
Accounts payable	\$ -	\$ -	\$ -	\$ 76,584
Accrued payroll and benefits	-	-	-	-
Due to other governmental units	-	-	-	-
Due to other funds	-	-	-	-
Deferred revenue	-	-	669,017	623
Total liabilities	-	-	669,017	77,207
FUND BALANCES:				
Nonspendable	-	-	-	-
Restricted	-	404,984	557,554	-
Committed	-	-	-	657,796
Total fund balances	-	404,984	557,554	657,796
Total liabilities and fund balances	\$ -	\$ 404,984	\$ 1,226,571	\$ 735,003

PERMANENT
TRUST FUND

<u>CEMETERY PERPETUAL CARE FUND</u>	<u>TOTAL NONMAJOR GOVERNMENTAL FUNDS</u>
\$ 1,515,901	\$ 7,461,268
4,315	119,519
-	1,056,010
-	517,210
-	136,428
-	300
<u>\$ 1,520,216</u>	<u>\$ 9,290,735</u>
\$ -	\$ 237,190
-	41,626
-	4,666
-	200,909
-	1,115,882
<u>-</u>	<u>1,600,273</u>
1,464,842	1,465,142
55,374	4,738,194
-	1,487,126
<u>1,520,216</u>	<u>7,690,462</u>
<u>\$ 1,520,216</u>	<u>\$ 9,290,735</u>

CITY OF HOLLAND, MICHIGAN

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

FOR THE YEAR ENDED JUNE 30, 2011

SPECIAL REVENUE FUNDS

STREET MAINTENANCE AND IMPROVEMENTS

	MOTOR VEHICLE HIGHWAY		ALLEGAN COUNTY ROAD TAX FUND	STREET IMPROVEMENTS RESERVE FUND
	MAJOR STREET FUND	LOCAL STREET FUND		
REVENUES:				
Special assessments	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	1,087,376
Intergovernmental	2,105,634	530,047	387,853	57,338
Charges for services	30,035	56,515	-	-
Fines and fees	-	-	-	-
Contributions from private sector	-	-	-	-
Interest and rents	16,552	1,424	210	8,411
Miscellaneous	-	-	-	-
Total revenues	2,152,221	587,986	388,063	1,153,125
EXPENDITURES:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	1,152,573	1,192,318	-	-
Welfare and social services	-	-	-	-
Culture and recreation	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	1,152,573	1,192,318	-	-
Excess (deficiency) of revenues over (under) expenditures	999,648	(604,332)	388,063	1,153,125
OTHER FINANCING SOURCES (USES):				
Transfers in	-	604,332	-	-
Transfers out	(645,607)	-	(515,292)	(2,305,873)
Total other financing sources (uses)	(645,607)	604,332	(515,292)	(2,305,873)
NET CHANGE IN FUND BALANCES	354,041	-	(127,229)	(1,152,748)
FUND BALANCES - Beginning of year	1,584,009	2,000	166,209	2,727,038
FUND BALANCES - End of year	\$ 1,938,050	\$ 2,000	\$ 38,980	\$ 1,574,290

SPECIAL REVENUE FUNDS

DOWNTOWN OPERATIONS			MISCELLANEOUS GOVERNMENTAL FUNCTIONS			
PUBLIC PARKING SYSTEM FUND	SNOWMELT OPERATING SYSTEM FUND	PRINCIPAL SHOPPING DISTRICT FUND	CATV - (PUBLIC ACCESS CHANNELS) FUND	REVOLVING CASH ASSISTANCE FUND	SPECIFIED DONATIONS FUND	
\$ 170,830	\$ 116,755	\$ 181,836	\$ -	\$ 112,205	\$ -	
-	-	-	-	-	-	
-	-	-	-	-	-	
23,663	-	134,087	-	-	1,200	
-	-	-	344,000	-	-	
-	-	15,310	-	-	101,040	
749	2,282	1,755	3,431	6,753	97	
39	-	-	-	-	-	
195,281	119,037	332,988	347,431	118,958	102,337	
-	-	-	209,843	11,900	80,574	
-	-	-	-	-	-	
162,426	176,973	-	-	-	-	
-	-	-	-	-	-	
-	-	318,644	-	-	-	
-	-	-	-	-	-	
73	-	-	-	-	-	
-	-	837	55,331	-	4,213	
162,499	176,973	319,481	265,174	11,900	84,787	
32,782	(57,936)	13,507	82,257	107,058	17,550	
-	26,300	-	-	17,357	-	
(9,562)	-	-	(75,000)	(202,325)	(11,467)	
(9,562)	26,300	-	(75,000)	(184,968)	(11,467)	
23,220	(31,636)	13,507	7,257	(77,910)	6,083	
81,973	188,495	173,779	382,154	142,332	82,399	
\$ 105,193	\$ 156,859	\$ 187,286	\$ 389,411	\$ 64,422	\$ 88,482	

(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, 2011

	SPECIAL REVENUE FUNDS			
	MISCELLANEOUS GOVERNMENTAL FUNCTIONS	PUBLIC SAFETY		
		DANGEROUS STRUCTURES FUND	POLICE CRIMINAL JUSTICE TRAINING FUND	ANTI-DRUG ABUSE ACT GRANT - "W.E.M.E.T." FUND
REVENUES:				
Special assessments	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	-
Intergovernmental	-	11,352	116,917	102,306
Charges for services	9,227	-	-	-
Fines and fees	-	-	-	-
Contributions from private sector	-	-	-	-
Interest and rents	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	9,227	11,352	116,917	102,306
EXPENDITURES:				
Current:				
General government	9,021	-	-	-
Public safety	-	11,650	245,301	100,899
Public works	-	-	-	-
Welfare and social services	-	-	-	-
Culture and recreation	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	-	-	-	1,407
Total expenditures	9,021	11,650	245,301	102,306
Excess (deficiency) of revenues over (under) expenditures	206	(298)	(128,384)	-
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	128,384	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	128,384	-
NET CHANGE IN FUND BALANCES	206	(298)	-	-
FUND BALANCES - Beginning of year	1,051	1,880	-	-
FUND BALANCES - End of year	\$ 1,257	\$ 1,582	\$ -	\$ -

SPECIAL REVENUE FUNDS

PUBLIC SAFETY			CULTURE AND COMMUNITY IMPROVEMENT		
LAW ENFORCEMENT BLOCK GRANT FUND	FEDERAL EMERGENCY MANAGEMENT AGENCY (FEMA) GRANT FUND	HOMELAND SECURITY GRANT FUND	DISTRICT LIBRARY TAXATION FUND	M.S.H.D.A. GRANT FUND	COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) FUND
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	1,384,634	-	-
61,158	122,786	7,580	-	290,606	319,596
-	-	-	-	-	-
-	-	-	-	-	154,798
486	-	-	-	-	-
-	-	-	-	-	-
61,644	122,786	7,580	1,384,634	290,606	474,394
-	-	-	-	-	-
6,503	-	410	-	-	-
-	-	-	-	-	-
-	-	-	-	243,766	474,394
-	-	-	1,385,199	-	-
-	-	-	-	-	-
-	-	-	-	-	-
80,384	136,429	9,065	-	-	-
86,887	136,429	9,475	1,385,199	243,766	474,394
(25,243)	(13,643)	(1,895)	(565)	46,840	-
27,010	13,643	1,895	-	-	24,433
-	-	-	-	(74,921)	(24,433)
27,010	13,643	1,895	-	(74,921)	-
1,767	-	-	(565)	(28,081)	-
-	-	-	898	28,081	-
\$ 1,767	\$ -	\$ -	\$ 333	\$ -	\$ -

(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, 2011

	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECTS FUNDS	
	CULTURE AND COMMUNITY IMPROVEMENT			
	NEIGHBORHOOD IMPACT PROGRAM (NIP) FUND	GENERAL OBLIGATION DEBT SERVICE FUND	SPECIAL ASSESSMENT DEBT SERVICE FUND	MUNICIPAL FACILITIES AND LAND IMPROVEMENTS PROJECTS FUND
REVENUES:				
Special assessments	\$ -	\$ -	\$ 139,463	\$ -
Property taxes	-	2,365,508	-	217,853
Intergovernmental	-	-	-	171,219
Charges for services	-	-	-	-
Fines and fees	-	-	-	-
Contributions from private sector	14,977	-	-	300,154
Interest and rents	-	13,098	51,567	10,355
Miscellaneous	-	225,878	-	10,100
Total revenues	14,977	2,604,484	191,030	709,681
EXPENDITURES:				
Current:				
General government	-	955	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Welfare and social services	-	-	-	-
Culture and recreation	-	-	-	-
Debt service:				
Principal retirement	-	131,500	215,464	-
Interest and fiscal charges	-	278,309	62,711	-
Capital outlay	-	-	-	856,904
Total expenditures	-	410,764	278,175	856,904
Excess (deficiency) of revenues over (under) expenditures	14,977	2,193,720	(87,145)	(147,223)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	1,139,894
Transfers out	(14,977)	(1,918,878)	(17,357)	(1,377,145)
Total other financing sources (uses)	(14,977)	(1,918,878)	(17,357)	(237,251)
NET CHANGE IN FUND BALANCES	-	274,842	(104,502)	(384,474)
FUND BALANCES - Beginning of year	-	130,142	662,056	1,042,270
FUND BALANCES - End of year	\$ -	\$ 404,984	\$ 557,554	\$ 657,796

PERMANENT TRUST FUND	
CEMETERY PERPETUAL CARE FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
\$ -	\$ 721,089
-	5,055,371
-	4,284,392
25,140	279,867
-	344,000
-	586,279
17,404	134,574
-	236,017
42,544	11,641,589
-	312,293
-	364,763
-	2,684,290
-	718,160
-	1,703,843
-	346,964
-	341,093
-	1,144,570
-	7,615,976
42,544	4,025,613
1,862	1,985,110
(17,400)	(7,210,237)
(15,538)	(5,225,127)
27,006	(1,199,514)
1,493,210	8,889,976
\$ 1,520,216	\$ 7,690,462

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, 2011

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Special assessments	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	-
Intergovernmental	2,051,500	2,093,275	2,105,634	12,359
Charges for services	32,000	32,000	30,035	(1,965)
Fines and fees	-	-	-	-
Contributions from private sector	-	-	-	-
Interest and rents	16,200	15,737	16,552	815
Miscellaneous	-	-	-	-
Total revenues	2,099,700	2,141,012	2,152,221	11,209
EXPENDITURES:				
Current:				
Public works:				
Personal services	506,160	486,778	462,459	(24,319)
Other services and charges	992,900	764,962	690,114	(74,848)
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	1,499,060	1,251,740	1,152,573	(99,167)
Excess (deficiency) of revenues over (under) expenditures	600,640	889,272	999,648	110,376
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	(859,046)	(739,587)	(645,607)	93,980
Total other financing sources (uses)	(859,046)	(739,587)	(645,607)	93,980
NET CHANGE IN FUND BALANCE	(258,406)	149,685	354,041	204,356
FUND BALANCE - Beginning of year	1,584,009	1,584,009	1,584,009	-
FUND BALANCE - End of year	\$ 1,325,603	\$ 1,733,694	\$ 1,938,050	\$ 204,356

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, 2011

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Special assessments	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	-
Intergovernmental	509,700	523,545	530,047	6,502
Charges for services	50,000	50,000	56,515	6,515
Fines and fees	-	-	-	-
Contributions from private sector	-	-	-	-
Interest and rents	1,200	687	1,424	737
Miscellaneous	-	-	-	-
Total revenues	560,900	574,232	587,986	13,754
EXPENDITURES:				
Current:				
Public works:				
Personal services	562,660	553,148	553,798	650
Other services and charges	756,700	688,853	638,520	(50,333)
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	1,319,360	1,242,001	1,192,318	(49,683)
Excess (deficiency) of revenues over (under) expenditures	(758,460)	(667,769)	(604,332)	63,437
OTHER FINANCING SOURCES (USES):				
Transfers in	758,460	667,769	604,332	(63,437)
Transfers out	-	-	-	-
Total other financing sources (uses)	758,460	667,769	604,332	(63,437)
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, 2011

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Special assessments	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	-
Intergovernmental	415,000	415,000	387,853	(27,147)
Charges for services	-	-	-	-
Fines and fees	-	-	-	-
Contributions from private sector	-	-	-	-
Interest and rents	(800)	327	210	(117)
Miscellaneous	-	-	-	-
Total revenues	414,200	415,327	388,063	(27,264)
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	414,200	415,327	388,063	(27,264)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	(583,377)	(533,774)	(515,292)	18,482
Total other financing sources (uses)	(583,377)	(533,774)	(515,292)	18,482
NET CHANGE IN FUND BALANCE	(169,177)	(118,447)	(127,229)	(8,782)
FUND BALANCE - Beginning of year	166,209	166,209	166,209	-
FUND BALANCE (DEFICIT) - End of year	\$ (2,968)	\$ 47,762	\$ 38,980	\$ (8,782)

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, 2011

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Special assessments	\$ -	\$ -	\$ -	\$ -
Property taxes	1,087,571	1,087,346	1,087,376	30
Intergovernmental	-	57,338	57,338	-
Charges for services	-	-	-	-
Fines and fees	-	-	-	-
Contributions from private sector	-	-	-	-
Interest and rents	5,400	18,304	8,411	(9,893)
Miscellaneous	-	-	-	-
Total revenues	1,092,971	1,162,988	1,153,125	(9,863)
EXPENDITURES:				
Current:				
Public works:				
Personal services	-	-	-	-
Other services and charges	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Bond issuance costs	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	1,092,971	1,162,988	1,153,125	(9,863)
OTHER FINANCING SOURCES (USES):				
Issuance of bonds payable	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(2,736,142)	(3,581,441)	(2,305,873)	1,275,568
Total other financing sources (uses)	(2,736,142)	(3,581,441)	(2,305,873)	1,275,568
NET CHANGE IN FUND BALANCE	(1,643,171)	(2,418,453)	(1,152,748)	1,265,705
FUND BALANCE - Beginning of year	2,727,038	2,727,038	2,727,038	-
FUND BALANCE - End of year	\$ 1,083,867	\$ 308,585	\$ 1,574,290	\$ 1,265,705

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, 2011

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Special assessments	\$ 171,000	\$ 170,830	\$ 170,830	\$ -
Property taxes	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	18,950	20,250	23,663	3,413
Fines and fees	-	-	-	-
Contributions from private sector	-	-	-	-
Interest and rents	500	560	749	189
Miscellaneous	-	-	39	39
Total revenues	190,450	191,640	195,281	3,641
EXPENDITURES:				
Current:				
Public Works:				
Personal services	64,400	64,651	61,842	(2,809)
Other services and charges	102,625	103,692	100,584	(3,108)
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	200	73	73	-
Capital outlay	-	-	-	-
Total expenditures	167,225	168,416	162,499	(5,917)
Excess (deficiency) of revenues over (under) expenditures	23,225	23,224	32,782	9,558
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	(9,562)	(9,562)	(9,562)	-
Total other financing sources (uses)	(9,562)	(9,562)	(9,562)	-
NET CHANGE IN FUND BALANCE	13,663	13,662	23,220	9,558
FUND BALANCE - Beginning of year	81,973	81,973	81,973	-
FUND BALANCE - End of year	\$ 95,636	\$ 95,635	\$ 105,193	\$ 9,558

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, 2011

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Special assessments	\$ 116,800	\$ 116,755	\$ 116,755	\$ -
Property taxes	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and fees	-	-	-	-
Contributions from private sector	-	-	-	-
Interest and rents	2,900	2,073	2,282	209
Miscellaneous	-	-	-	-
Total revenues	119,700	118,828	119,037	209
EXPENDITURES:				
Current:				
Public works:				
Personal services	-	-	-	-
Other services and charges	178,400	181,746	176,973	(4,773)
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	178,400	181,746	176,973	(4,773)
Excess (deficiency) of revenues over (under) expenditures	(58,700)	(62,918)	(57,936)	4,982
OTHER FINANCING SOURCES (USES):				
Transfers in	26,300	26,300	26,300	-
Transfers out	-	-	-	-
Total other financing sources (uses)	26,300	26,300	26,300	-
NET CHANGE IN FUND BALANCE	(32,400)	(36,618)	(31,636)	4,982
FUND BALANCE - Beginning of year	188,495	188,495	188,495	-
FUND BALANCE - End of year	\$ 156,095	\$ 151,877	\$ 156,859	\$ 4,982

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, 2011

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Special assessments	\$ 184,900	\$ 181,836	\$ 181,836	\$ -
Property taxes	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	87,600	131,846	134,087	2,241
Fines and fees	-	-	-	-
Contributions from private sector	36,100	10,760	15,310	4,550
Interest and rents	2,400	1,415	1,755	340
Miscellaneous	-	-	-	-
Total revenues	311,000	325,857	332,988	7,131
EXPENDITURES:				
Current:				
Culture and recreation:				
Personal services	130,200	133,397	134,984	1,587
Other services and charges	182,100	193,784	183,660	(10,124)
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	-	837	837	-
Total expenditures	312,300	328,018	319,481	(8,537)
Excess (deficiency) of revenues over (under) expenditures	(1,300)	(2,161)	13,507	15,668
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
NET CHANGE IN FUND BALANCE	(1,300)	(2,161)	13,507	15,668
FUND BALANCE - Beginning of year	173,779	173,779	173,779	-
FUND BALANCE - End of year	\$ 172,479	\$ 171,618	\$ 187,286	\$ 15,668

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, 2011

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Special assessments	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and fees	280,000	331,400	344,000	12,600
Contributions from private sector	-	-	-	-
Interest and rents	4,600	3,575	3,431	(144)
Miscellaneous	-	-	-	-
Total revenues	284,600	334,975	347,431	12,456
EXPENDITURES:				
Current:				
General government:				
Personal services	2,700	2,700	609	(2,091)
Other services and charges	204,100	211,100	209,234	(1,866)
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	-	55,331	55,331	-
Total expenditures	206,800	269,131	265,174	(3,957)
Excess (deficiency) of revenues over (under) expenditures	77,800	65,844	82,257	16,413
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	(75,000)	(75,000)	(75,000)	-
Total other financing sources (uses)	(75,000)	(75,000)	(75,000)	-
NET CHANGE IN FUND BALANCE	2,800	(9,156)	7,257	16,413
FUND BALANCE - Beginning of year	382,154	382,154	382,154	-
FUND BALANCE - End of year	\$ 384,954	\$ 372,998	\$ 389,411	\$ 16,413

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, 2011

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Special assessments	\$ 48,488	\$ 97,806	\$ 112,205	\$ 14,399
Property taxes	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and fees	-	-	-	-
Contributions from private sector	-	-	-	-
Interest and rents	6,032	6,403	6,753	350
Miscellaneous	-	-	-	-
Total revenues	54,520	104,209	118,958	14,749
EXPENDITURES:				
Current:				
General government:				
Personal services	-	-	-	-
Other services and charges	-	11,900	11,900	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	-	11,900	11,900	-
Excess (deficiency) of revenues over (under) expenditures	54,520	92,309	107,058	14,749
OTHER FINANCING SOURCES (USES):				
Transfers in	116,480	17,337	17,357	20
Transfers out	(375,000)	(730,029)	(202,325)	527,704
Total other financing sources (uses)	(258,520)	(712,692)	(184,968)	527,724
NET CHANGE IN FUND BALANCE	(204,000)	(620,383)	(77,910)	542,473
FUND BALANCE - Beginning of year	142,332	142,332	142,332	-
FUND BALANCE (DEFICIT) - End of year	\$ (61,668)	\$ (478,051)	\$ 64,422	\$ 542,473

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, 2011

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Special assessments	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	1,200	1,200	-
Fines and fees	-	-	-	-
Contributions from private sector	-	99,039	101,040	2,001
Interest and rents	200	125	97	(28)
Miscellaneous	-	-	-	-
Total revenues	200	100,364	102,337	1,973
EXPENDITURES:				
Current:				
General government:				
Personal services	-	-	-	-
Other services and charges	57,422	151,826	80,574	(71,252)
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	822	11,657	4,213	(7,444)
Total expenditures	58,244	163,483	84,787	(78,696)
Excess (deficiency) of revenues over (under) expenditures	(58,044)	(63,119)	17,550	80,669
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	(15,680)	(15,680)	(11,467)	4,213
Total other financing sources (uses)	(15,680)	(15,680)	(11,467)	4,213
NET CHANGE IN FUND BALANCE	(73,724)	(78,799)	6,083	84,882
FUND BALANCE - Beginning of year	82,399	82,399	82,399	-
FUND BALANCE - End of year	\$ 8,675	\$ 3,600	\$ 88,482	\$ 84,882

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, 2011

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Special assessments	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	55,550	27,200	9,227	(17,973)
Fines and fees	-	-	-	-
Contributions from private sector	-	-	-	-
Interest and rents	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	55,550	27,200	9,227	(17,973)
EXPENDITURES:				
Current:				
General government:				
Personal services	-	-	-	-
Other services and charges	55,550	27,200	9,021	(18,179)
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	55,550	27,200	9,021	(18,179)
Excess (deficiency) of revenues over (under) expenditures	-	-	206	206
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
NET CHANGE IN FUND BALANCE	-	-	206	206
FUND BALANCE - Beginning of year	1,051	1,051	1,051	-
FUND BALANCE - End of year	\$ 1,051	\$ 1,051	\$ 1,257	\$ 206

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, 2011

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Special assessments	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	-
Intergovernmental	12,000	12,000	11,352	(648)
Charges for services	-	-	-	-
Fines and fees	-	-	-	-
Contributions from private sector	-	-	-	-
Interest and rents	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	12,000	12,000	11,352	(648)
EXPENDITURES:				
Current:				
Public safety:				
Personal services	-	-	-	-
Other services and charges	12,000	12,000	11,650	(350)
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	12,000	12,000	11,650	(350)
Excess (deficiency) of revenues over (under) expenditures	-	-	(298)	(298)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
NET CHANGE IN FUND BALANCE	-	-	(298)	(298)
FUND BALANCE - Beginning of year	1,880	1,880	1,880	-
FUND BALANCE - End of year	\$ 1,880	\$ 1,880	\$ 1,582	\$ (298)

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, 2011

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Special assessments	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	-
Intergovernmental	22,299	132,413	116,917	(15,496)
Charges for services	-	-	-	-
Fines and fees	-	-	-	-
Contributions from private sector	-	-	-	-
Interest and rents	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	22,299	132,413	116,917	(15,496)
EXPENDITURES:				
Current:				
Public safety:				
Personal services	44,598	276,293	245,301	(30,992)
Other services and charges	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	44,598	276,293	245,301	(30,992)
Excess (deficiency) of revenues over (under) expenditures	(22,299)	(143,880)	(128,384)	15,496
OTHER FINANCING SOURCES (USES):				
Transfers in	22,299	143,880	128,384	(15,496)
Transfers out	-	-	-	-
Total other financing sources (uses)	22,299	143,880	128,384	(15,496)
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, 2011

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Special assessments	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	-
Intergovernmental	55,819	190,621	102,306	(88,315)
Charges for services	-	-	-	-
Fines and fees	-	-	-	-
Contributions from private sector	-	-	-	-
Interest and rents	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	55,819	190,621	102,306	(88,315)
EXPENDITURES:				
Current:				
Public safety:				
Personal services	54,110	145,094	92,899	(52,195)
Other services and charges	29	8,029	8,000	(29)
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	1,680	37,498	1,407	(36,091)
Total expenditures	55,819	190,621	102,306	(88,315)
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

LAW ENFORCEMENT BLOCK GRANT FUND

FOR THE YEAR ENDED JUNE 30, 2011

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Special assessments	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	-
Intergovernmental	77,668	93,459	61,158	(32,301)
Charges for services	-	-	-	-
Fines and fees	-	-	-	-
Contributions from private sector	-	-	-	-
Interest and rents	(1,281)	(1,281)	486	1,767
Miscellaneous	-	-	-	-
Total revenues	76,387	92,178	61,644	(30,534)
EXPENDITURES:				
Current:				
Public safety:				
Personal services	-	-	-	-
Other services and charges	-	-	6,503	6,503
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	87,629	119,670	80,384	(39,286)
Total expenditures	87,629	119,670	86,887	(32,783)
Excess (deficiency) of revenues over (under) expenditures	(11,242)	(27,492)	(25,243)	2,249
OTHER FINANCING SOURCES (USES):				
Transfers in	11,242	27,492	27,010	(482)
Transfers out	-	-	-	-
Total other financing sources (uses)	11,242	27,492	27,010	(482)
NET CHANGE IN FUND BALANCE	-	-	1,767	1,767
FUND BALANCE - Beginning of year	-	-	-	-
FUND BALANCE - End of year	\$ -	\$ -	\$ 1,767	\$ 1,767

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, 2011

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Special assessments	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	-
Intergovernmental	123,377	123,377	122,786	(591)
Charges for services	-	-	-	-
Fines and fees	-	-	-	-
Contributions from private sector	-	-	-	-
Interest and rents	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	123,377	123,377	122,786	(591)
EXPENDITURES:				
Current:				
Public safety:				
Personal services	-	-	-	-
Other services and charges	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	137,085	137,085	136,429	(656)
Total expenditures	137,085	137,085	136,429	(656)
Excess (deficiency) of revenues over (under) expenditures	(13,708)	(13,708)	(13,643)	65
OTHER FINANCING SOURCES (USES):				
Transfers in	13,708	13,708	13,643	(65)
Transfers out	-	-	-	-
Total other financing sources (uses)	13,708	13,708	13,643	(65)
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, 2011

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Special assessments	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	-	9,280	7,580	(1,700)
Charges for services	-	-	-	-
Fines and fees	-	-	-	-
Contributions from private sector	-	-	-	-
Interest and rents	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	-	9,280	7,580	(1,700)
EXPENDITURES:				
Current:				
Public safety:				
Personal services	-	-	-	-
Other services and charges	-	410	410	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	-	11,190	9,065	(2,125)
Total expenditures	-	11,600	9,475	(2,125)
 Excess of revenues over expenditures	 -	 (2,320)	 (1,895)	 425
OTHER FINANCING SOURCES (USES):				
Transfers in	-	2,320	1,895	(425)
Transfers out	-	-	-	-
Total other financing sources (uses)	-	2,320	1,895	(425)
 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, 2011

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Special assessments	\$ -	\$ -	\$ -	\$ -
Property taxes	1,378,033	1,376,940	1,384,634	7,694
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and fees	-	-	-	-
Contributions from private sector	-	-	-	-
Interest and rents	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	1,378,033	1,376,940	1,384,634	7,694
EXPENDITURES:				
Current:				
Culture and recreation:				
Personal services	-	-	-	-
Other services and charges	1,378,033	1,377,761	1,385,199	7,438
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	1,378,033	1,377,761	1,385,199	7,438
Excess (deficiency) of revenues over (under) expenditures	-	(821)	(565)	256
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
NET CHANGE IN FUND BALANCE	-	(821)	(565)	256
FUND BALANCE - Beginning of year	898	898	898	-
FUND BALANCE - End of year	\$ 898	\$ 77	\$ 333	\$ 256

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, 2011

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Special assessments	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	-
Intergovernmental	294,921	444,921	290,606	(154,315)
Charges for services	-	-	-	-
Fines and fees	-	-	-	-
Contributions from private sector	-	-	-	-
Interest and rents	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	294,921	444,921	290,606	(154,315)
EXPENDITURES:				
Current:				
Welfare and social services:				
Personal services	-	-	-	-
Other services and charges	298,002	448,002	243,766	(204,236)
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	298,002	448,002	243,766	(204,236)
Excess (deficiency) of revenues over (under) expenditures	(3,081)	(3,081)	46,840	49,921
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	(25,000)	(25,000)	(74,921)	(49,921)
Total other financing sources (uses)	(25,000)	(25,000)	(74,921)	(49,921)
NET CHANGE IN FUND BALANCE	(28,081)	(28,081)	(28,081)	-
FUND BALANCE - Beginning of year	28,081	28,081	28,081	-
FUND BALANCE - End of year	\$ -	\$ -	\$ -	\$ -

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, 2011

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Special assessments	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	-
Intergovernmental	518,014	539,334	319,596	(219,738)
Charges for services	-	-	-	-
Fines and fees	-	-	-	-
Contributions from private sector	5,416	182,626	154,798	(27,828)
Interest and rents	-	-	-	-
Miscellaneous	(2,983)	(1)	-	1
Total revenues	520,447	721,959	474,394	(247,565)
EXPENDITURES:				
Current:				
Welfare and social services:				
Personal services	101,446	99,539	93,982	(5,557)
Other services and charges	419,001	618,340	380,412	(237,928)
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	520,447	717,879	474,394	(243,485)
Excess (deficiency) of revenues over (under) expenditures	-	4,080	-	(4,080)
OTHER FINANCING SOURCES (USES):				
Transfers in	24,433	24,433	24,433	-
Transfers out	(24,433)	(28,513)	(24,433)	4,080
Total other financing sources (uses)	-	(4,080)	-	4,080
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

NEIGHBORHOOD IMPACT PROGRAM (NIP) GRANT FUND

FOR THE YEAR ENDED JUNE 30, 2011

	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	14,977	16,569	14,977	(1,592)
Interest and rents	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	14,977	16,569	14,977	(1,592)
EXPENDITURES:				
Current:				
Welfare and social services:				
Personal services	14,977	-	-	-
Other services and charges	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	14,977	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	16,569	14,977	(1,592)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	(16,569)	(14,977)	1,592
Total other financing sources (uses)	-	(16,569)	(14,977)	1,592
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

CEMETERY PERPETUAL CARE FUND

FOR THE YEAR ENDED JUNE 30, 2011

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Special assessments	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	29,300	27,700	25,140	(2,560)
Fines and fees	-	-	-	-
Contributions from private sector	-	-	-	-
Interest and rents	32,400	16,970	17,404	434
Miscellaneous	-	-	-	-
Total revenues	61,700	44,670	42,544	(2,126)
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	61,700	44,670	42,544	(2,126)
OTHER FINANCING SOURCES (USES):				
Transfers in	1,862	1,862	1,862	-
Transfers out	(87,200)	(21,897)	(17,400)	4,497
Total other financing sources (uses)	(85,338)	(20,035)	(15,538)	4,497
NET CHANGE IN FUND BALANCE	(23,638)	24,635	27,006	2,371
FUND BALANCE - Beginning of year	1,493,210	1,493,210	1,493,210	-
FUND BALANCE - End of year	\$ 1,469,572	\$ 1,517,845	\$ 1,520,216	\$ 2,371

CITY OF HOLLAND

- - - **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 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, 2011, the residential customer count for this service is:

- Single-family residences and multi-family housing developments of up to 4-family units = 8,669
- Multi-family housing developments of greater than 4-family units = 5

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

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

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

WINDMILL ISLAND FUND

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

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

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

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

DEPOT OPERATIONS FUND

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

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

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

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

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

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. The Airport name was changed to the West Michigan Regional Airport in October 2011.

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 FACILITIES AND MANAGEMENT SYSTEM 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"). 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 are no longer City of Holland employees, but rather directly employed by the MAX 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.

EMPLOYEE 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.

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

JUNE 30, 2011

<u>ASSETS</u>	REFUSE AND RECYCLING PICKUP	WINDMILL ISLAND	DEPOT OPERATIONS	AIRPORT FACILITIES AND MANAGEMENT SYSTEM
CURRENT ASSETS:				
Cash and pooled investments	\$ 409,477	\$ 105,655	\$ 3	\$ 1,838
Receivables:				
Accounts	159,185	8,195	-	615
Taxes and special assessments	-	-	-	25
Prepaid items	-	1,250	-	-
Total current assets	568,662	115,100	3	2,478
NONCURRENT ASSETS:				
Capital assets:				
Land	-	99,809	291,300	5,961,250
Machinery and equipment	-	2,579,833	1,667,199	14,043,709
Accumulated depreciation	-	(1,328,170)	(1,050,153)	(7,872,247)
Total capital assets	-	1,351,472	908,346	12,132,712
Total assets	568,662	1,466,572	908,349	12,135,190
<u>LIABILITIES</u>				
CURRENT LIABILITIES:				
Accounts payable	110,522	13,725	-	-
Accrued payroll and benefits	1,428	19,108	-	-
Due to other governmental units	-	-	-	2,478
Due to other funds	96,872	2,077	-	-
Deposits	-	62,600	-	-
Accrued compensated absences - current	-	17,590	-	-
Total current liabilities	208,822	115,100	-	2,478
NET ASSETS:				
Invested in capital assets	-	1,351,472	908,346	12,132,712
Unrestricted	359,840	-	3	-
Total net assets	\$ 359,840	\$ 1,351,472	\$ 908,349	\$ 12,132,712

PUBLIC TRANSIT FACILITIES AND MANAGEMENT SYSTEM	EMPLOYEE BENEFIT FUND	TOTAL
\$ -	\$ 8,759	\$ 525,732
1,925	-	169,920
-	-	25
-	-	1,250
<u>1,925</u>	<u>8,759</u>	<u>696,927</u>
-	-	6,352,359
508,254	-	18,798,995
(218,291)	-	(10,468,861)
<u>289,963</u>	<u>-</u>	<u>14,682,493</u>
<u>291,888</u>	<u>8,759</u>	<u>15,379,420</u>
-	454	124,701
117	-	20,653
-	-	2,478
185	-	99,134
-	-	62,600
-	-	17,590
<u>302</u>	<u>454</u>	<u>327,156</u>
289,963	-	14,682,493
1,623	8,305	369,771
<u>\$ 291,586</u>	<u>\$ 8,305</u>	<u>\$ 15,052,264</u>

CITY OF HOLLAND, MICHIGAN

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

FOR THE YEAR ENDED JUNE 30, 2011

	REFUSE AND RECYCLING PICKUP	WINDMILL ISLAND	DEPOT OPERATIONS	AIRPORT FACILITIES AND MANAGEMENT SYSTEM
OPERATING REVENUES				
Usage fees and charges for services	\$ 1,394,814	\$ 46,155	\$ -	\$ 2,318
Admissions and fares	-	352,591	-	-
Rentals	-	91,664	1	-
Total operating revenues	1,394,814	490,410	1	2,318
OPERATING EXPENSES:				
Personal services	114,677	405,957	-	6
Other current expenses	1,323,009	211,842	-	111,103
Depreciation	18	61,931	55,228	544,816
Total operating expenses	1,437,704	679,730	55,228	655,925
OPERATING LOSS	(42,890)	(189,320)	(55,227)	(653,607)
NONOPERATING REVENUES (EXPENSES):				
Property taxes	-	-	-	108,734
Federal and/or state grants	-	-	-	-
Federal awards passed-through to the Macatawa Area Express Transportation Authority	-	-	-	-
Investment earnings	2,947	1,063	-	57
Loss on disposal of capital assets	(170,058)	-	-	-
Total nonoperating revenues (expenses)	(167,111)	1,063	-	108,791
INCOME (LOSS) - Before transfers and contributions	(210,001)	(188,257)	(55,227)	(544,816)
TRANSFERS AND CONTRIBUTIONS				
Other private donations	-	9,540	-	-
Transfers in	-	707,596	-	-
Total transfers and contributions	-	717,136	-	-
CHANGE IN NET ASSETS	(210,001)	528,879	(55,227)	(544,816)
NET ASSETS - Beginning of year	569,841	822,593	963,576	12,677,528
NET ASSETS - End of year	\$ 359,840	\$ 1,351,472	\$ 908,349	\$ 12,132,712

PUBLIC TRANSIT FACILITIES AND MANAGEMENT SYSTEM	EMPLOYEE BENEFIT FUND	TOTAL
\$ 8,324	\$ 9,495	\$ 1,461,106
-	-	352,591
-	-	91,665
8,324	9,495	1,905,362
6,516	-	527,156
1,802	11,733	1,659,489
11,763	-	673,756
20,081	11,733	2,860,401
(11,757)	(2,238)	(955,039)
-	-	108,734
146,451	-	146,451
(146,451)	-	(146,451)
37	105	4,209
-	-	(170,058)
37	105	(57,115)
(11,720)	(2,133)	(1,012,154)
-	1,763	11,303
-	-	707,596
-	1,763	718,899
(11,720)	(370)	(293,255)
303,306	8,675	15,345,519
\$ 291,586	\$ 8,305	\$ 15,052,264

CITY OF HOLLAND, MICHIGAN
 COMBINING STATEMENT OF CASH FLOWS
 NONMAJOR ENTERPRISE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2011

	REFUSE AND RECYCLING PICKUP	WINDMILL ISLAND	DEPOT OPERATIONS	AIRPORT FACILITIES AND MANAGEMENT SYSTEM
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers and users	\$ 1,403,492	\$ 500,391	\$ 1	\$ 8,647
Payments to suppliers	(1,324,073)	(220,024)	-	(111,103)
Payments to employees	(114,528)	(402,018)	-	(91)
Net cash provided by (used in) operating activities	(35,109)	(121,651)	1	(102,547)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Property taxes	-	-	-	101,941
Other private donations	-	9,540	-	-
Intragovernmental receipts	280,914	707,731	-	-
Intragovernmental payments	-	-	-	-
Net cash provided by (used in) noncapital financing activities	280,914	717,271	-	101,941
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Federal and/or state grants	-	-	-	-
Federal awards pass-through to the Macatawa Area Express Transportation Authority	-	-	-	-
Purchase of capital assets	-	(590,810)	-	-
Net cash used in capital and related financing activities	-	(590,810)	-	-
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment earnings	2,947	1,063	-	57
NET INCREASE (DECREASE) IN CASH AND POOLED INVESTMENTS	248,752	5,873	1	(549)
CASH AND POOLED INVESTMENTS -				
Beginning of year	160,725	99,782	2	2,387
CASH AND POOLED INVESTMENTS - End of year	\$ 409,477	\$ 105,655	\$ 3	\$ 1,838

PUBLIC TRANSIT FACILITIES AND MANAGEMENT SYSTEM		EMPLOYEE BENEFIT FUND	TOTAL
\$	13,819	\$ 9,624	\$ 1,935,974
	(1,894)	(12,086)	(1,669,180)
	(6,541)	-	(523,178)
	5,384	(2,462)	(256,384)
	1	-	101,942
	-	1,763	11,303
	-	8	988,653
	(5,422)	-	(5,422)
	(5,421)	1,771	1,096,476
	146,451	-	146,451
	(146,451)	-	(146,451)
	-	-	(590,810)
	-	-	(590,810)
	37	105	4,209
	-	(586)	253,491
	-	9,345	272,241
\$	-	\$ 8,759	\$ 525,732

(Continued)

CITY OF HOLLAND, MICHIGAN

COMBINING STATEMENT OF CASH FLOWS (CONCLUDED)
NONMAJOR ENTERPRISE FUNDS

FOR THE YEAR ENDED JUNE 30, 2011

	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	\$ (42,890)	\$ (189,320)	\$ (55,227)	\$ (653,607)
Adjustment to reconcile operating loss to net cash provided by (used in) operating activities:				
Depreciation	18	61,931	55,228	544,816
Changes in operating assets and liabilities which provided (used) cash:				
Accounts receivable	8,678	2,256	-	6,329
Prepaid items	-	(1,250)	-	-
Accounts payable	(1,064)	(6,932)	-	-
Accrued payroll and benefits	149	2,408	-	(85)
Earned employee compensated absences	-	1,531	-	-
Unearned revenue	-	7,725	-	-
Earned employee compensated absences	-	1,531	-	-
Net cash provided by (used in) operating activities	\$ (35,109)	\$ (121,651)	\$ 1	\$ (102,547)

Exhibit C-3

PUBLIC TRANSIT FACILITIES AND MANAGEMENT SYSTEM	EMPLOYEE BENEFIT FUND	TOTAL
\$ (11,757)	\$ (2,238)	\$ (955,039)
11,763	-	673,756
5,495	129	22,887
-	-	(1,250)
(92)	(353)	(8,441)
(25)	-	2,447
-	-	1,531
-	-	7,725
-	-	1,531
<u>\$ 5,384</u>	<u>\$ (2,462)</u>	<u>\$ (256,384)</u>

CITY OF HOLLAND

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

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

COMPUTER SERVICES FUND

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

Basic functions of the Technology Services Dept include:

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

Established user fee charges to departments include the following elements:

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

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

Established user fee charges to departments include the following elements:

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

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

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

POSTAGE SERVICES FUND

An automated postage meter machine provides centralized support services to all City Hall departments for U.S. Postal Service mailing purposes. A 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 capital 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 capital 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 *Priority Health Managed Benefits*. A commercial policy with Priority Health provides a specific stop-loss threshold on individual policies, and an aggregate stop-loss threshold on the entire City of Holland group plan. Prior to January 1, 2011 the City contracted with Blue Cross Blue Shield of Michigan (BCBSM) for claims administration and the commercial policy component.

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 Priority Health, 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 eight years the '*Illustrative Rates*' as provided by BCBSM or Priority Health have been implemented without adjustments.

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

VEHICLE DAMAGE & LIABILITY FUND

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

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

Revenues to this fund are generated primarily from internally-developed premium charges to various departments and funds. Expenses are primarily for self-retention vehicle damage claims, as well as commercial insurance premiums for stop-loss (excess) coverage.

PROPERTY DAMAGE FUND

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

Revenues to this fund are generated primarily from internally-developed premium charges to various departments and funds. Expenses are primarily for self-retention property damage claims, as well as commercial insurance premiums for stop-loss (excess) coverage.

GENERAL & PROFESSIONAL LIABILITY FUND

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

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

COMPENSATED ABSENCES FUND

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

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

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

JUNE 30, 2011

<u>ASSETS</u>	TECHNOLOGY SERVICES		
	COMPUTER SERVICES	POSTAGE SERVICES	COMMUNICATION SERVICES
CURRENT ASSETS:			
Cash and pooled investments	\$ 286,604	\$ 5,704	\$ 11,591
Accounts receivable	28,715	-	-
Deposit with others	-	-	-
Due from other funds	-	-	-
Prepaid items	9,656	350	-
Inventories	-	2,069	-
Total current assets	324,975	8,123	11,591
NONCURRENT ASSETS:			
Capital assets:			
Construction in progress	144,442	-	-
Machinery and equipment	749,766	-	122,261
Accumulated depreciation	(619,245)	-	(108,174)
Total capital assets	274,963	-	14,087
Total assets	599,938	8,123	25,678
<u>LIABILITIES</u>			
CURRENT LIABILITIES:			
Accounts payable	4,840	-	-
Claims payable	-	-	-
Accrued payroll and benefits	10,915	-	-
Due to other funds	420	-	-
Accrued compensated absences - current	-	-	-
Total current liabilities	16,175	-	-
NONCURRENT LIABILITIES:			
Accrued compensated absences	28,316	-	-
Total liabilities	44,491	-	-
<u>NET ASSETS</u>			
Invested in capital assets	274,963	-	14,087
Unrestricted	280,484	8,123	11,591
Total net assets	\$ 555,447	\$ 8,123	\$ 25,678

EQUIPMENT SERVICES			INSURANCE SERVICES			
FUEL DISPENSING	CENTRALIZED VEHICLE/ EQUIPMENT	FIRE VEHICLE/ EQUIPMENT	WORKERS COMPENSATION	EMPLOYEE DISABILITY INCOME PROTECTION	EMPLOYEE & RETIREE HEALTH/ DENTAL	
\$ 52,889	\$ 2,385,944	\$ 389,590	\$ 516,459	\$ 211,183	\$ 644,847	
46,977	25,710	-	10,548	-	69,047	
-	-	-	-	-	851,046	
11,208	42	-	-	-	-	
-	-	-	10,000	-	-	
49,351	48,780	-	-	-	-	
160,425	2,460,476	389,590	537,007	211,183	1,564,940	
-	58,827	-	-	-	-	
50,906	7,224,357	2,175,300	-	-	-	
(45,178)	(4,262,856)	(1,029,834)	-	-	-	
5,728	3,020,328	1,145,466	-	-	-	
166,153	5,480,804	1,535,056	537,007	211,183	1,564,940	
58,713	67,606	-	5,872	-	15,681	
-	-	-	-	-	371,049	
-	16,580	-	-	305	-	
175	75	-	-	-	-	
-	-	-	-	-	-	
58,888	84,261	-	5,872	305	386,730	
-	61,848	-	-	-	-	
58,888	146,109	-	5,872	305	386,730	
5,728	3,020,328	1,145,466	-	-	-	
101,537	2,314,367	389,590	531,135	210,878	1,178,210	
\$ 107,265	\$ 5,334,695	\$ 1,535,056	\$ 531,135	\$ 210,878	\$ 1,178,210	

(Continued)

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

JUNE 30, 2011

INSURANCE SERVICES

<u>ASSETS</u>	VEHICLE DAMAGE & LIABILITY	PROPERTY DAMAGE	GENERAL & PROFESSIONAL LIABILITY	COMPENSATED ABSENCES	TOTAL
CURRENT ASSETS:					
Cash and pooled investments	\$ 231,051	\$ 434,684	\$ 58,445	\$ 1,574,745	\$ 6,803,736
Accounts receivable	464	20	208,988	-	390,469
Deposit with others	-	-	-	-	851,046
Due from other funds	-	-	1,888	-	13,138
Prepaid items	-	-	22,292	-	42,298
Inventories	-	-	-	-	100,200
Total current assets	231,515	434,704	291,613	1,574,745	8,200,887
NONCURRENT ASSETS:					
Capital assets:					
Construction in progress	-	-	-	-	203,269
Machinery and equipment	-	-	-	-	10,322,590
Accumulated depreciation	-	-	-	-	(6,065,287)
Total capital assets	-	-	-	-	4,460,572
Total assets	231,515	434,704	291,613	1,574,745	12,661,459
LIABILITIES					
CURRENT LIABILITIES:					
Accounts payable	-	5,960	17,082	-	175,754
Claims payable	-	-	12,000	-	383,049
Accrued payroll and benefits	-	-	-	-	27,800
Due to other funds	-	-	-	-	670
Accrued compensated absences - current	-	-	-	1,050,000	1,050,000
Total current liabilities	-	5,960	29,082	1,050,000	1,637,273
NONCURRENT LIABILITIES:					
Accrued compensated absences	-	-	-	524,745	614,909
Total liabilities	-	5,960	29,082	1,574,745	2,252,182
NET ASSETS					
Invested in capital assets	-	-	-	-	4,460,572
Unrestricted	231,515	428,744	262,531	-	5,948,705
Total net assets	\$ 231,515	\$ 428,744	\$ 262,531	\$ -	\$ 10,409,277

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, 2011

	TECHNOLOGY SERVICES		
	COMPUTER SERVICES	POSTAGE SERVICES	COMMUNICATION SERVICES
OPERATING REVENUES:			
Charges for services	\$ 519,129	\$ 19,168	\$ 108,799
Premiums	-	-	-
Rentals	-	-	-
Miscellaneous	-	-	-
Total operating revenues	519,129	19,168	108,799
OPERATING EXPENSES:			
Personal services	327,929	-	-
Other current expenses	215,155	19,006	107,906
Depreciation expense	33,258	-	3,636
Total operating expenses	576,342	19,006	111,542
OPERATING INCOME (LOSS)	(57,213)	162	(2,743)
NONOPERATING REVENUES AND GAINS:			
Investment earnings	2,813	33	-
Insurance recovery	-	-	-
Gain on disposal of capital assets	-	-	-
Total nonoperating revenues and gains	2,813	33	-
INCOME (LOSS) - Before transfers	(54,400)	195	(2,743)
TRANSFERS:			
Transfers in	176,252	-	-
Transfers out	-	-	-
Net transfers	176,252	-	-
CHANGE IN NET ASSETS	121,852	195	(2,743)
NET ASSETS - Beginning of year	433,595	7,928	28,421
NET ASSETS - End of year	\$ 555,447	\$ 8,123	\$ 25,678

EQUIPMENT SERVICES			INSURANCE SERVICES			
FUEL DISPENSING	CENTRALIZED VEHICLE/ EQUIPMENT	FIRE VEHICLE/ EQUIPMENT	WORKERS COMPENSATION	EMPLOYEE DISABILITY INCOME PROTECTION	EMPLOYEE & RETIREE HEALTH/ DENTAL	
\$ 918,143	\$ 253,537	\$ -	\$ -	\$ -	\$ -	
-	-	-	237,860	107,389	4,801,966	
-	1,870,330	-	-	-	-	
-	-	-	61,217	-	682,149	
918,143	2,123,867	-	299,077	107,389	5,484,115	
3,540	606,128	-	-	5,513	55	
885,182	1,057,196	-	269,326	108,011	5,463,113	
2,546	508,264	99,758	-	-	-	
891,268	2,171,588	99,758	269,326	113,524	5,463,168	
26,875	(47,721)	(99,758)	29,751	(6,135)	20,947	
279	25,539	3,865	5,120	2,591	9,769	
-	-	-	-	-	-	
-	3,243	-	-	-	-	
279	28,782	3,865	5,120	2,591	9,769	
27,154	(18,939)	(95,893)	34,871	(3,544)	30,716	
-	-	75,000	-	-	-	
-	-	-	-	-	-	
-	-	75,000	-	-	-	
27,154	(18,939)	(20,893)	34,871	(3,544)	30,716	
80,111	5,353,634	1,555,949	496,264	214,422	1,147,494	
\$ 107,265	\$ 5,334,695	\$ 1,535,056	\$ 531,135	\$ 210,878	\$ 1,178,210	

(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, 2011

	INSURANCE SERVICES				
	VEHICLE DAMAGE & LIABILITY	PROPERTY DAMAGE	GENERAL & PROFESSIONAL LIABILITY	COMPENSATED ABSENCES	TOTAL
OPERATING REVENUES:					
Charges for services	\$ -	\$ -	\$ -	\$ 1,087,965	\$ 2,906,741
Premiums	121,403	31,060	135,677	-	5,435,355
Rentals	-	-	-	-	1,870,330
Miscellaneous	1,500	48,378	-	-	793,244
Total operating revenues	122,903	79,438	135,677	1,087,965	11,005,670
OPERATING EXPENSES:					
Personal services	-	-	-	1,087,965	2,031,130
Other current expenses	113,243	48,608	257,980	-	8,544,726
Depreciation expense	-	-	-	-	647,462
Total operating expenses	113,243	48,608	257,980	1,087,965	11,223,318
OPERATING INCOME (LOSS)	9,660	30,830	(122,303)	-	(217,648)
NONOPERATING REVENUES AND GAINS:					
Investment earnings	1,783	4,800	900	-	57,492
Insurance recovery	-	-	26,342	-	26,342
Gain on disposal of capital assets	-	-	-	-	3,243
Total nonoperating revenues and gains	1,783	4,800	27,242	-	87,077
INCOME (LOSS) - Before transfers	11,443	35,630	(95,061)	-	(130,571)
TRANSFERS:					
Transfers in	-	-	-	-	251,252
Transfers out	-	(33,207)	-	-	(33,207)
Net transfers	-	(33,207)	-	-	218,045
CHANGE IN NET ASSETS	11,443	2,423	(95,061)	-	87,474
NET ASSETS - Beginning of year	220,072	426,321	357,592	-	10,321,803
NET ASSETS - End of year	\$ 231,515	\$ 428,744	\$ 262,531	\$ -	\$ 10,409,277

CITY OF HOLLAND

CITY OF HOLLAND, MICHIGAN
 COMBINING STATEMENT OF CASH FLOWS
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2011

	TECHNOLOGY SERVICES		
	COMPUTER SERVICES	POSTAGE SERVICES	COMMUNICATION SERVICES
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from interfund services provided	\$ 492,674	\$ 19,168	\$ 108,799
Payments to suppliers	(232,680)	(18,584)	(107,906)
Payments to employees	(327,507)	-	-
Net cash provided by (used in) operating activities	(67,513)	584	893
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Intragovernmental receipts	176,252	-	-
Intragovernmental payments	-	-	-
Net cash provided by (used in) noncapital financing activities	176,252	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from sale of capital assets	-	-	-
Purchase of capital assets	(180,038)	-	-
Net cash provided by (used in) capital and related financing activities	(180,038)	-	-
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment earnings	2,813	33	-
NET INCREASE (DECREASE) IN CASH AND POOLED INVESTMENTS	(68,486)	617	893
CASH AND POOLED INVESTMENTS - Beginning of year	355,090	5,087	10,698
CASH AND POOLED INVESTMENTS - End of year	\$ 286,604	\$ 5,704	\$ 11,591
Reconciliation of operating income (loss) to net cash provided by (used in) by operating activities			
Operating income (loss)	\$ (57,213)	\$ 162	\$ (2,743)
Adjustment to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	33,258	-	3,636
Changes in operating assets and liabilities which provided (used) cash:			
Accounts receivable	(26,455)	-	-
Due from other funds	-	-	-
Inventories	-	984	-
Prepaid items	(9,656)	-	-
Accounts payable	(7,869)	(562)	-
Claims payable	-	-	-
Accrued payroll and benefits	2,160	-	-
Due to other funds	-	-	-
Unearned revenue	-	-	-
Accrued compensated absences	(1,738)	-	-
Net cash provided by (used in) operating activities	\$ (67,513)	\$ 584	\$ 893

EQUIPMENT SERVICES			INSURANCE SERVICES			
FUEL DISPENSING	CENTRALIZED VEHICLE/ EQUIPMENT	FIRE VEHICLE/ EQUIPMENT	WORKERS COMPENSATION	EMPLOYEE DISABILITY INCOME PROTECTION	EMPLOYEE & RETIREE HEALTH/ DENTAL	
\$ 901,364	\$ 2,118,509	\$ -	\$ 298,532	\$ 107,992	\$ 5,465,794	
(901,333)	(1,027,373)	-	(265,569)	(108,011)	(6,302,311)	
(3,540)	(595,445)	-	-	(5,208)	(62)	
(3,509)	495,691	-	32,963	(5,227)	(836,579)	
-	-	75,000	-	-	-	
-	-	-	-	-	-	
-	-	75,000	-	-	-	
-	89,322	-	-	-	-	
-	(471,195)	-	-	-	-	
-	(381,873)	-	-	-	-	
279	25,539	3,865	5,120	2,591	9,769	
(3,230)	139,357	78,865	38,083	(2,636)	(826,810)	
56,119	2,246,587	310,725	478,376	213,819	1,471,657	
\$ 52,889	\$ 2,385,944	\$ 389,590	\$ 516,459	\$ 211,183	\$ 644,847	
\$ 26,875	\$ (47,721)	\$ (99,758)	\$ 29,751	\$ (6,135)	\$ 20,947	
2,546	508,264	99,758	-	-	-	
(14,371)	(5,497)	-	(545)	603	(27,190)	
(2,583)	139	-	-	-	12,948	
(22,784)	(5,543)	-	-	-	-	
-	-	-	-	-	(851,046)	
6,633	35,366	-	3,757	-	15,622	
-	-	-	-	-	(3,774)	
-	1,845	-	-	305	(7)	
175	-	-	-	-	(500)	
-	-	-	-	-	(3,579)	
-	8,838	-	-	-	-	
\$ (3,509)	\$ 495,691	\$ -	\$ 32,963	\$ (5,227)	\$ (836,579)	

(Continued)

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

FOR THE YEAR ENDED JUNE 30, 2011

INSURANCE SERVICES

	VEHICLE DAMAGE & LIABILITY	PROPERTY DAMAGE	GENERAL & PROFESSIONAL LIABILITY	COMPENSATED ABSENCES	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from interfund services provided	\$ 123,453	\$ 76,052	\$ 121,033	\$ 36,251	\$ 9,869,621
Payments to suppliers	(114,244)	(42,648)	(276,468)	-	(9,397,127)
Payments to employees	-	-	-	-	(931,762)
Net cash provided by (used in) operating activities	9,209	33,404	(155,435)	36,251	(459,268)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Intragovernmental receipts	-	-	-	-	251,252
Intragovernmental payments	-	(33,207)	-	-	(33,207)
Net cash provided by (used in) noncapital financing activities	-	(33,207)	-	-	218,045
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Proceeds from sale of capital assets	-	-	-	-	89,322
Purchase of capital assets	-	-	-	-	(651,233)
Net cash provided by (used in) capital and related financing activities	-	-	-	-	(561,911)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Investment earnings	1,783	4,800	900	-	57,492
NET INCREASE (DECREASE) IN CASH AND POOLED INVESTMENTS	10,992	4,997	(154,535)	36,251	(745,642)
CASH AND POOLED INVESTMENTS - Beginning of year	220,059	429,687	212,980	1,538,494	7,549,378
CASH AND POOLED INVESTMENTS - End of year	\$ 231,051	\$ 434,684	\$ 58,445	\$ 1,574,745	\$ 6,803,736
Reconciliation of operating income (loss) to net cash provided by (used in) by operating activities					
Operating income (loss)	\$ 9,660	\$ 30,830	\$ (122,303)	\$ -	\$ (217,648)
Adjustment to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	-	-	-	-	647,462
Changes in operating assets and liabilities which provided (used) cash:					
Accounts receivable	550	(20)	(22,385)	-	(95,310)
Due from other funds	-	-	7,741	-	18,245
Inventories	-	-	-	-	(27,343)
Prepaid items	-	-	(2,292)	-	(862,994)
Accounts payable	(1,001)	5,960	(16,196)	-	41,710
Claims payable	-	-	-	-	(3,774)
Accrued payroll and benefits	-	-	-	-	4,303
Due to other funds	-	(3,366)	-	-	(3,691)
Unearned revenue	-	-	-	-	(3,579)
Accrued compensated absences	-	-	-	36,251	43,351
Net cash provided by (used in) operating activities	\$ 9,209	\$ 33,404	\$ (155,435)	\$ 36,251	\$ (459,268)

- - - **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, 2011

	CURRENT TAX COLLECTIONS	OUTSIDE AGENCIES COLLECTIONS	EMPLOYEES' FLEXIBLE SPENDING PLAN	IMPREST PAYROLL	TOTALS
<u>ASSETS</u>					
Cash and pooled investments	\$ -	\$ 19,757	\$ 17,022	\$ 67,317	\$ 104,096
Accounts receivable	-	25	410	-	435
Due from other governmental units	2,541	-	-	-	2,541
Total assets	\$ 2,541	\$ 19,782	\$ 17,432	\$ 67,317	\$ 107,072
<u>LIABILITIES</u>					
Accounts payable	\$ 2,541	\$ 18,978	\$ 423	\$ 29,281	\$ 51,223
Due to other governmental units	-	804	-	38,036	38,840
Other liabilities and deposits	-	-	17,009	-	17,009
Total liabilities	\$ 2,541	\$ 19,782	\$ 17,432	\$ 67,317	\$ 107,072

CITY OF HOLLAND, MICHIGAN
 COMBINING STATEMENT OF CHANGES IN
 FIDUCIARY ASSETS AND LIABILITIES
 AGENCY FUNDS

FOR THE YEAR ENDED JUNE 30, 2011

	BALANCE JULY 1, 2010	ADDITIONS	REDUCTION	BALANCE JUNE 30, 2011
<u>CURRENT TAX COLLECTIONS FUND</u>				
<u>ASSETS</u>				
Cash and pooled investments	\$ 3,749	\$ 52,691,635	\$ 52,695,384	\$ -
Accounts receivable	-	9,541	9,541	-
Due from other governmental units	-	455,142	452,601	2,541
Total assets	\$ 3,749	\$ 53,156,318	\$ 53,157,526	\$ 2,541
<u>LIABILITIES</u>				
Accounts payable	\$ 3,749	\$ 34,621,029	\$ 34,622,237	\$ 2,541
Due to other governmental units	-	18,535,289	18,535,289	-
Total liabilities	\$ 3,749	\$ 53,156,318	\$ 53,157,526	\$ 2,541
<u>OUTSIDE AGENCIES COLLECTION FUND</u>				
<u>ASSETS</u>				
Cash and pooled investments	\$ 10,722	\$ 503,743	\$ 494,708	\$ 19,757
Accounts receivable	-	219,988	219,963	25
Total assets	\$ 10,722	\$ 723,731	\$ 714,671	\$ 19,782
<u>LIABILITIES</u>				
Accounts payable	\$ 9,067	\$ 504,619	\$ 494,708	\$ 18,978
Due to other governmental units	1,655	219,112	219,963	804
Total liabilities	\$ 10,722	\$ 723,731	\$ 714,671	\$ 19,782
<u>EMPLOYEES' FLEXIBLE SPENDING PLAN</u>				
<u>ASSETS</u>				
Cash and pooled investments	\$ 17,177	\$ 121,059	\$ 121,214	\$ 17,022
Accounts receivable	440	152,837	152,867	410
Total assets	\$ 17,617	\$ 273,896	\$ 274,081	\$ 17,432
<u>LIABILITIES</u>				
Accounts payable	\$ 465	\$ 7,137	\$ 7,179	\$ 423
Other liabilities and deposits	17,152	266,759	266,902	17,009
Total liabilities	\$ 17,617	\$ 273,896	\$ 274,081	\$ 17,432

(Continued)

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

FOR THE YEAR ENDED JUNE 30, 2011

	BALANCE JULY 1, 2010	ADDITIONS	REDUCTION	BALANCE JUNE 30, 2011
<u>IMPREST PAYROLL FUND</u>				
<u>ASSETS</u>				
Cash and pooled investments	\$ 59,405	\$ 15,425,120	\$ 15,417,208	\$ 67,317
Account receivable	-	76,117	76,117	-
Total assets	\$ 59,405	\$ 15,501,237	\$ 15,493,325	\$ 67,317
<u>LIABILITIES</u>				
Accounts payable	\$ 20,482	\$ 12,618,562	\$ 12,609,763	\$ 29,281
Due to other governmental units	38,923	2,882,675	2,883,562	38,036
Total liabilities	\$ 59,405	\$ 15,501,237	\$ 15,493,325	\$ 67,317
<u>TOTALS - ALL FUNDS</u>				
<u>ASSETS</u>				
Cash and pooled investments	\$ 91,053	\$ 68,741,557	\$ 68,728,514	\$ 104,096
Accounts receivable	440	458,483	458,488	435
Due from other governmental units	-	455,142	452,601	2,541
Total assets	\$ 91,493	\$ 69,655,182	\$ 69,639,603	\$ 107,072
<u>LIABILITIES</u>				
Accounts payable	\$ 33,763	\$ 47,751,347	\$ 47,733,887	\$ 51,223
Due to other governmental units	40,578	21,637,076	21,638,814	38,840
Other liabilities and deposits	17,152	266,759	266,902	17,009
Total liabilities	\$ 91,493	\$ 69,655,182	\$ 69,639,603	\$ 107,072

- - - 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.

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, 2011 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	Completed
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	Completed
95-135 East 7 th Street (formerly vacant, new parking garage)	2007	Completed
561 Crescent Drive (former marina, new residential condos and commercial space, NEZ on residential condos)	2008	Not Started

- - - COMPONENT UNITS - - -
(continued)

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.

CITY OF HOLLAND, MICHIGAN
DOWNTOWN DEVELOPMENT AUTHORITY
BALANCE SHEET
GOVERNMENTAL FUND

JUNE 30, 2011

ASSETS

CURRENT ASSETS:

Cash and pooled investments	\$	169,220
Taxes receivable		12
Prepaid items		200
<hr/>		
Total assets	\$	169,432
<hr/>		

LIABILITIES AND FUND BALANCE

LIABILITIES:

Accounts payable	\$	10,238
Accrued payroll and fringe benefits		3,039
<hr/>		
Total liabilities		13,277
<hr/>		

FUND BALANCE:

Reserved for prepaid items		200
Unreserved:		
Undesignated		155,955
<hr/>		
Total fund balance		156,155
<hr/>		
Total liabilities and fund balance	\$	169,432
<hr/>		

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, 2011

Fund balance - total governmental fund	\$	156,155
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 fund.		
Add - capital assets, net		115,022
Net assets of governmental activities	\$	271,177

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

FOR THE YEAR ENDED JUNE 30, 2011

REVENUES:	
Property taxes	\$ 187,186
Charges for services	2,366
Investment earnings	2,983
<hr/>	
Total revenues	192,535
<hr/>	
EXPENDITURES:	
Economic development:	
Personal services	112,468
Current operating expenditures	78,790
<hr/>	
Total expenditures	191,258
<hr/>	
NET CHANGE IN FUND BALANCE	1,277
<hr/>	
FUND BALANCE - Beginning of year	154,878
<hr/>	
FUND BALANCE - End of year	\$ 156,155
<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, 2011

Net change in fund balance - total governmental fund	\$	1,277
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Amounts reported for governmental activities in the statement of activities
are different because:

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

Deduct - depreciation expense		(11,782)
Change in net assets of governmental activities	\$	(10,505)

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, 2011

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Property taxes	\$ 187,301	\$ 187,132	\$ 187,186	\$ 54
Charges for services	1,000	1,500	2,366	866
Investment earnings	4,760	2,192	2,983	791
Total revenues	193,061	190,824	192,535	1,711
EXPENDITURES:				
Economic development:				
Personal services	108,800	106,394	112,468	6,074
Other services and charges	97,400	94,873	78,790	(16,083)
Total expenditures	216,200	201,267	191,258	(10,009)
NET CHANGE IN FUND BALANCE	(23,139)	(10,443)	1,277	11,720
FUND BALANCE - Beginning of year	154,878	154,878	154,878	-
FUND BALANCE - End of year	\$ 131,739	\$ 144,435	\$ 156,155	\$ 11,720

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

JUNE 30, 2011

ASSETS

CURRENT ASSETS:

Cash and pooled investments	\$	23,948
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LIABILITIES AND FUND BALANCE

FUND BALANCE:

Unreserved:

Undesignated	\$	23,948
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CITY OF HOLLAND, MICHIGAN
 BROWNFIELD REDEVELOPMENT AUTHORITY
 STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 GOVERNMENTAL FUND

FOR THE YEAR ENDED JUNE 30, 2011

REVENUES:	
Property taxes	\$ 795,236
Investment earnings	3,613
<hr/>	
Total revenues	798,849
<hr/>	
EXPENDITURES:	
Economic development	813,800
<hr/>	
NET CHANGE IN FUND BALANCE	(14,951)
<hr/>	
FUND BALANCE - Beginning of year	38,899
<hr/>	
FUND BALANCE - End of year	\$ 23,948
<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, 2011

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Property taxes	\$ 796,525	\$ 795,234	\$ 795,236	\$ 2
Investment earnings	-	3,214	3,613	399
Total revenues	796,525	798,448	798,849	401
EXPENDITURES:				
Economic development	813,072	813,808	813,800	(8)
NET CHANGE IN FUND BALANCE	(16,547)	(15,360)	(14,951)	409
FUND BALANCE - Beginning of year	38,899	38,899	38,899	-
FUND BALANCE - End of year	\$ 22,352	\$ 23,539	\$ 23,948	\$ 409

STATISTICAL SECTION

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	166-171
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	172-177
These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	
Debt Capacity	178-186
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	187-188
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	189-192
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 NINE FISCAL YEARS

	Fiscal Year								
	2011	2010	2009	2008	2007	2006	2005	2004	2003
Governmental activities									
Invested in capital assets, net of related debt	\$ 97,982,454	\$ 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	5,007,295	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>13,469,116</u>	<u>12,635,427</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>\$ 116,458,865</u>	<u>\$ 112,757,294</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	\$ 130,752,723	\$ 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	12,841,230	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>126,288,993</u>	<u>122,779,775</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>\$ 269,882,946</u>	<u>\$ 260,141,014</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	\$ 228,735,177	\$ 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	17,848,525	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>139,758,109</u>	<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>\$ 386,341,811</u>	<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 nine 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 Fiscal Year Ended June 30, 2002.

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

	Fiscal Year								
	2011	2010	2009	2008	2007	2006	2005	2004	2003
Expense									
Governmental activities:									
General government	\$ 4,746,330	\$ 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	12,078,156	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	7,821,063	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	5,244,382	5,293,696	6,048,286	5,457,951	5,818,508	6,060,666	6,013,457	5,725,045	5,755,879
Welfare and social services	1,332,557	1,473,119	1,495,708	1,093,507	1,310,221	1,372,729	1,310,458	1,371,551	1,390,845
Interest on debt	968,108	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>32,190,596</u>	<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	73,286,291	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	8,230,946	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	6,293,924	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	3,176,910	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>90,988,071</u>	<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>\$ 123,178,667</u>	<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	\$ 1,380,752	\$ 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	1,002,070	811,487	798,688	867,229	988,690	928,337	952,885	893,450	836,797
Culture and recreation	510,063	495,074	495,556	1,162,829	1,122,695	987,705	968,203	904,771	901,904
Other activities	928,157	607,705	982,413	618,367	691,541	917,065	651,398	520,492	465,134
Operating grants and contributions	4,905,759	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	4,372,059	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>13,098,860</u>	<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	84,411,319	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	8,854,094	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	7,133,417	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	1,905,362	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	157,859	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	639,163	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>103,101,214</u>	<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>\$ 116,200,074</u>	<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 NINE FISCAL YEARS

	Fiscal Year								
	2011	2010	2009	2008	2007	2006	2005	2004	2003
Net (Expense)/Revenue									
Governmental activities	\$ (19,091,736)	\$ (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	12,113,143	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>\$ (6,978,593)</u>	<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	\$ 16,121,528	\$ 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	2,697,917	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	197,270	455,666	635,831	1,254,996	1,222,007	909,619	611,338	479,191	986,897
Miscellaneous	482,588	-	-	-	-	-	-	-	(156,220)
Transfers	3,294,004	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>22,793,307</u>	<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	108,734	118,962	117,952	19	171,058	113,079	111,020	217,306	234,954
Investment earnings	814,059	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	(3,294,004)	(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>(2,371,211)</u>	<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>\$ 20,422,096</u>	<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	\$ 3,701,571	\$ 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	9,741,932	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>\$ 13,443,503</u>	<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 nine 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 Fiscal Year Ended June 30, 2002.

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

	Fiscal Year								
	2011	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
Nonspendable	300	-	-	-	-	-	-	-	-
Committed	66,490	-	-	-	-	-	-	-	-
Unassigned	4,065,072	-	-	-	-	-	-	-	-
Total general fund	\$ 4,131,862	\$ 3,235,008	\$ 2,565,612	\$ 2,336,046	\$ 2,586,287	\$ 2,542,624	\$ 2,543,921	\$ 2,551,853	\$ 2,789,935
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
Nonspendable	1,465,142	-	-	-	-	-	-	-	-
Restricted	4,932,209	-	-	-	-	-	-	-	-
Committed	1,593,998	-	-	-	-	-	-	-	-
Total all other governmental funds	\$ 7,991,349	\$ 10,176,793	\$ 6,544,011	\$ 7,714,627	\$ 9,085,899	\$ 8,876,632	\$ 14,686,298	\$ 15,987,739	\$ 28,338,320

GASB 34 was implemented for Fiscal Year Ended June 30, 2003. Information on this schedule is reported prospectively for the nine 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 Fiscal Year Ended June 30, 2002.

GASB 54 was implemented for Fiscal Year Ended June 30, 2011. Information on this schedule is reported prospectively for the year of implementation. The City of Holland has chosen not to make the necessary calculations to retroactively report the information for the nine Fiscal Years Ended June 30, 2002 to 2010.

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

	Fiscal Year								
	2011	2010	2009	2008	2007	2006	2005	2004	2003
Revenues									
Special assessments	\$ 721,343	\$ 695,621	\$ 659,329	\$ 624,352	\$ 682,982	\$ 728,498	\$ 583,084	\$ 609,316	\$ 546,185
Property taxes	16,121,528	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	551,740	378,613	331,941	428,256	556,324	517,223	510,922	482,360	450,298
Intergovernmental	11,048,271	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	1,544,669	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	549,498	495,531	474,462	460,144	445,206	423,176	450,799	434,164	430,223
Contributions from private sector	586,279	386,717	408,948	375,206	408,474	542,430	456,891	811,369	599,173
Interest and rents	1,103,409	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	256,580	260,585	419,427	15,666	10,384	41,169	125,155	24,538	34,637
Total revenues	<u>32,483,317</u>	<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	3,893,107	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	11,212,040	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	3,951,785	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	1,326,664	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	4,986,686	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	69,432	75,282	85,705	81,242	151,255	115,681	147,246	144,212	216,841
Debt service									
Principal	1,981,964	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	1,047,485	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	114,289	62,973	151,980	-	-	-	-	-	-
Capital outlay	8,214,505	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>36,797,957</u>	<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>\$ (4,314,640)</u>	<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 NINE FISCAL YEARS

	Fiscal Year								
	2011	2010	2009	2008	2007	2006	2005	2004	2003
Other Financing Sources (Uses)									
Bond issue and land contract	\$ 7,425,000	\$ 5,820,000	\$ 4,000,000	\$ -	\$ -	\$ 7,410,000	\$ -	\$ 480,000	\$ 19,675,000
Bond premium	385,976	-	34,490	-	-	1,676	-	-	-
Payment to escrow agent	(7,852,210)	-	-	-	-	(7,137,158)	-	-	-
Transfers in	10,616,583	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	(7,540,624)	(8,449,690)	(8,190,968)	(7,060,430)	(5,982,054)	(7,953,935)	(6,858,314)	(5,811,547)	(7,368,213)
Total other financing sources (uses)	<u>3,034,725</u>	<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>\$ (1,279,915)</u>	<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	10.6%	10.3%	11.8%	11.5%	11.3%	11.8%	11.3%	14.2%	10.2%

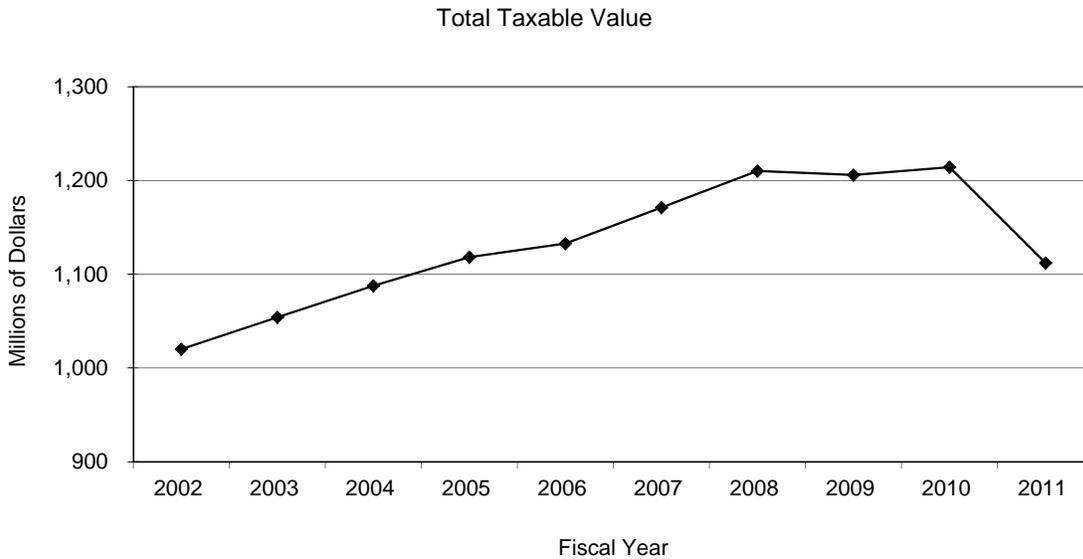
GASB 34 was implemented for Fiscal Year Ended June 30, 2003. Information on this schedule is reported prospectively for the nine years since the time of implementation. The City of Holland has chosen not to make the necessary calculations to retroactively report the information for the Fiscal Year Ended June 30, 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
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
2011	540,616,527	288,767,424	311,708,814	7,819,201	36,884,736	1,112,027,230	14.2500

*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)

Fiscal Year	City Direct Rates							Ottawa Area Intermediate Schools		
	Basic Rate	General Obligation Debt Service	Capital Projects	Herrick District Library	MAX Public Transit	Airport Authority	Total Direct	State of Michigan	MAX Authority	Ottawa Area Intermediate Schools
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
2011	9.5089	2.1277	1.2504	1.2630	-	0.1000	14.2500	6.0000	0.3500	5.5234

1.8333 must be added to the city direct rate, for the fiscal year 2011, 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.

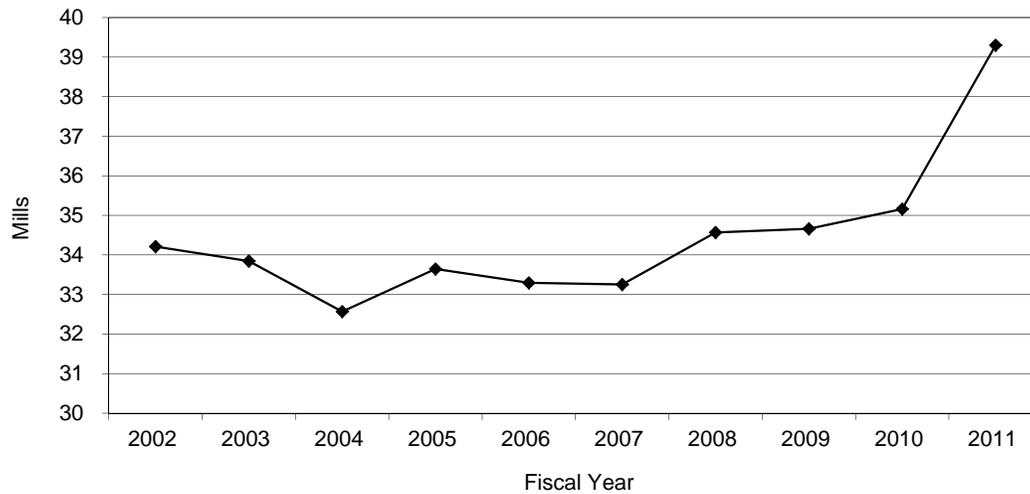
Principal residence rates apply to those homes that are owned and occupied as primary residence. Non-principal residence rates are applied to all other residences.

Sources: Various Taxing Jurisdictions

Overlapping Rates*

Holland Community Swimming Pool	School Districts							
	Counties		Holland		Hamilton		Zeeland	
	Ottawa	Allegan	Principal Residence	Non-Principal Residence	Principal Residence	Non-Principal Residence	Principal Residence	Non-Principal Residence
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
1.5200	4.3565	5.8975	7.3000	25.3000	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

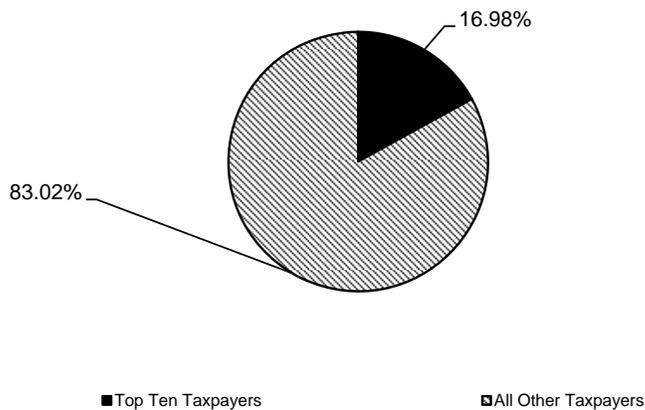
**CITY OF HOLLAND
PRINCIPAL PROPERTY TAX PAYERS
FOR THE CURRENT FISCAL YEAR AND NINE YEARS AGO**

Taxpayer	2011			2002		
	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	\$ 67,004,939	1	6.03 %	\$ 57,749,701	1	6.35 %
Haworth, Inc	33,882,095	2	3.05	51,607,051	2	5.68
ARC Holland Real Estate	17,824,139	3	1.60	17,335,843	4	1.91
H.J. Heinz Co	12,083,295	4	1.09	9,065,114	7	1.00
Lumir LLC	12,061,856	5	1.08	7,888,463	9	0.87
American Bottling Co	10,718,300	6	0.96	6,718,855	10	0.74
Hydro Automotive Structures	10,150,700	7	0.91	8,401,200	8	0.92
L&W Engineering	9,472,050	8	0.85	-----		----
Challenge MFG Company	8,616,302	9	0.77	-----		----
Meijer Realty Co.	7,156,377	10	0.64	-----		----
Planters Lifesaver	-----		----	21,883,450	3	2.41
Herman Miller Inc	-----		----	13,880,112	5	1.53
Hershey Foods Corp	-----		----	12,255,300	6	1.35
	<u>\$ 188,970,053</u>		<u>16.98</u>	<u>\$ 206,785,089</u>		<u>22.76</u>

Source: City of Holland Assessor's Office

2011 Total Taxable Value is \$1,112,027,230, which includes IFT's at equivalency valuation.

Concentration of 2011 Taxpayers

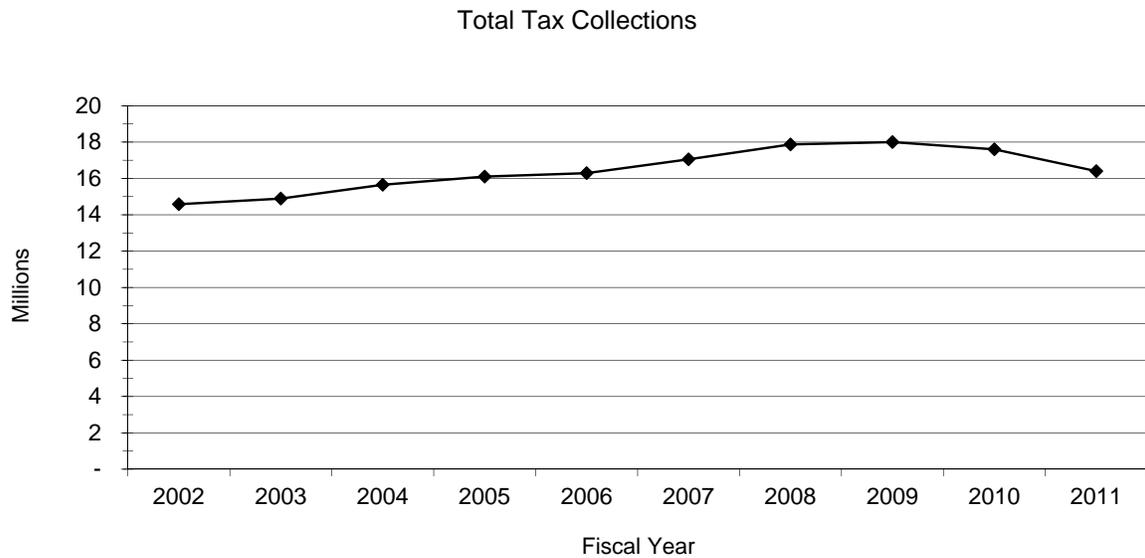


**CITY OF HOLLAND
PROPERTY TAX LEVIES AND COLLECTIONS
FOR THE LAST TEN FISCAL YEARS**

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
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	11,964	17,613,111	100.00
2011	16,390,200	16,369,079	99.87	-	16,369,079	99.87

Source: City of Holland Assessor's Office and Finance Office.

* Excludes the DDA tax levy and Brownfield Redevelopment Authority tax levy, both of which are component units.



CITY OF HOLLAND
RATIOS OF OUTSTANDING DEBT BY TYPE
FOR THE LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities					
	General Obligation Bonds	Building Authority Bonds	Michigan Transportation Bonds	Special Assessment Bonds	Environmental Clean-up Costs	Capital Improvement Bonds
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
2011	377,000	20,310,000	-	1,333,186	-	9,400,000

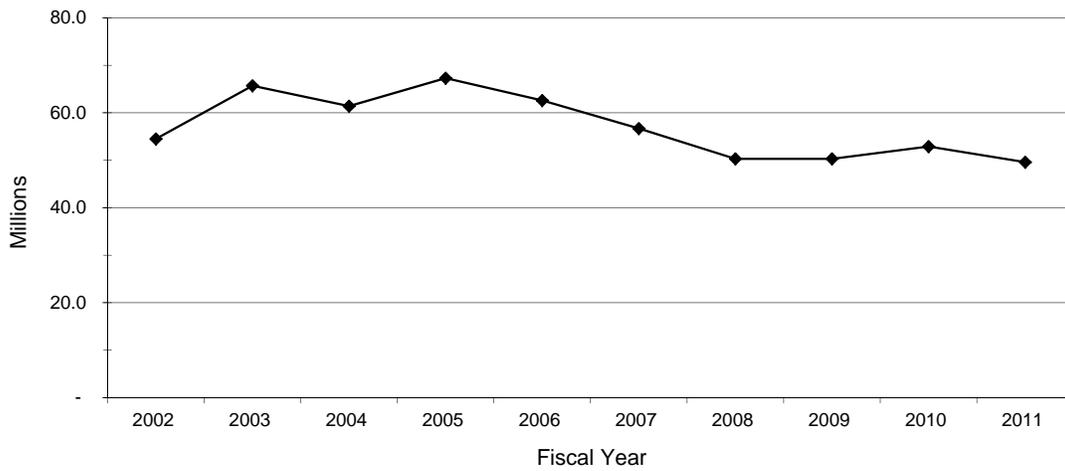
Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

** 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**
\$ 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
-	-	2,002,000	16,130,000	-	49,552,186	7.02	1,499

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		
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
2011	377,000	20,310,000	20,687,000	1.86	626

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, 2011

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable*	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Ottawa Area Intermediate School District	\$ 5,891,247	9.93%	\$ 585,001
Hamilton School District	34,470,000	20.05%	6,911,235
Holland School District	81,711,305	87.35%	71,374,825
Zeeland School District	97,195,000	0.01%	9,720
Allegan County	14,588,438	9.33%	1,361,101
Ottawa County	145,253,700	7.11%	10,327,538
Holland Area Community Swimming Pool Authority	5,430,000	87.35%	4,743,105
Subtotal, overlapping debt			95,312,525
City direct debt			32,089,000
Total direct and overlapping debt			\$ 127,401,525

Sources: Assessed value data used to estimate applicable percentages provided by the 2010 Allegan and 2010 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

Legal Debt Margin Calculation for Fiscal Year 2011	
Assessed value	\$ 1,112,027,230
Debt limit (10% of assessed value)	111,202,723
Debt applicable to limit:	
General obligation bonds	377,000
Building authority bonds	17,595,000
County bonds	2,002,000
Capital improvement bonds	9,400,000
Less: Amount set aside for repayment of debt	(417,760)
Total net debt applicable to limit	28,956,240
Legal debt margin	\$ 82,246,483

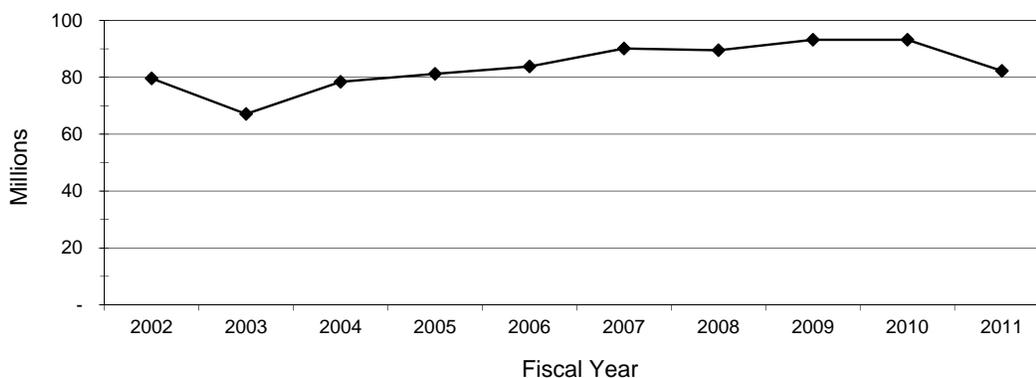
	Fiscal Year			
	2011	2010	2009	2008
Debt Limit	\$ 111,202,723	\$ 121,415,479	\$ 120,588,930	\$ 115,235,643
Total net debt applicable to limit	28,956,240	31,046,745	27,390,212	25,741,478
Legal debt margin	\$ 82,246,483	\$ 90,368,734	\$ 93,198,718	\$ 89,494,165
Total net debt applicable to the limit as a percentage of debt limit	35.21%	34.36%	29.39%	28.76%

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 \$2,715,000, or \$1,686,015, 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.

2007	2006	2005	2004	2003	2002
\$ 117,120,687	\$ 113,279,753	\$ 111,833,099	\$ 108,769,456	\$ 105,407,600	\$ 102,005,523
26,998,987	28,457,723	30,561,460	30,405,457	38,328,920	22,414,826
<u>\$ 90,121,700</u>	<u>\$ 84,822,030</u>	<u>\$ 81,271,639</u>	<u>\$ 78,363,999</u>	<u>\$ 67,078,680</u>	<u>\$ 79,590,697</u>
29.96%	33.55%	37.60%	38.80%	57.14%	28.16%

Legal Debt Margin



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

Water Revenue Bonds						
Fiscal Year	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
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	820,000	742,037	0.67
2011	7,133,417	5,583,004	1,550,413	845,000	712,548	1.00

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	
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	-	-	-
2011	84,411,319	73,247,745	11,163,574	-	-	-

Special Assessment Bonds				
Fiscal Year	Special Assessment Collections	Debt Service		Coverage
		Principal	Interest	
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
2011	299,684	215,464	62,711	1.08

CITY OF HOLLAND
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 FOR THE LAST ELEVEN 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	15.4%
2010	33,051	705,804	21,355	14.2%

Sources:

(1) United States Census Bureau

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

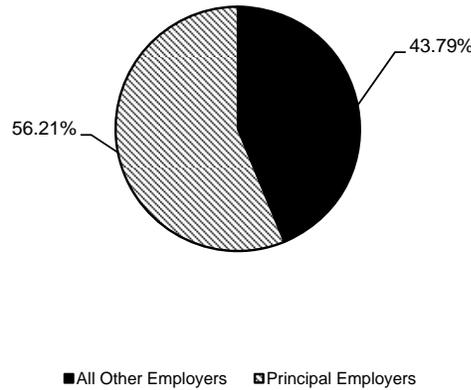
(3) Michigan Bureau of Labor Statistics

CITY OF HOLLAND
PRINCIPAL EMPLOYERS
CURRENT YEAR AND FIVE YEARS AGO

Employer	2011			2006		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Johnson Controls Interiors	2,321	1	15.04 %	2,705	1	15.87 %
Haworth Inc	1,775	2	11.50	1,608	2	9.43
Holland Community Hospital	1,395	3	9.04	1,600	3	9.39
Challenge Mfg Company	730	4	4.73	-	-	-
Hope College	645	5	4.18	750	4	4.40
Holland Public Schools	537	6	3.48	-	-	-
City of Holland / BPW	385	7	2.49	429	7	2.52
Herman Miller Inc	303	8	1.96	-	-	-
S2 Yachts	294	9	1.90	750	5	4.40
NOVO 1	291	10	1.89	353	9	2.07
Louis Padnos Iron & Metal Co	-	-	-	450	6	2.64
ARC Holland Real Estate	-	-	-	400	8	2.35
- Freedom Village Retirement	-	-	-	-	-	-
American Bottling Co	-	-	-	345	10	2.02
	<u>8,676</u>		<u>56.21</u>	<u>9,390</u>		<u>55.09</u>

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

2011 Principal Employers



Note: Employment Information from 9 years ago is unavailable. The oldest available information is shown.

CITY OF HOLLAND
 FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
 FOR THE LAST TEN FISCAL YEARS

Function	Full-time Equivalent Employees as of June 30									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
General government										
Management services	2.85	3.33	3.20	3.20	3.20	3.65	3.65	3.55	4.65	4.60
Fiscal services	13.15	13.35	14.30	14.35	14.35	13.90	14.90	14.90	14.90	15.00
City clerk	2.25	2.25	2.25	3.25	3.25	3.00	3.00	3.88	3.88	3.88
Human resources	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.35	2.35
Building	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Cemetery	2.40	3.15	4.15	4.15	4.15	4.15	4.15	4.15	4.25	4.25
Planning	2.67	3.20	3.20	3.10	3.30	3.50	3.50	2.40	2.90	3.05
Technology	4.00	4.00	4.00	4.00	4.00	5.00	5.00	5.00	6.00	6.00
Public safety										
Police	69.00	71.00	73.50	74.50	74.50	74.50	74.50	75.00	76.00	76.00
Fire	55.00	56.00	57.00	58.00	58.00	58.00	58.00	58.00	59.00	59.00
Environmental health & inspections	8.85	10.15	10.20	10.20	11.20	11.50	11.50	11.90	11.90	11.80
Public works										
Streets	17.90	19.90	19.91	19.82	19.74	19.74	19.74	20.04	19.40	22.15
Engineering	2.90	3.00	3.00	2.90	2.90	2.90	2.90	2.90	2.90	0.00
Transit	0.00	2.75	2.75	2.75	1.58	0.83	0.98	2.43	2.25	2.60
Centralized vehicle maintenance	7.75	8.44	9.95	8.93	8.93	8.93	8.78	6.90	7.65	7.65
Welfare and social services										
Ourstreet / Human relations	2.80	3.80	3.80	3.80	3.80	5.05	5.05	6.00	5.80	5.80
Economic development assistance	2.13	1.84	1.95	2.00	2.80	2.30	2.10	1.85	1.85	1.50
Downtown development	3.20	2.20	2.20	2.15	2.05	2.05	2.05	2.15	2.15	2.15
Culture and recreation										
Recreation	4.60	4.60	4.60	4.60	4.60	4.60	4.60	5.60	5.60	5.60
Parks	13.40	13.75	14.65	14.65	13.65	13.65	14.65	14.75	15.75	15.60
Civic Center	1.60	1.50	1.60	1.65	1.75	1.75	1.75	2.50	2.50	2.50
Board of Public Works Utilities	182.00	183.00	186.00	185.00	180.00	182.00	182.00	182.00	182.00	178.00
Total	401.70	414.46	425.46	426.25	421.00	424.25	426.05	429.15	434.68	430.48

Source: City of Holland Finance Office Fiscal Year 2011 Budget (Approved Positions)

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

Fiscal Year

<u>Function</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Cemetery										
Burials	266	245	262	213	292	257	260	283	298	295
Police										
Physical arrests	2,281	3,339	3,237	3,496	3,186	2,933	2,972	3,096	3,084	2,871
Parking violations	4,589	4,832	4,551	5,533	6,120	5,187	5,678	4,581	6,930	7,769
Traffic violations	3,769	2,924	6,383	6,762	7,235	7,436	7,946	8,430	10,524	9,442
Fire										
Emergency responses	2,709	2,799	2,994	2,913	2,786	2,670	2,562	2,597	2,511	2,538
Fires	86	94	89	146	98	129	118	212	188	164
Medical Emergencies	1,858	1,909	2,112	1,959	1,916	1,752	1,644	1,742	1,661	1,599
Inspections	116	145	96	109	71	129	112	75	49	407
Public works										
Street resurfacing (miles)	4.9	5.5	11.2	11.4	2.2	6.8	6.5	6.7	6.4	6.6
Working in the ROW permits	302	337	346	336	307	327	371	282	285	356
Community & neighborhood services										
Number of construction permits:										
Industrial & commercial	86	70	68	96	96	116	110	132	98	108
Residential	440	43	459	552	550	603	631	709	825	787
Institutional & municipal	23	29	16	27	35	33	30	35	24	31
Value of construction permits (thousands of dollars)										
Industrial & commercial	52,447	6,151	6,546	15,116	67,243	25,759	12,687	27,518	13,717	22,316
Residential	10,209	6,671	7,005	8,754	10,598	15,435	17,574	16,517	25,661	12,711
Institutional & municipal	16,062	13,810	7,250	27,180	7,681	19,096	44,336	35,235	20,786	29,114
Culture and recreation										
Program participants	16,965	30,782	35,450	28,115	26,386	20,784	17,795	16,067	16,817	16,531
Pool attendance	17,224	16,969	9,047	10,998	11,214	13,317	11,500	11,106	11,639	10,661

<u>Function</u>	<u>Fiscal Year</u>									
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Water										
Service connections	13,284	13,261	13,414	13,155	13,190	13,139	13,162	13,209	13,039	12,927
Average daily consumption (thousands of gallons)	10,211	10,088	10,689	12,459	12,428	13,387	13,260	12,161	13,336	12,876
Wastewater										
Service connections	12,202	12,184	12,397	12,169	12,196	12,143	12,107	12,097	12,024	11,861
Average daily consumption (thousands of gallons)	7,370	7,274	7,538	7,448	7,578	8,839	8,941	9,071	8,345	8,950

Source: Various city departments

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

Function	Fiscal Year									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
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	19	19	19	19	18	18	18	18	18	17
Fire Stations	3	3	3	3	3	3	3	3	3	3
Public works										
Streets (miles)	148.5	148.5	148.5	148.8	154.5	148.6	159.3	157.1	151.7	151.15
Streetlights	2,534	2,581	2,520	4,742	4,643	4,632	4,495	4,435	4,383	4,354
Culture and recreation										
Park acreage	508	509	509	460	448	448	448	448	423.8	423.8
Parks	23	24	24	24	24	24	24	24	21	21
Baseball/softball diamonds	1	9	9	9	9	9	9	9	9	8
Soccer fields	1	9	9	9	9	9	9	9	9	9
Swimming pools	1	1	1	1	1	1	1	1	1	1
Tennis courts	1	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)	240.15	236.96	236.72	233.08	232.44	229.54	226.45	221.09	221.88	221.51
Fire hydrants	2,342	2,320	2,321	2,250	2,256	2,195	2,166	2,110	2,112	2,081
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)	183.73	183.21	185.84	182.81	183.16	182.52	177.46	165.49	164.74	164.70
Storm sewers (miles)	155.0	155.0	155.0	155.0	155.0	155.0	131.9	134.0	134.0	134.0
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.