

CITY OF HOLLAND
HOLLAND, MICHIGAN

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2008

Prepared by:
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CITY OF HOLLAND

CITY OF HOLLAND

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December 18, 2008

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, 2008, 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.

For the ninth year in a row the City has been able to lower or maintain its overall tax millage rate in conformance with the established financial policy to maintain the lowest millage rate possible. Ending combined fund equity balances in the General Fund and the Budget Stabilization Fund, at 18.0% of the ensuing year's General Fund appropriations, exceed conformance with the City's financial policy to maintain a 7.5%-15% balance across both funds.

PROFILE OF THE GOVERNMENT

The City of Holland is located in the western portion of the state, five miles from Lake Michigan and approximately 90 miles north of the Michigan-Indiana border. The corporate boundaries of the City lie within portions of Ottawa County and Allegan County. The U.S. Census Bureau's final adjusted 2000 census indicates a population of 35,048 with a median age of 29.2 years. The 2007 population estimate is 34,002, representing a 3.0% decrease. At June 30, 2008 the City included an area of 17.35 square miles, 148.78 miles of major and local streets and 11.20 miles of state trunkline highways. Holland is situated within the rapidly urbanizing metro tri-plex of Holland, greater Grand Rapids and Muskegon with a total population of over one million.

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

PROFILE OF THE GOVERNMENT

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

The City provides the full range of municipal services normally associated with a municipality including police and fire, environmental health, housing and building inspections, animal control, street construction and maintenance, planning & zoning, recreation programs, several municipal parks, cemetery facilities, an out-of-doors farmers market and various other cultural activities. The City also operates business-type activities for an electric and fiber optics utility, sanitary sewer utility, water supply utility, residential refuse/recycling curbside pickup program, a municipal airport facility, a municipal transportation center (depot) for railroad and bus passengers, 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 is operated and taxed by a separate transportation authority including the City and Holland Township.

The City enjoys a well-diversified property tax base mix of residential (50.0%), commercial (23.7%), industrial (25.7%), and all other (0.6%). The industrial sector includes a diversification of manufacturing, including office systems & furniture, auto and truck parts, boats, aluminum extrusion, pickle & cucumber products, soft drinks, and several other small industrial firms.

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

Financial planning and control is provided through the annual budget process which is supplemented by ongoing management review and adjustment, as needed, throughout the year. The 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 410 filled full-time positions, and approximately 600 part-time positions. The full-time workforce is composed of a base of non-union plus four organized labor bargaining units as follows:

Employee Group	Affiliation	Members
Utility Workers	Service Employees International Union AFL-CIO, Local 568	97
Utility Clerical	Service Employees International Union AFL-CIO, Local 568	15
Police Officers	Fraternal Order of Police, Holland Police Officers Division	58
Firefighters	International Association of Firefighters, Local 759	26
Non-Union	None	214

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 generally not been as severe as in several other areas of the State whose economies are centered around one large type of industry, such as automotive.

The local West Michigan area has been impacted by the national economic downturn which began in 2001. The following table of comparative unemployment rates paints a vivid picture reflecting 2003 as the first peak of the downturn and 2008's second peak downturn following suit with national and state trends. Approximately 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/Gran d Haven Metro Area	County of Ottawa	County of Allegan	State of Michigan	United States
<u>2008 to date</u>	<u>8.7</u>	<u>6.7</u>	<u>6.7</u>	<u>7.3</u>	<u>8.1</u>	<u>5.5</u>
2007	7.3	5.6	5.6	6.3	7.2	4.6
2006	6.9	5.2	5.2	6.0	6.9	4.6
2005	6.8	5.1	5.1	6.2	6.8	5.1
2004	7.3	5.5	5.5	6.6	7.0	5.5
<u>2003</u>	<u>7.8</u>	<u>5.9</u>	<u>5.9</u>	<u>6.6</u>	<u>7.1</u>	<u>6.0</u>
2002	7.0	5.4	5.4	5.6	6.2	5.8
2001	5.3	4.1	4.1	4.2	5.2	4.7
2000	3.5	2.7	2.6	2.8	3.7	4.0

ECONOMIC CONDITIONS OF THE COMMUNITY

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The unemployment figures should be reviewed in tandem with the labor force figures which, prior to 2007, indicated positive growth since the low point in 2002. Ottawa County continues to experience an increase in population and diversified labor force and is one of the fastest growing counties in the Midwest. Between 2002 and 2007 total employment in Ottawa County has grown by 5,536 jobs overall, but 2007 showed a decrease of 1,654 jobs from 2006. Between 2002 and 2007 total employment in the City of Holland grew by 644 jobs compared to a statewide loss of 65,071 jobs. Lakeshore Advantage, which provides regional economic development services for the Holland, Zeeland and Saugatuck area, indicates that "since 1990 the area's population has grown over 30% making it one of the most attractive places to live and work in the Midwest". The cities in the Lakeshore Advantage area of West Michigan are experiencing either very modest increases or slight declines in population, but the area townships have doubled in population since 2000.

City of Holland Labor Force

	<u>Employed</u>	<u>Unemployed</u>	<u>Labor Force / % Change</u>	
2008 to date	16,696	1,593	18,289	-0.56%
2007	17,042	1,350	18,392	-1.30%
2006	17,345	1,290	18,635	+1.71%
2005	17,071	1,250	18,321	+2.09%
2004	16,629	1,317	17,946	+1.30%
2003	16,334	1,381	17,715	+0.44%
2002	16,398	1,240	17,638	-3.11%
2001	17,232	972	18,204	-0.15%
2000	17,595	636	18,231	

The W.E. Upjohn Institute for Employment Research Business Outlook for West Michigan September 2008 publication stated that "the Holland area lost 1,220 jobs during the second quarter, a 1.1% drop and unfortunately the region's limited set of economic indicators all turned negative". The Manpower Employment Outlook Survey indicates a worsening job market and daily media announcements of local planned layoffs have become the norm. The hallmark of recent trends are the manufacturing job losses. The Holland area downturn has been worse than seen elsewhere in west Michigan. Some recent announcements that affect the Holland area include:

- SAF-Holland (formerly Holland Hitch) closing its Industrial Avenue facility by January 1, 2009 which will eliminate 70 manufacturing jobs. The company plans to cut 700 jobs worldwide and they employ 564 in west Michigan.
- Magna Donnelly, a major employer in the Holland are, reporting earnings losses and preparing for a significant downturn. Temporary layoffs are already beginning.
- Johnson Controls Inc. (JCI) third quarter 2008 earnings nosedived, falling 97% compared to the same quarter in 2007, but announced in October a \$19.25 million investment in new equipment for its local automotive seating track plant.
- Zeeland based Herman Miller announced layoffs of 400 – 650 employees in response to a decline in orders and anticipation of further global economic weakness through 2009. 250 – 400 of the layoffs will take place in manufacturing. This will have an area-wide impact.

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 unraveling Big Three automakers potential file for bankruptcy or bailout are Johnson Controls Interiors (JCI), Gentex Corporation and Magna Donnelly. Across the county, but not solely within the City of Holland, these three local companies employ about 8,400 workers. Major cutbacks for any of these companies will certainly affect the City's overall economy.

Since March 2004 Johnson Controls Interiors (JCI) has outsourced or eliminated about 1,600 jobs in the Holland area. The recent closing of the Meadowbrook facility eliminated additional employees, but many workers continued employment at other local JCI facilities. 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. Their combined workforce within the City has been further eroded by 19.6% within the last year from 2,324 down to 1,869. While the major tier autosupplier JCI is in the midst of tough times there is much other diversity in furniture, boatbuilding, the food industry and new technologies.

Haworth, Inc., the fourth largest furniture maker and Holland's second largest employer, posted \$1.66 billion in sales (12% growth) for 2008 as the company has transitioned into a multinational business with much activity in the Asian and Indian markets. Locally in Holland, Haworth employment levels remain relatively stable at 1,854 employees which is only a reduction of 24 below the prior year. Their \$40 million Holland world headquarters reconstruction and \$47 million equipment and machinery expansion, which began in 2006 and opened in May 2008, signals a significant commitment to Holland as their overseas markets continue to use the services (finance, customer service, sales, design) of their Holland world headquarters. The new facility has earned Haworth a LEED Gold certification with its green roof and three story glass atrium as being just two of approximately 50 criteria that must be met to earn this certification. In 2008, Haworth is celebrating its 60th anniversary and is committed to being a leader in the design and construction of more sustainable buildings and workspaces. Haworth has 8,000 employees worldwide.

Holland Community Hospital added 10 new employees in 2008 and currently employees 1,750. In 2007 they completed a three year \$45 million expansion project which includes renovations to administrative offices, a café, the emergency room, a new cardiac pulmonary rehabilitation facility, a special care nursery, a new lab and pharmacy and a new 30 private bed intensive care (ICU) telemetry building. This year the inpatient behavioral health services department was relocated and improved after which time about 80% of the hospital has been completely renovated. In September Holland Hospital was named one of the "100 Best Places to Work in Healthcare" by the magazine Modern Healthcare. The hospital anticipates adding 30-35 additional employees over the coming year. 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 benefit from this demographic trend.

It seems to be a never ending story of some gains and some losses. Hope College has managed to slightly increase their workforce over the last year. Despite a \$12 million building expansion at S-2 Yachts and installation of an additional \$6 million of equipment and machinery the past summer brought reductions of 225 workers over the course of three rounds of layoffs. Genzink Steel is undergoing a \$7.4 million expansion with plans to hire 104 new positions as worldwide investment in wind power makes use of their metal products, including wind turbines. The local Manpower office reports their placements are reduced 8% from 2007 to 2008 and predicts a flat hiring status over the coming months with much market uncertainty. Lakeshore Advantage reports that West Michigan is number one in the U.S. for the number of mechanical engineers per capita reflective of a skilled local workforce ready to support an innovative future economy.

ECONOMIC CONDITIONS OF THE COMMUNITY

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The City currently has 12 Brownfield Redevelopment Authority projects approved and in various stages of construction completion which are anticipated to spur development on obsolete or blighted properties within the City. 2008 saw the opening of the 47,000 square foot four-story \$8 million *Plaza Center East* downtown office and retail building. The City issued \$4.0 million in bonds in July 2008 and is capturing Brownfield taxes to construct a 258 space two-story *parking structure* along 7th Street to serve the expanding downtown development. *Scrap Yard Lofts*, a \$3.8 million downtown Holland residential and commercial condominium Brownfield project, including 23 residential lofts, has vastly improved a four-story dilapidated building which has been vacant for decades. Phase one construction of *Scrap Yard Lofts* was recently completed and phase two would create additional office space with an investment of \$1.6 million.

Since 2000, the State of Michigan's economy has been in a downward spiral. In August and September alone according to the Michigan Department of Labor & Economic Growth payroll jobs fell by 45,000 while the manufacturing sector alone lost 27,000 jobs over the two months. Michigan is one of the hardest hit by the distressed automotive sector and housing foreclosure crisis. The Big Three automakers anxiously await a potential \$25 billion federal loan package to help them stay afloat through the recession. Although the State has successfully balanced budgets in each fiscal year since the financial crisis began eight years ago, this has been accomplished by the use of reserves, one-item fixes, spending cuts, greatly reduced staffing levels and large cuts in state revenue sharing to local governments. Michigan's new Michigan Business Tax (MBT) replaced the Single Business Tax (SBT) in 2008 and while manufacturers are experiencing significant tax reductions, the service sector, banks, insurance companies and real estate are paying significantly more. Of Michigan's 128,000 based firms that pay the MBT about 85,000 have received a decrease and about 34,000 received a tax increase and the rest are paying about the same as before.

It is projected that even with an improving economy, state government spending pressures will grow faster than state revenues for the next decade. The May 2008 Citizens Research Council of Michigan report entitled Michigan's Fiscal Future suggests that recent tax increases will only be of temporary help unless substantial policy changes are adopted in K-12 school funding, transportation and several areas in the general fund. Michigan's Transportation Funding Task Force has just released a preliminary report calling for increased funding for Michigan's entire transportation system and future related legislation will greatly impact the City of Holland's ability to adequately fund road construction projects.

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 21.3% from the 2001 highest levels and the City has struggled to maintain services while providing a slight decrease to the overall City property tax rate, but public officials felt that it was important not to raise taxes when so many citizens were impacted by the statewide economic downturn. The State currently indicates it will maintain virtually the same overall level (0.5% increase) of sales tax distributions for FY2009 as received for FY2008, but there is a looming possibility of potential mid-year reductions which requires the City to maintain a tight rein on spending.

Based on 2008 industrial facilities tax abatements granted by the City of Holland, 103 new jobs are anticipated to be created along with \$15.2 million of new related construction and machinery. In 2007, Ottawa County was the second highest county in the State of Michigan in terms of number of tax abatements issued (61 certificates, \$172.2 million investment). The Land Policy Institute issued in October 2007 a Policy Brief regarding PA 198 Industrial Facilities Tax Abatements. It stated that 25 Michigan communities represent approximately 36% of total tax abatements granted in the State of Michigan. City of Holland ranks third on this list with 373 abatements issued, just behind Grand Rapids (522) and Holland Charter Township (478). Planned investment in industrial tax abatements declined by 56% from 2007 (\$34,899,267).

ECONOMIC CONDITIONS OF THE COMMUNITY

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The following table identifies the 2008 industrial tax abatements issued by the City.

<u>Company</u>	<u>Development</u>	<u>Planned Investment</u>	<u>Projected Job Growth</u>
<u>Industrial Facilities Tax (IFT's) 2008</u>			
Allen Extruders LLC	Thermoplastic-Equip/Veh.	\$6,144,100	8
Challenge Manufacturing	Automotive Stampings and Assemblies	\$2,659,139	30
Genzink Steel	Metal Fabrication	\$2,500,000	60 (*)
BuhlerPrince Inc	Die Casting Equipment	\$2,004,359	2
H.J. Heinz	Food Production	\$1,582,000	0
Bilco Products	Wood Furniture and Storage Systems	<u>\$325,000</u>	3
		<u>\$15,214,598</u>	103
<u>PA 328 Abatements 2008</u>			
Genzink Steel	Metal Fabrication	<u>\$2,965,000</u>	In conjunction with IFT above (*)

Building permit construction values decreased overall by 40.4% from FY2007 (\$85.5 million) to FY2008 (\$51.0 million). Industrial and commercial building permit construction values decreased 77.5%, residential decreased 45.7% and institutional/municipal increased by 253.9%.

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 recently completed, in the area adjacent to the annexed area, is expected to be accompanied by many economic rewards to the area's business climate.

There are many bright spots on the horizon for Holland despite relatively flat economic indicators. Major institutional construction projects during 2008 included the \$10.4 million expansion of the Holland Christian High School and the \$5.7 million renovation of Graves Hall at Hope College. The \$3 million Fairbanks Neighborhood Townhouse Condominium project was completed in the inner City area on East 16th Street and includes 36 dwelling units. Anticipated for completion in 2009 is the \$2.1 million 30 unit addition to the Appledorn Living Center, a senior citizen assisted living facility.

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. Neighborhood improvement projects continue to be a top priority of the Holland City Council and \$412,000 in local and grant funds were expended in homeowner and neighborhood improvements in FY2008.

ECONOMIC CONDITIONS OF THE COMMUNITY

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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 three 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.

<u>Institution</u>	<u>Enrollment (Degree Seeking)</u>
Hope College	3,153
Grand Valley State University (Meijer Campus)	548
Davenport University	<u>570</u>
Total	4,271

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

City Flats, a boutique hotel located on the northwest corner of 7th and College Avenue, opened in 2008 at a cost of \$10 million and is a prototype for similar developments by Charter House Innovations (CHI). It offers 56 distinctly different rooms, a lobby bar and lounge, and restaurant on the top floor. 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 is 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". It is anticipated this hotel will also service local corporations' international employees and guests.

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. A current occupancy rate of 95% in the central business district reflects - in large part - the administrative efforts and promotional activities of the Downtown Development Authority (DDA) and Principal Shopping District (PSD). Several downtown sponsored marketing events, such as the recent "Groove Walk" highlight the City as an entertainment destination. The downtown continues to draw evening crowds for shopping, eating, entertaining, nightlife and lodging. Holland ranks among the top Michigan cities with the largest number of smoke-free restaurants and strives to be a "cool city" in order to retain and draw young residents.

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

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

GOVERNMENTAL-TYPE FUNDS

FUND BALANCES

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

	FUND BALANCES		
	@ June 30, 2007	@ June 30, 2008	Increase (Decrease)
General Fund	\$ 2,586,287	\$ 2,336,046	\$ (250,241)
Special Revenue	4,803,471	3,884,260	(919,211)
Debt Service Funds	905,740	826,450	(79,290)
Capital Projects Funds	1,743,562	1,397,936	(345,626)
Permanent Trust Funds	1,633,126	1,605,979	(27,147)
Totals	\$ 11,672,186	\$ 10,050,673	\$ (1,621,513)

Additional Comments Concerning Certain Fund Balances

- Looking forward from FY2008 the *General Fund – Fund Balance* of \$2,336,046 at June 30, 2008 was originally budgeted to decrease by \$143,400 in the ensuing FY2008-09. Lower investment earnings than originally projected are currently estimated to result in an additional \$241,000 drop in fund balance. FY2009 ending fund balance estimates are also lowered by \$15,848 for currently known State revenue sharing revised estimates. Further mid-year reductions in State revenue sharing could lower the currently *estimated* June 30, 2009 fund balance of \$1,935,798, but savings from unfilled vacant positions and budgeted items placed on hold will most likely offset any further revenue reductions.
- The decrease in the *Fund Balance of the Special Revenue Funds* in FY2008 mainly resulted from transfers from the Allegan County Road Tax Fund and the Street Improvements Reserve Fund to major road construction projects including, but not limited to the 40th Street, Cleveland Avenue and Resurfacing Program projects. The decline in the *Fund Balance of the Capital Projects Funds* resulted from major planned expenditures in the Kollen Park Renovation project.
- The Budget Stabilization Fund (in the Special Revenue Funds section) ended the fiscal year with an *Undesignated Fund Balance* of \$1,483,115; which at 7.0% is less (by \$914,302) than the internally-established guideline targeted at 10% of the ensuing fiscal year General Fund budget, or \$2,127,417. Across both the Budget Stabilization and General Funds an adequate 16.0% balance of the ensuing FY2008-09 budget exists.

CAPITAL PROJECTS

Expenditures in the *Capital Projects Funds*, excluding interfund transfers, totaled \$6,390,686 for FY2008 as compared to \$5,997,706 for FY2007. More significant projects with expenditures exceeding \$100,000 during the fiscal year included:

INFRASTRUCTURE PROJECTS	
Resurfacing Program	\$ 764,269
32 nd Street Resurfacing, Old Orchard to Lincoln	629,573
40 th Street, East of Waverly	603,245
East 8 th Street, Ferris to Country Club	507,993
Country Club Road, 8 th to 16 th	469,936
12 th Street, Pine to Fairbanks	124,823
MUNICIPAL CAPITAL PROJECTS	
Kollen Park Renovation (Includes Cleveland Avenue Improvements)	\$ 2,436,610
7 th Street Parking Deck	244,585
Ourstreet Improvements	168,230

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 is raised from \$500 to \$5,000.

INTERNAL SERVICES

INTERNAL SERVICE FUNDS

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

Internal Service Operation	FY2008 Revenues	FY2008 Expenses	Working Capital * @ June 30, 2007	Working Capital * @ June 30, 2008
<u>Technology Services:</u>				
Computer Services	\$ 535,817	\$ 455,545	\$ 247,990	\$ 370,882
Photocopy Services (1)	38,077	39,280	84,108	-0-
Postage Services	21,050	22,908	7,381	6,767
Communication Services	<u>106,948</u>	<u>111,048</u>	<u>6,706</u>	<u>8,360</u>
Total Technology Services	701,892	628,781	346,185	386,009
<u>Equipment Services:</u>				
Fuel Dispensing	918,604	914,934	55,281	61,497
Centralized Vehicle/Equip.	2,614,141	2,224,556	2,020,781	1,946,878
Fire Vehicle	<u>3,586</u>	<u>104,879</u>	<u>19,923</u>	<u>111,237</u>
Total Equipment Services	3,536,331	3,244,369	2,095,985	2,119,612
<u>Other:</u>				
Compensated Absences	55,089	55,089	-0-	-0-
<u>Insurance Services:</u>				
- Workers Compensation	192,740	277,712	508,935	423,963
- Disability Income	110,685	95,843	107,305	122,147
- Health and Dental	4,173,552	4,234,114	2,311,070	2,250,508
- Vehicle	162,693	160,594	193,182	195,281
- Property	51,321	31,046	561,982	482,257
- Liability	<u>154,810</u>	<u>120,587</u>	<u>237,399</u>	<u>371,622</u>
Total Insurance Services	4,845,801	4,919,896	3,919,873	3,845,778
Totals	\$ 9,139,113	\$ 8,848,135	\$ 6,362,043	\$ 6,351,399

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

(1) Ending balances transferred to Computer Services Fund at fiscal year end.

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 2007-08 was \$2,169,602.

The most recent actuarial valuation, dated December 31, 2007, indicates that the City's valuation assets (stated at market value) provide 81% funding (employer portion only), based upon actuarial determined accrued liabilities of \$100,127,029, valuation assets of \$80,995,093, and unfunded accrued liabilities of \$19,131,936.

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 111 employees participate (72-General City, 39-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 2007-08 was \$379,693.

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 \$15,500. The plans are sponsored and administered by *International City Management Association (ICMA)* and by *ITT Hartford*. These plans have been placed in trust, and do not appear on the financial statements.

CASH AND INVESTMENT MANAGEMENT

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

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

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

Cash temporarily idle during the year may be invested in certificates of deposit, commercial paper, money market accounts, as well as U.S. Government securities as permitted by State of Michigan statutes and the City's *Cash and Investment Policy*. The majority of placements during fiscal year 2007-08 were in certificates of deposit, U.S. Treasury Notes and U.S. Instrumentalities.

Yields on investments held at June 30, 2008 in the *Cash & Investments Pool* ranged from 2.17% to 5.78%. For the fiscal year, the annualized average interest rate earned in the pool was 5.278%, as compared to 5.280% for the previous fiscal year. This reflects implementation of GASB Statement No. 31 during fiscal year 1997-98 and resulting market valuation adjustments to affected investments. The City typically buys and holds long term investments to maturity so fiscal year end market adjustments are not actually realized. Over the six months many long term investments have been called due to declining interest rates and in most cases reinvested at lower rates.

CASH AND INVESTMENT MANAGEMENT

(Continued from Previous Page)

If investments had not been valued at market the annualized average interest rate would have been 4.746%.

Fiscal Year	History of Market Write-Up (Down)
2000-2001	\$ 230,511
2001-2002	\$ (233,799)
2002-2003	\$ (536,296)
2003-2004	\$ (488,498)
2004-2005	\$ (21,532)
2005-2006	\$ 149,688
2006-2007	\$133,539
2007-2008	\$ 143,094

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

Fund Type	INVESTMENTS EARNINGS			
	Fiscal Year		Year-to-Year Change	
	2006-2007	2007-2008	Amount	Percentage
General Fund	\$ 586,597	\$ 607,839	\$ 21,242	3.6%
Permanent	88,930	87,942	(988)	-1.1
Special Revenue	129,312	151,870	22,558	17.4
Debt Service	78,559	72,064	(6,495)	-8.3
Capital Projects	78,814	91,177	12,363	15.7
Enterprise	3,953,403	4,213,060	259,657	6.6
Internal Service	321,300	335,412	14,112	4.4
Component Units	115,739	1,493	(114,246)	-98.7
Total	\$ 5,352,654	\$ 5,560,857	\$ 208,203	3.9%

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

RISK MANAGEMENT

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

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

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

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

RISK MANAGEMENT
(Continued from Previous Page)

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

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

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

Type of Coverage	Self-Funded Retention	Internal Self-Funded Premium	Commercial Premium
All-Lines Aggregate Program:			
– General Liability	\$ 100,000	\$ - 0 -	\$ 310,560
– Public Officials Liability	100,000	- 0 -	68,892
– Law Enforcement Liability	100,000	- 0 -	41,502
– Property Damage / Destruction	100,000	- 0 -	448,217
Employee Workers Compensation	-0-	- 0 -	251,672
Employee Health & Dental Plan	75,000	3,000,587	384,227
Employee Disability Income Plan	48,000	71,179	25,318
Employee Life and AD&D Plans			
– Full-time Employee Plan	- 0 -	- 0 -	55,400
– Part-Paid Firefighters Plan	- 0 -	- 0 -	488
– Auxiliary Police Officers Plan	- 0 -	- 0 -	428
Crime & Dishonesty	25,000	- 0 -	8,300
Vehicle:			
– Vehicle Damage / Destruction	100%	25,300	- 0 -
– Liability	- 0 -	- 0 -	185,536
Pollution Liability	250,000	- 0 -	101,592
Boiler & Machinery	Varies	- 0 -	154,342
Municipal Airport:			
– General Liability	1,000	- 0 -	4,170
– Public Officials Liability	100,000	- 0 -	14,111
– Property Damage / Destruction	2,500	- 0 -	6,200
Total Premiums	- - - - -	\$ 3,097,066	\$ 2,060,955

Additional Notes:

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

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

AWARDS

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

<u>Award or Accreditation</u>	<u>Granting Agency</u>	<u>Department</u>
Airport Sponsor of the Year (2006)	Michigan Aeronautics Commission	Management & Administrative
City of Character for Discernment, Diligence, and Initiative (2001)	International Association of Character Cities	Management & Administrative
Municipal Achievement Award – Honorable Mention (1998)	Michigan Municipal League	Management & Administrative
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
Healthy Workplace Award (1996-2004, Award Program Was Discontinued in 2005)	Michigan Governor's Council on Physical Fitness, Health & Sports	Personnel – Human Resources
Gold Award – Employee Per Capita Giving of \$45 or more (2007-2008)	Greater Holland United Way	Personnel – Human Resources
Tree City USA Award (since 1981)	National Arbor Day Foundation	Leisure & Cultural Services
Civic Construction Award of Excellence (2005)	Assoc. Builders & Contractors Assoc. West Mich.	Police Department
Cover/Feature Story Regarding the Planning and Construction of the New Police Facility (2005)	International Association of Chiefs of Police	Police Department
Regional Challenge Award (2004)	Michigan Office of Highway Safety Planning	Police Department
Employment Social Justice Award (2001)	Human Relations Commission	Police Department
Batmobile Recipient (2001)	Michigan Office of Highway Safety Planning	Police Department
Outstanding Contributions to Traffic Safety (1999)	Michigan State Safety Commission	Police Department
1 st Place Award Traffic Safety Efforts (1998)	Michigan Association of Chiefs of Police	Police Department
Mothers Against Drunk Driving Lifesaver Award (1998)	Mothers Against Drunk Driving (MADD)	Police Department
Employment Social Justice Award (2006)	City of Holland Human Relations Commission	Fire Department
Grand Valley Metropolitan Blue Print Award (2006)	Grand Valley Metropolitan Council	Community & Neighborhood Svcs.
Annual National Night Out Award (1990-2007)	National Association of Town Watch	Community & Neighborhood Svcs.
Hispanic Advocate Award (2005)	State of Michigan Commission of Spanish Speaking Affairs	Community & Neighborhood Svcs.
Michigan Recycler of the Year (2005)	Michigan Recycling Coalition	Community & Neighborhood Svcs.
Special Tribute – Recycling and Trash Inspection Program (2003)	State of Michigan	Community & Neighborhood Svcs.
Dozen Distinctive Destinations Award (2002)	National Trust for Historic Preservation	Community & Neighborhood Svcs.
HUD Innovative Initiatives Award – Ourstreet Program (1999)	Grand Rapids Regional HUD (Housing & Urban Development)	Community & Neighborhood Svcs.
Neighborhood of the Year (1997)	Neighborhoods, USA	Community & Neighborhood Svcs.
Great American Main Street Award (1997)	National Main Street Center	Community & Neighborhood Svcs.
Certificate of Recognition – Neighborhood of the Year – Ourstreet Program (1996)	Neighborhoods, USA	Community & Neighborhood Svcs.
National Award Winner for Outstanding Participation in National Night Out (2008)	National Association of Town Watch	Community & Neighborhood Svcs.
All American City Award (1996)	National Civic League	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.

<u>Award or Accreditation</u>	<u>Granting Agency</u>	<u>Department</u>
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.
Award of Excellence in Consumer Confidence Reporting (2008)	Michigan Section American Water Works Association (AWWA)	Utility Services
Operation & Maintenance Excellence Award, 1 st Place in Wastewater Water Pollution Control Pretreatment (2008)	Environmental Protection Agency (EPA) Region 5 (Michigan, Ohio, Indiana, Illinois, Wisconsin, Minnesota)	Utility Services
User Conference Special Achievement Award in GIS (2008)	Environmental Systems Research Institute (ESRI)	Utility Services
Pinnacle Award Finalist (2003)	Microsoft Business Solutions	Utility Services

SIGNIFICANT INITIATIVES, EVENTS AND ACCOMPLISHMENTS

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

- Economic Development and Revitalization

- > The City council continues to identify economic development as their top priority. Much of the staff time of the Assistant City Manager and the Finance Officer/Treasurer is allocated to this issue, as well as support staff in the Assessing and Treasurer offices. The City is committed to developing an area-wide approach to economic development and is working in tandem with the Lakeshore Advantage regional economic development organization and the surrounding cities, townships, counties and Macatawa Area Coordinating Council metropolitan planning organization.
- > The City is aggressively promoting Brownfield Redevelopments with twelve separate projects approved at fiscal year close and one additional project under study at report date. The reader is directed to the Supplementary Information tab for the Component Unit Funds narratives where a fiscal year end list of Brownfield projects is included. The new \$4.4 million Brownfield parking structure project, referenced below under the Municipal Projects section, should considerably enhance the already vibrant downtown commercial area. Five major personal property tax abatements under Act 328 have been approved for Challenge Manufacturing (two - automotive), Haworth, Inc. (office furniture), S2 Yachts (fiberglass boats) and Genzink Steel (heavy carbon steel welding), two Tool & Die Renaissance Recovery Zones 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. A November 4, 2008 vote in Ottawa County for a millage devoted to county road improvements did not receive voter approval so the City cannot expect assistance from that source.
- > It is the City's normal practice to complete an annual road resurfacing program including several streets. In prior FY2007 there was no resurfacing program. In FY2008 a double program with expenditures of \$764,000 took place. In addition FY2008 included a major \$630,000 resurfacing project for 32nd Street which garnered just over 50% in major federal STP-U and Michigan Jobs Today grant support. The federal funds were granted under an "advance construct" program with the City temporarily covering the cash flow until the FY2009 federal fiscal year began.

SIGNIFICANT INITIATIVES, EVENTS AND ACCOMPLISHMENTS

(Continued from Previous Page)

Infrastructure Projects (continued):

- > FY2008 saw the completion of the \$1.08 million 40th Street, East of Waverly Road, project. The 40th Street project, mainly serving industrial use, included \$419,000 Transportation Economic Development (TED) state funding. The former two-lane open ditch rural roadway was converted to a three-lane, curbed industrial traffic roadway with sidewalks. The roadway now serves the substantial expansion of the S2 Yachts facility and the heavy truck use of this street.
 - > Construction wrapped up in FY2008 on the \$1.6 million East 8th Street, Paw Paw to Country Club Road, project. Just over 50% of the project was funded by a combination of \$640,000 federal STP-U funding and \$160,000 Michigan Jobs Today funding. This project included total reconstruction of the 2-lane roadway with curb, gutter and sidewalks (north side).
 - > Construction is currently underway in FY2009 on the \$1.2 million Country Club Road, 8th to 16th Street, project including no federal or state funding assistance. This 2-lane roadway reconstruction project with curb, gutter and sidewalks would not be possible without the 1 mill tax the City has levied for several years specifically for street improvements.
- Electric Utility:
 - > Coal blends containing 25% sub-bituminous coal (up from 20% in 2007) have been successfully burned resulting in further savings to Board of Public Works (BPW) electric customers.
 - > A new unit 4 bearing water heat exchanger was installed allowing a redundant cooling system for the James De Young (JDY) plant which improves electrical reliability during summer peak loading requirements.
 - > Dredge site – over 60,000 cubic yards were moved from the collection basin to the stockpile area, ready for transport off-site for beneficial use.
 - > Gas pipeline – smart pigging of the entire 9-mile pipeline was accomplished which is a reliability/safety requirement of the *Pipeline Integrity Management* regulation and needs to be done every 10 years. This procedure looks for corrosion, wall thinning and blockages.
 - > All fuel oil tanks were upgraded to comply with regulations that became effective in August 2008. The large tanks at 6th Street and 48th Street were internally inspected and registered with the State. The 20,000 gallon tank at the JDY plant was closed and replaced with a smaller tank that meets all regulations, but did not need to be registered.
 - > Further enhanced and expanded operator training procedures with weekly training schedules to increase employee development and promote empowered leadership.
 - > Established un-biased pre-screen testing for prospective new employees, resulting in noticeably higher successful match of business technology to employee satisfaction.
 - Wastewater Utility:
 - > Completed a roof replacement project for nearly all of the roof surfaces on wastewater treatment plant buildings.
 - > Installed a “channel monster” to grind waste flows coming in from the northern service area.
 - > Improved the storm water handling around the plant property by rerouting of storm water lines from the east side of the plant into the headworks along with a drain reroute from the number 3 and 4 thickeners.
 - > Reorganized the Maintenance Supervisor position to include responsibilities for the water treatment plant in addition to the wastewater treatment plant.
 - > Completed installation of fiber optic communications to 23 of the 35 (66%) lift stations in the BPW retail service territory.
 - > Successfully worked with area dentists to eliminate mercury discharges and reduced effluent levels to below the water body quality level of 1.3 parts per trillion.

SIGNIFICANT INITIATIVES, EVENTS AND ACCOMPLISHMENTS

(Continued from Previous Page)

- Water Utility:

- > Completed the 1.5 million gallon (MG) reservoir improvement project including lead paint abatement and surface restoration. Completed the 3.0 MG reservoir improvement project including filling exterior dome cracks and resealing exterior joints.
- > Replaced windows at the plant with new energy efficient types.
- > Repaired the chemical feed annulus at the water intake that feeds chlorine for zebra mussel control.

- Tulip City Municipal Airport:

- > On January 18, 2007 the City adopted a resolution approving the formation of the West Michigan Airport Authority (WMAA) with taxing capabilities. Similar resolutions were approved by Holland Charter Township, the City of Zeeland and Park Township. The necessity for regional oversight, direction and support, to sustain the area's economic success and provide funding stability, were key factors instrumental to the formation of the authority. The Authority was authorized in May 2008 to levy a tax up to 0.1 mills, as approved by voters in all jurisdictions, with the exception of Holland Charter Township where voters turned down the millage. Beginning FY2009 each of the 3 participating jurisdictions will levy the full 0.1 mill for the first year which will be contributed to the WMAA in the form of a support payment per agreement.
- > Ownership of previously established airport capital assets and outstanding t-hangar debt will be retained by the City of Holland with continued inclusion in the City's financial report. Future acquired airport capital assets will be under the ownership of the WMAA. The WMAA plans to acquire property and develop a new terminal area over the next few years in conjunction with major federal and state funding.
- > The WMAA will operate as a separate and freestanding government reporting entity in FY2009, but the City is retained as their fiscal agent. A separate financial report for the WMAA will be released for FY2009.
- > Construction was in progress at the close of FY2008 on the \$2.2 million runway modifications, medium intensity runway lighting and blast pads project.

- Municipal Projects:

- > The five phase \$7.5 million multi-year **Kollen Park Improvements** project, aided by extensive state grant funding, was in full swing during FY2008 with Phases II and III construction recently completed on this \$4.0 million portion of the project. Public dedication of Phases II and III took place in October 2008. These phases include the Heinz waterfront boardwalk, new boat launching area, Cleveland Avenue relocation and incorporation of the former Sugar Beet property into the expanded park. This park is the City's premier Lake Macatawa waterfront public access site.



SIGNIFICANT INITIATIVES, EVENTS AND ACCOMPLISHMENTS

(Continued from Previous Page)

- Municipal Projects (continued):

Kollen Park Improvement Project



- > Design work took place in FY2008 for the **7th Street Parking Deck**, between College and Columbia Avenues, and as of report printing construction is fully underway with project completion anticipated in early 2009. This 258 space two-story parking structure in the downtown area will be the first fully freestanding parking structure for the City of Holland. Creative financing for the \$4.4 million project is one more example of the public and private collaborative effort that has been the hallmark of extensive downtown redevelopment in recent years.



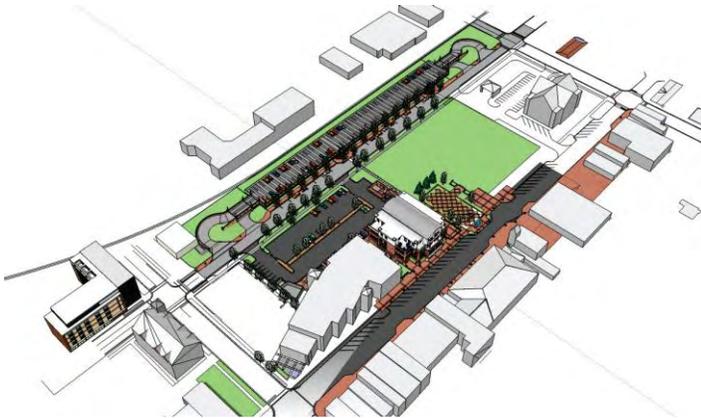
SIGNIFICANT INITIATIVES, EVENTS AND ACCOMPLISHMENTS

(Continued from Previous Page)

- Municipal Projects (continued):

- 7th Street Parking Deck Project:

- > Portions of the land the structure is built upon have been donated by the private sector in exchange for designated lower level parking privileges stipulated in a 30 year lease agreement. Repayment of the July 2008 (FY2009) Act 34 bond issue will be provided by local tax captures approved by the Brownfield Redevelopment Authority, including State of Michigan (MEDC/MEGA) school tax capture. The adjacent properties participating in the Brownfield tax capture include the 8th Street Plaza Buildings, Macatawa Bank building, and the City Flats Hotel. Extension to the existing downtown snowmelt transmission line to include the parking deck approaches and 7th Street sidewalk, between College and Columbia on the north side, is included.



- Renewable Energy:

- * Feasibility planning is getting underway on a 20 wind turbine construction project which could generate 50 megawatts making it potentially the largest wind energy project in the state. Over the next year results will be collected from erection of a preliminary 200 foot high tower on 1,500 acres in the Upper Peninsula. Other “going green” efforts include a commitment to acquire up to 4 megawatts of electricity from landfill gas through a partnership with the Michigan Public Power Agency. Planning is progressing on construction of a meteorological tower at Windmill Island to study future wind turbine placement at the site. Residential sized wind turbines are proposed to be installed on the Civic Center’s east facade as part of a demonstration project.

SIGNIFICANT INITIATIVES, EVENTS AND ACCOMPLISHMENTS

(Continued from Previous Page)

- **Public Safety:**

- > The City Police and Fire Departments may be in store for some level of reorganization over the coming year. Both the Police Chief and the Fire Chief will be retiring concurrently on December 31, 2008 presenting a unique opportunity for innovative restructuring. The two departments currently operate independently and with separate management. A task force has been formed and a study is underway to determine the potential feasibility of combining the two departments. Both retiring chiefs are participating in the study. The study is for financial reasons and not because of any perceptions of performance problems by either department. The study will review cost saving factors, productivity, and quality of service issues.

- **Budgetary Predictors**

- > The national and statewide economic downturn continues to impact the City's budget. The City Council is frequently updated by the City Manager and Finance Director on financial issues which affect both the current and upcoming budget year. Property taxes in FY2009 are lower than the previous year and property valuation estimates for the FY2010 year do not reflect any increases. If proposed state legislation is enacted regarding the "super cap" these estimates could go much lower.
- > State revenue sharing for the upcoming FY2010 budget is likely to decrease because of the poor Michigan economy and the Board of Public Works transfer to the General Fund may decrease as well due to declining utility sales also due to the poor economy. The City will have to cover a \$43,500 shortfall in WEMET federal grant funding for three police officers for FY2009 based on grant reductions recently announced.
- > New health insurance rates just received for calendar year 2009 reflect increases of 13%-19% in the various coverages which is well above the percentage increase budgeted. Investment earnings are down drastically and a \$250,000 decrease from what was budgeted for the General Fund is expected for FY2009. All these factors raise serious concerns over the decisions that the City Council will be faced with in the coming months concerning City services or tax increases.

- **Fiscal Services:**

- > Capital asset records amounting to approximately \$6.65 million were added to the database for FY2007-08 not including capital assets remaining in CIP or utility funds assets. \$3.7 million in combined state and federal grants were managed and accounted for, which does not include \$5.8 million state revenue sharing of sales tax , liquor tax and gas and weight tax.
- > The City contracted for and received an actuarial valuation to provide the information required for Postemployment Benefits Other than Pensions (OPEB) under GASB Statement No. 45. The inclusion of this data in the City's audit report brings the City into compliance as a Phase II government. The City has not yet made a determination if it will establish and fund an OPEB trust under GASB Statement No. 43. Various alternatives are being studied and it is anticipated that the City Council will be making a decision on this issue in the spring of 2009.

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, 2007. This is considered a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

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

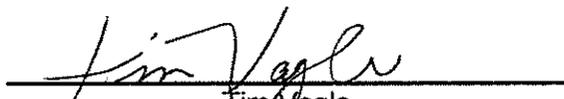
ACKNOWLEDGMENTS

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

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

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

Respectfully submitted,



Tim Vagle
Finance Officer/Treasurer

PRINCIPAL CITY OFFICIALS

@ June 30, 2008

Elected Members of the City Council

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

Staff Officials Appointed by City Council

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

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

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

Assistant City Manager	Gregory Robinson
Chief of Police	John Kruithoff
Fire Chief	Dan Henderson
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, 2007

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.



Oliver S. Cox

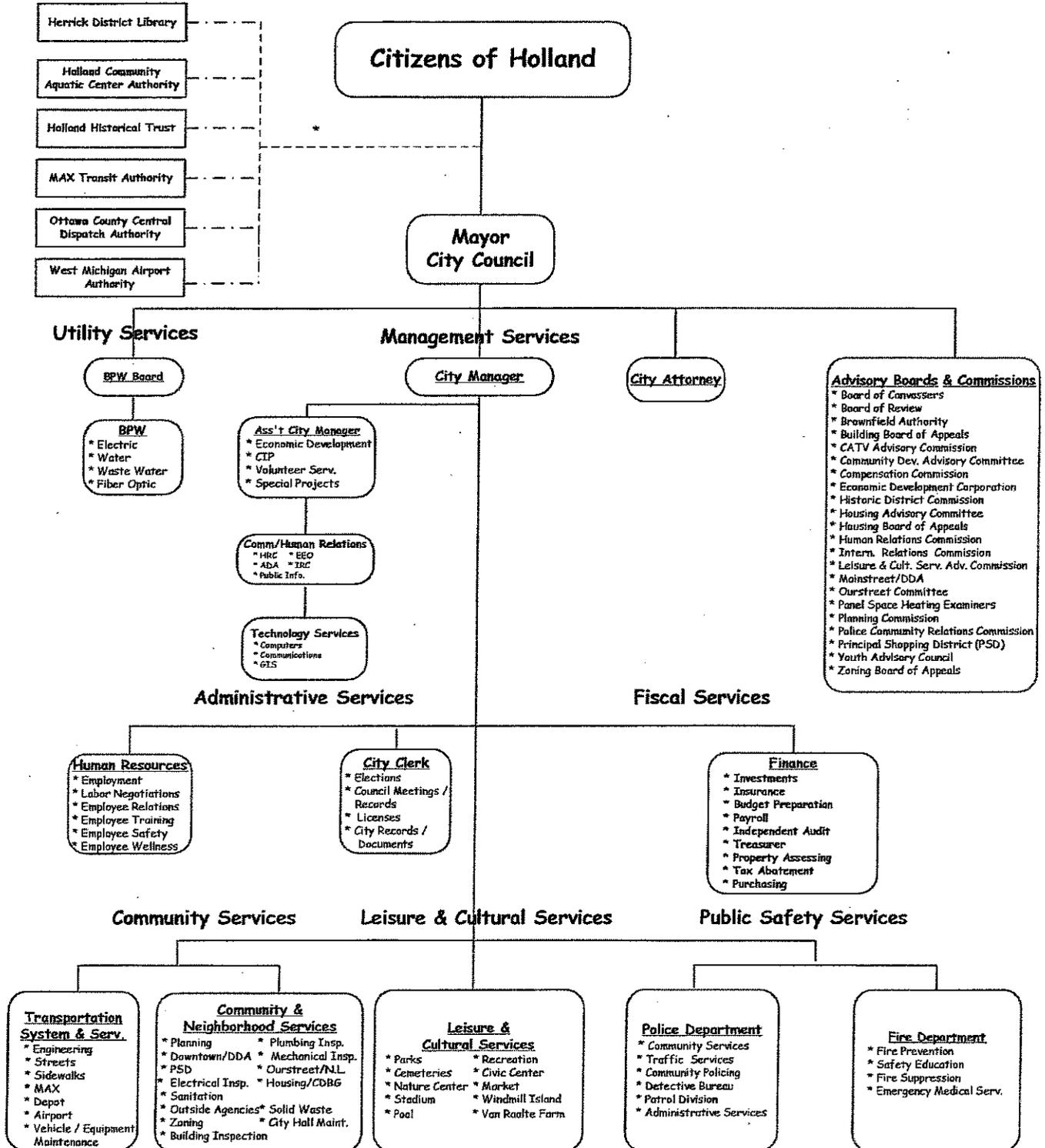
President

Jeffrey R. Emer

Executive Director

City of Holland

Organizational Chart



* The City Council makes appointments to these Districts and Authorities



REHMANN ROBSON

Certified Public Accountants

A member of **THE REHMANN GROUP**

INDEPENDENT AUDITORS' REPORT

December 16, 2008

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, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the City of Holland, Michigan. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented components units, each major fund, and the aggregate remaining fund information for the City of Holland, Michigan as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 16, 2008, on our consideration of the City of Holland Michigan's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3-13 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Holland Michigan's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the City of Holland's basic financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly presented, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

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

Management's Discussion and Analysis

As management of the City of Holland, we offer readers of the City of Holland financial statements this narrative overview and analysis of the financial activities of the City of Holland for the fiscal year ended June 30, 2008. We encourage readers to consider the information presented here in conjunction with additional information that is furnished in our transmittal letter, the financial statements and notes to the financial statements.

Financial Highlights

The City had many capital investment projects in process including:

- A \$4,400,000 downtown parking deck project on 7th Street.
- A \$262,000 walkway and parking lot project between Kollen Park and the Boatwerks Restaurant.
- A \$268,000 Window-on-the-Waterfront and Van Bragt Park landscaping improvement project.
- \$1,463,000 for reconstruction of Country Club Road between 8th and 16th Streets.
- A \$2,230,000 airport project including runway modifications, medium intensity runway lighting and blast pads.
- \$1,643,000 for reconstruction of East 8th Street between Paw Paw and Country Club Roads.
- The City's utility funds expended a total of \$7,555,249 in capital purchases and projects.
- \$4,031,000 Kollen Park improvement project (Phases II and III) in conjunction with nine separate state and federal grants.

The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$361,097,878 (net assets). Of this amount, \$114,157,637 was unrestricted net assets and may be used to meet the City's ongoing obligations to citizens and creditors.

The City's total net assets increased by \$8,895,430.

As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$10,050,673, a decrease of \$1,621,513 in comparison with the prior year.

At the end of the current fiscal year, unreserved and undesignated fund balance for the General Fund was \$2,329,183 or 11.2% 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's 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* are reported separately from the financial information presented for the primary government itself.

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

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Holland, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Holland can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City of Holland reports 38 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General and Building Authority Debt Service Funds, each of which are considered to be major funds. Data from the other 36 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

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

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

Proprietary funds. The City of Holland maintains 2 different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of Holland uses enterprise funds to account for its electric, water, and wastewater as well as other operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City of Holland's various functions. The City of Holland uses internal service funds to account for its technology, equipment and insurance services. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the enterprise operations of which electric, water, and wastewater are considered to be major funds of the City of Holland.

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

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

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

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 33-64 of this report. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes. Combining and individual fund statements and schedules can be found on pages 66-174 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 \$361,097,878 at the close of the most recent fiscal year.

City of Holland's Net Assets

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Assets						
Current and other assets	\$ 27,674,975	\$ 29,819,650	\$ 125,163,487	\$ 117,763,344	\$ 152,838,462	\$ 147,582,994
Capital assets, net	117,835,087	115,271,416	154,840,249	160,068,256	272,675,336	275,339,672
Total assets	145,510,062	145,091,066	280,003,736	277,831,600	425,513,798	422,922,666
Liabilities						
Long-term liabilities	29,326,502	30,086,210	22,685,389	25,649,302	52,011,891	55,735,512
Other liabilities	2,826,271	4,098,644	9,577,758	10,886,062	12,404,029	14,984,706
Total liabilities	32,152,773	34,184,854	32,263,147	36,535,364	64,415,920	70,720,218
Net assets						
Invested in capital assets, net of related debt	94,586,185	85,215,206	133,094,822	134,418,954	227,681,007	219,634,160
Restricted	5,726,979	6,836,980	13,532,257	14,296,104	19,259,236	21,133,084
Unrestricted	13,044,125	18,854,026	101,113,510	92,581,178	114,157,635	111,435,204
Total net assets	\$ 113,357,289	\$ 110,906,212	\$ 247,740,589	\$ 241,296,236	\$ 361,097,878	\$ 352,202,448

The largest portion of the City of Holland net assets (63%) reflects its investment in capital assets (e.g., land, buildings, vehicles, equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City of Holland uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Holland's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional part of the City of Holland's net assets (5.3%) represents resources that are subject to external restrictions on how they may be used. The remaining (31.7%) balance (\$114,157,637) may be used to meet the government's ongoing obligations to citizens and creditors.

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

Statement of Activities

The City's net assets increased by \$8,895,430 during the current fiscal year. This growth is due primarily to capital grants received from the state and federal governments (approximately \$6.0 million) and the excess of operating revenues over expenses.

Governmental activities

Governmental activities increased the City of Holland's net assets by \$2,451,077, thereby accounting for 28% of the total growth in net assets of the City of Holland. Key elements of this increase are as follows.

Capital grants from several sources resulted in total capital grant revenue for governmental type funds of \$1,858,530. This is made up primarily of a \$947,569 Kollen Park Renovation Project grant, a \$800,000 East 8th Street Resurfacing Project grant, a \$68,000 32nd Street Resurfacing Project Grant, a \$15,084 40th Street Roadway grant, a \$14,725 Police Equipment grant and a \$11,651 VanRaalte Farmhouse Renovation grant.

Business-type activities

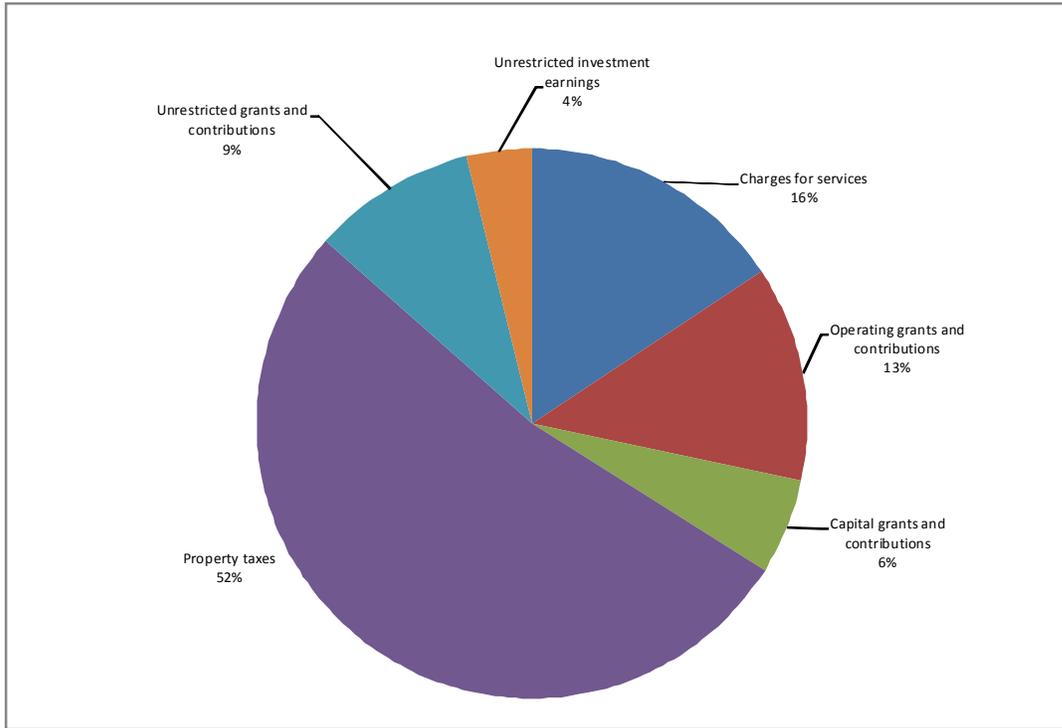
Business-type activities increased the City of Holland's net assets by \$6,444,353 thereby accounting for 72% of the total growth in the net assets of the City of Holland. Key elements of this increase are as follows.

\$1,465,771 in capital grants and contributions were received by the enterprise funds. This included \$1,107,240 for various airport projects, \$21,989 for protective fencing at the Depot and \$327,162 for utility fund capital contributions.

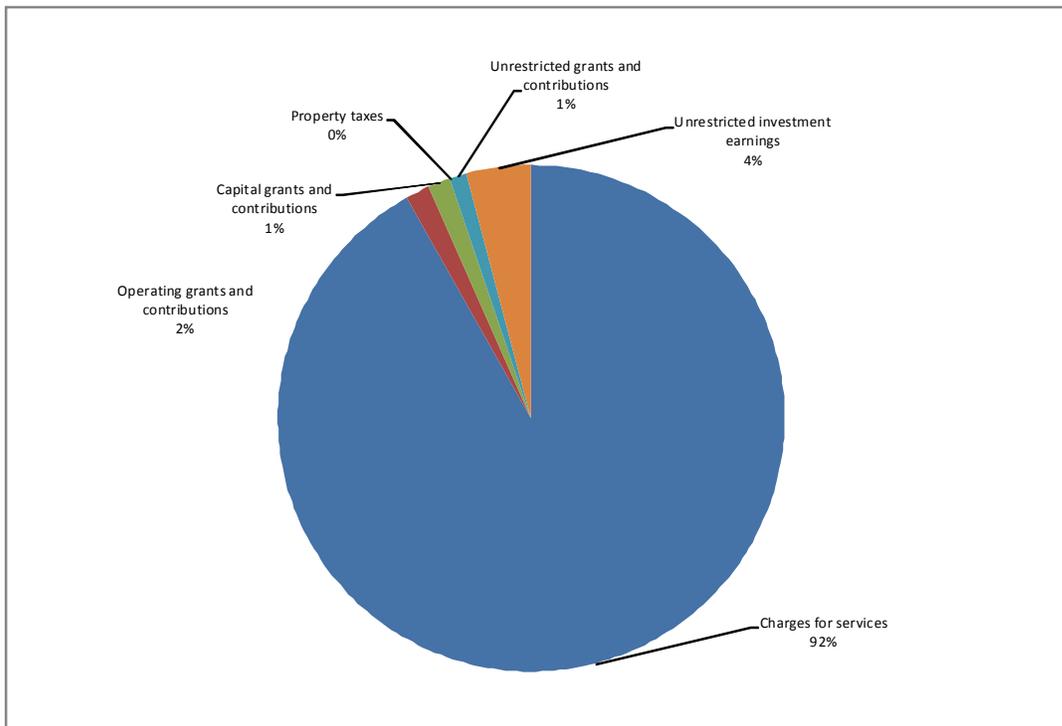
City of Holland's Changes in Net Assets

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Revenues						
Program revenues:						
Charges for services	\$ 5,162,649	\$ 5,278,501	\$ 93,877,407	\$ 96,533,965	\$ 99,040,056	\$ 101,812,466
Operating grants and contributions	4,156,784	1,471,960	1,605,962	2,075,992	5,762,746	3,547,952
Capital grants and contributions	1,858,530	5,969,801	1,465,771	834,580	3,324,301	6,804,381
General revenues:						
Property taxes	17,313,526	16,771,182	19	171,058	17,313,545	16,942,240
Intergovernmental	3,168,205	3,133,796	-	-	3,168,205	3,133,796
Unrestricted investment earnings	1,254,996	1,222,007	4,213,060	3,953,403	5,468,056	5,175,410
Gain/loss on sale of capital assets	-	-	-	(382,469)	-	(382,469)
Total revenues	32,914,690	33,847,247	101,162,219	103,186,529	134,076,909	137,033,776
Expenses						
General government	6,606,201	6,249,186	-	-	6,606,201	6,249,186
Public safety	11,782,618	11,584,857	-	-	11,782,618	11,584,857
Public works	7,270,495	6,996,667	-	-	7,270,495	6,996,667
Culture and recreation	5,457,951	5,818,508	-	-	5,457,951	5,818,508
Welfare and social services	1,093,507	1,310,221	-	-	1,093,507	1,310,221
Interest on long-term debt	1,193,155	1,277,812	-	-	1,193,155	1,277,812
Electric utility	-	-	71,198,426	70,982,822	71,198,426	70,982,822
Wastewater utility	-	-	5,558,454	5,662,012	5,558,454	5,662,012
Water utility	-	-	8,006,723	7,692,405	8,006,723	7,692,405
Other enterprise activities	-	-	4,471,485	5,940,049	4,471,485	5,940,049
Total expenses	33,403,927	33,237,251	89,235,088	90,277,288	122,639,015	123,514,539
Change in net assets before transfers	(489,237)	609,996	11,927,131	12,909,241	11,437,894	13,519,237
Transfers	2,940,314	2,535,283	(2,940,314)	(2,535,283)	-	-
Change in net assets before special item	2,451,077	3,145,279	8,986,817	10,373,958	11,437,894	13,519,237
Special item:						
Transfer of assets to Macatawa Area Express Transportation Authority	-	-	(2,542,464)	-	(2,542,464)	-
Change in net assets	2,451,077	3,145,279	6,444,353	10,373,958	8,895,430	13,519,237
Net assets, beginning of year	110,906,212	107,760,933	241,296,236	230,922,278	352,202,448	338,683,211
Net assets, end of year	\$ 113,357,289	\$ 110,906,212	\$ 247,740,589	\$ 241,296,236	\$ 361,097,878	\$ 352,202,448

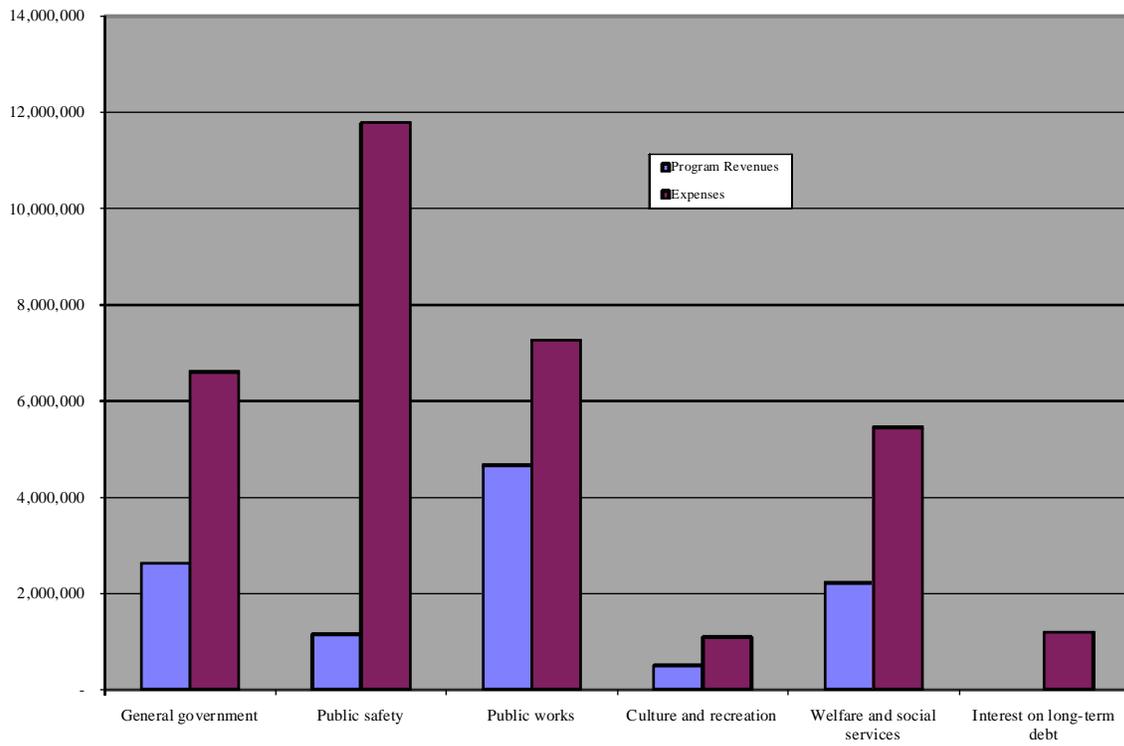
Revenues by Source - Governmental Activities



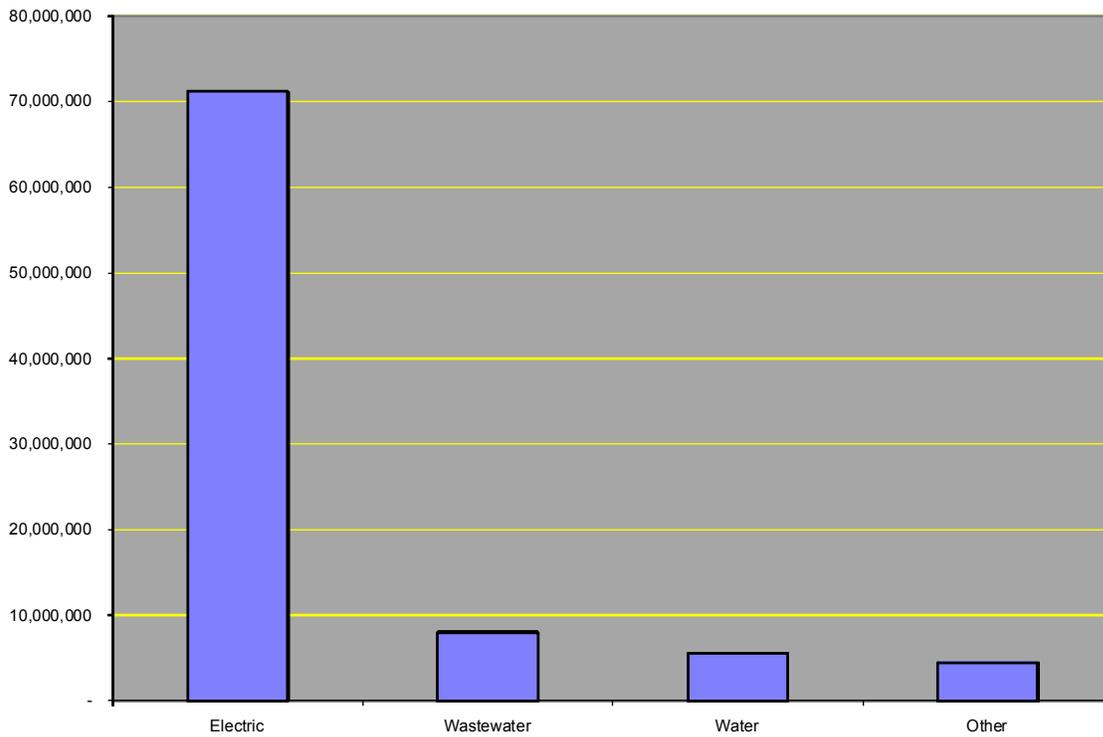
Revenues by Source – Business-type Activities



Expenses - Governmental Activities



Expenses – Business-Type Activities



Financial Analysis of the Government's Funds

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

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

The overall results of governmental funds operations was a decrease in fund balance of \$1,621,513. The decrease is primarily the result of extensive planned use of Street Fund fund balances. In addition, the drop of over \$300,000 in the Municipal Facilities and Land Improvement Projects Fund was mainly due to the Kollen Park Renovation Project. The General Fund also experienced a decrease in fund balance of \$250,241 or a 9.3% change.

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

Total enterprise funds reported positive changes in net assets during the year. The electric utility fund experienced a \$7.5 million increase in net assets of which \$4 million was budgeted and planned. The remaining increase is mostly due to better than expected investment returns and production costs, mainly purchased power coming in under budget.

The Nonmajor enterprise funds reported a \$573,977 positive change in net assets before the \$2.5 million transfer of assets to the Macatawa Area Express Transportation Authority resulting in an overall decrease in net assets of \$1.9 million.

General Fund Budgetary Highlights

The original revenue budget was \$17,832,736 and as amended was \$17,798,227 which represents a decrease of \$34,509. The original expenditure budget was \$20,523,991 and as amended was \$20,496,233 which represents a decrease of \$27,258.

The most significant differences between the original budget and the amended budget are related to the revenue projections. Investment income projections were increased due to the favorable interest rate environment. Total variances were unfavorable by \$140,762, as compared to the increased amended budget, due to somewhat lower investment income than projected.

Property tax revenue projections were increased while state shared revenue projections were decreased during the year as more concrete data became available. Total variances on property tax revenues and penalties and interest on delinquent taxes were unfavorable by \$39,649. Actual state shared revenues fell \$1,278 short of the amended budget.

Overall, the amended budgeted expenditures were \$27,758 lower than the original budgets. Actual expenditures came in \$166,444 less than the original budget and \$138,686 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. This strategy contributed greatly to the overall favorable expenditure budget variance.

Capital Asset and Debt Administration

The City governmental activities invested approximately \$11.3 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	
	2008	2007	2008	2007	2008	2007
Land	\$ 14,093,666	\$ 12,580,676	\$ 13,155,050	\$ 13,122,711	\$ 27,248,716	\$ 25,703,387
Construction in progress	7,853,049	5,613,109	2,985,781	7,489,440	10,838,830	13,102,549
Buildings, equipment and infrastructure, net	95,888,372	97,077,631	138,699,418	139,456,105	234,587,790	236,533,736
Total	\$ 117,835,087	\$ 115,271,416	\$ 154,840,249	\$ 160,068,256	\$ 272,675,336	\$ 275,339,672

Additional information on the City of Holland capital assets can be found in note 4 on pages 48-51 of this report.

LONG-TERM DEBT

The City did not issue any additional debt during the year ended June 30, 2008.

City of Holland's Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Bonds	\$ 27,523,574	\$ 29,939,037	\$ 22,284,500	\$ 26,266,000	\$ 49,808,074	\$ 56,205,037
Unamortized premium (discount) on bonds payable	1,466	1,571	(137,304)	(150,038)	(135,838)	(148,467)
Unamortized refunding costs	(290,638)	(311,398)	(432,769)	(511,660)	(723,407)	(823,058)
Other debt	429,500	457,000	31,000	45,000	460,500	502,000
Total	\$ 27,663,902	\$ 30,086,210	\$ 21,745,427	\$ 25,649,302	\$ 49,409,329	\$ 55,735,512

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 \$115,235,643.

Additional information on the City of Holland long-term debt can be found in note 6 on pages 52-57 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 a downtown 7th Street Parking Deck, the Country Club Road Reconstruction Project, the 12th Street Reconstruction Project, a continued road resurfacing program, 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 projects provide a positive economic outlook for the City. The unemployment rate within the City has most recently crept up to 8.7%, in tandem with the national economic downturn, which is an increase of 19% from 2007. The labor force has declined by 0.56% from 2007, but has increased by 3.7% from the low of 2002 which is a positive long-term trend.

Fiscal year 2009 is the first year in memory that the City had an overall decrease in tax valuation base of 0.49%. It is not anticipated that the City will experience any growth in the overall tax base for upcoming fiscal year 2010. City management works very hard to avoid any property tax rate increases and any further state revenue sharing reductions will cause the City to be creative as it continues to provide its constituents service on a reduced budget.

The overall tax rate for the City will be increased by 0.10 mills to 13.95 mills for the ensuing fiscal year 2009 (fiscal year ended June 30, 2009) budget due to the newly taxpayer voted area-wide West Michigan Airport Authority tax millage. The General Fund budget for fiscal year 2009 projects a \$143,400 use of fund balance to arrive at an end of year projected fund balance of \$2,192,646 or 10.3% of fiscal year 2009 budgeted expenditures. Decreases in investment income, due to declining earnings rates, are also anticipated to come in as low as \$240,000 below budget for fiscal year 2009 in the General Fund alone which will further impact projected ending fund balance.

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.

CITY OF HOLLAND

CITY OF HOLLAND, MICHIGAN

STATEMENT OF NET ASSETS

JUNE 30, 2008

	PRIMARY GOVERNMENT			COMPONENT UNITS		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	DOWNTOWN DEVELOPMENT AUTHORITY	HOLLAND HISTORICAL TRUST	BROWNFIELD REDEVELOPMENT AUTHORITY
Assets						
Cash and pooled investments	\$ 17,962,015	\$ 32,728,881	\$ 50,690,896	\$ 174,421	\$ 320,803	\$ 165,101
Investments	-	57,984,080	57,984,080	-	544,869	-
Receivables:						
Accounts	362,493	10,814,127	11,176,620	10	-	-
Pledges	-	-	-	-	485,825	-
Taxes and special assessments	4,156	282,869	287,025	30	-	-
Interest	274,843	918,861	1,193,704	-	-	-
Leases	834,072	-	834,072	-	-	-
Due from other governmental units	1,626,688	46,235	1,672,923	-	-	-
Internal balances	25,760	(25,760)	-	-	-	-
Prepaid items and other assets	273,074	141,182	414,256	200	-	-
Inventory	109,672	7,579,460	7,689,132	-	1,805	-
Net pension asset	1,052,793	-	1,052,793	-	-	-
Restricted assets:						
Cash and pooled investments	-	6,325,532	6,325,532	-	-	-
Investments	-	8,301,781	8,301,781	-	-	-
Accrued interest	-	66,239	66,239	-	-	-
Long-term assets:						
Special assessments receivable	1,444,611	-	1,444,611	-	-	-
Leases receivable	3,595,000	-	3,595,000	-	-	-
Unamortized bond issuance costs	109,798	-	109,798	-	-	-
Capital assets:						
Land	14,093,666	13,155,050	27,248,716	-	50,000	-
Construction in progress	7,853,049	2,985,781	10,838,830	-	210,645	-
Capital assets, net of depreciation	95,888,372	138,699,418	234,587,790	130,759	1,933,795	-
Total assets	145,510,062	280,003,736	425,513,798	305,420	3,547,742	165,101
Liabilities						
Line of credit	-	-	-	-	10,000	-
Accounts payable	1,767,108	9,037,267	10,804,375	9,800	14,271	-
Accounts payable - claims	232,600	-	232,600	-	-	-
Accrued payroll and benefits	393,334	276,641	669,975	1,863	16,040	-
Due to other governmental units	8,025	13,828	21,853	-	-	-
Accrued interest payable	252,243	13,916	266,159	-	-	-
Unearned revenue	26,836	173,606	200,442	-	29,846	-
Deposits	146,125	62,500	208,625	-	-	-
Noncurrent liabilities:						
Accrued interest payable from restricted assets	-	368,750	368,750	-	-	-
Estimated environmental clean-up costs	15,000	-	15,000	-	-	-
Accrued compensated absences:						
Due within one year	900,000	283,300	1,183,300	-	-	-
Due in more than one year	762,600	287,912	1,050,512	-	-	-
Bonds and loans payable:						
Due within one year from restricted assets	-	790,000	790,000	-	-	-
Due within one year	2,919,963	561,000	3,480,963	-	-	-
Due in more than one year	24,728,939	20,394,427	45,123,366	-	-	-
Total liabilities	32,152,773	32,263,147	64,415,920	11,663	70,157	-
Net assets						
Invested in capital assets, net of related debt	94,586,185	133,094,822	227,681,007	130,759	2,194,440	-
Restricted:						
Nonexpendable:						
Cemetery endowment corpus	1,385,867	-	1,385,867	-	-	-
Expendable for:						
Cemetery maintenance	220,112	-	220,112	-	-	-
Street construction and maintenance	1,964,370	-	1,964,370	-	-	-
Debt service	603,279	-	603,279	-	-	-
Capital projects and by agreement	1,553,351	13,532,257	15,085,608	-	411,335	-
Unrestricted	13,044,125	101,113,510	114,157,635	162,998	871,810	165,101
Total net assets	\$ 113,357,289	\$ 247,740,589	\$ 361,097,878	\$ 293,757	\$ 3,477,585	\$ 165,101

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

CITY OF HOLLAND, MICHIGAN

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2008

Functions / Programs	EXPENSES	PROGRAM REVENUES		NET (EXPENSE) REVENUE	
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS		CAPITAL GRANTS AND CONTRIBUTIONS
Primary government					
Governmental activities:					
General government	\$ 6,606,201	\$ 2,514,224	\$ 113,301	\$ 1,500	\$ (3,977,176)
Public safety	11,782,618	867,229	273,463	14,725	(10,627,201)
Public works	7,270,495	465,582	3,316,927	883,084	(2,604,902)
Culture and recreation	5,457,951	1,162,829	97,683	959,221	(3,238,218)
Welfare and social services	1,093,507	152,785	355,410	-	(585,312)
Interest on long-term debt	1,193,155	-	-	-	(1,193,155)
Total governmental activities	33,403,927	5,162,649	4,156,784	1,858,530	(22,225,964)
Business-type activities:					
Electric utility	71,198,426	79,166,950	-	-	7,968,524
Wastewater utility	8,006,723	6,997,724	-	190,702	(818,297)
Water utility	5,558,454	5,715,370	-	136,460	293,376
Other enterprise activities	4,471,485	1,997,363	1,605,962	1,138,609	270,449
Total business-type activities	89,235,088	93,877,407	1,605,962	1,465,771	7,714,052
Total primary government	\$ 122,639,015	\$ 99,040,056	\$ 5,762,746	\$ 3,324,301	\$ (14,511,912)
Component units					
Downtown Development Authority	\$ 199,571	\$ 1,120	\$ 5,000	\$ -	\$ (193,451)
Holland Historical Trust	760,691	123,685	379,478	602,837	345,309
Brownfield Redevelopment Authority	385,034	-	3,000	-	(382,034)
Total component units	\$ 1,345,296	\$ 124,805	\$ 387,478	\$ 602,837	\$ (230,176)

(Continued)

CITY OF HOLLAND, MICHIGAN
STATEMENT OF ACTIVITIES (CONCLUDED)
FOR THE YEAR ENDED JUNE 30, 2008

	PRIMARY GOVERNMENT			COMPONENT UNITS		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	DOWNTOWN DEVELOPMENT AUTHORITY	HOLLAND HISTORICAL TRUST	BROWNFIELD REDEVELOPMENT AUTHORITY
Changes in net assets						
Net (expense) revenue	\$ (22,225,964)	\$ 7,714,052	\$ (14,511,912)	\$ (193,451)	\$ 345,309	\$ (382,034)
General revenues:						
Property taxes	17,313,526	19	17,313,545	178,229	-	425,635
Intergovernmental - unrestricted	3,168,205	-	3,168,205	-	263,000	-
Investment earnings - unrestricted	1,254,996	4,213,060	5,468,056	12,764	(23,938)	12,664
Transfers - internal activities	2,940,314	(2,940,314)	-	-	-	-
Total general revenues and transfers	24,677,041	1,272,765	25,949,806	190,993	239,062	438,299
Change in net assets before special item	2,451,077	8,986,817	11,437,894	(2,458)	584,371	56,265
Special item:						
Transfer of assets to Macatawa Area Express Transportation Authority	-	(2,542,464)	(2,542,464)	-	-	-
Change in net assets	2,451,077	6,444,353	8,895,430	(2,458)	584,371	56,265
Net assets, beginning of year	110,906,212	241,296,236	352,202,448	296,215	2,893,214	108,836
Net assets, end of year	\$ 113,357,289	\$ 247,740,589	\$ 361,097,878	\$ 293,757	\$ 3,477,585	\$ 165,101

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

CITY OF HOLLAND, MICHIGAN

BALANCE SHEET
GOVERNMENTAL FUNDS

JUNE 30, 2008

	GENERAL FUND	BUILDING AUTHORITY DEBT SERVICE FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>ASSETS</u>				
Cash and pooled investments	\$ 2,098,394	\$ 10,886	\$ 7,831,123	\$ 9,940,403
Receivables:				
Accounts	120,934	-	138,688	259,622
Taxes and special assessments	3,239	-	1,445,528	1,448,767
Interest	274,843	-	-	274,843
Leases	-	4,429,072	-	4,429,072
Due from other governmental units	602,715	-	1,023,973	1,626,688
Due from other funds	242,566	-	567,062	809,628
Prepaid items	6,863	-	50,169	57,032
Total assets	\$ 3,349,554	\$ 4,439,958	\$ 11,056,543	\$ 18,846,055
<u>LIABILITIES AND FUND BALANCES</u>				
LIABILITIES:				
Accounts payable	\$ 442,917	\$ -	\$ 1,156,797	\$ 1,599,714
Accrued payroll and benefits	329,919	-	32,325	362,244
Due to other governmental units	-	-	8,025	8,025
Due to other funds	93,547	-	687,134	780,681
Deposits	146,125	-	-	146,125
Deferred revenue	1,000	4,429,072	1,468,521	5,898,593
Total liabilities	1,013,508	4,429,072	3,352,802	8,795,382
FUND BALANCES:				
Reserved for:				
Prepaid items	6,863	-	50,169	57,032
Permanent fund corpus	-	-	1,385,867	1,385,867
Permanent fund expendable	-	-	220,112	220,112
Unreserved reported in:				
General fund	2,329,183	-	-	2,329,183
Special revenue funds	-	-	3,883,960	3,883,960
Debt service funds	-	10,886	815,564	826,450
Capital projects	-	-	1,348,069	1,348,069
Total fund balances	2,336,046	10,886	7,703,741	10,050,673
Total liabilities and fund balances	\$ 3,349,554	\$ 4,439,958	\$ 11,056,543	\$ 18,846,055

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, 2008

Fund balances - total governmental funds	\$	10,050,673
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Amounts reported for *governmental activities* in the statement of net assets are different because:

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

Add - capital assets, net		112,743,460
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Internal service funds are used by management to charge the costs of certain equipment usage and self-insurance to individual governmental funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.

Add - net assets of governmental activities accounted for in the internal service funds		11,443,027
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Some items are recorded as revenues and expenditures in the fund statements when paid or when received. These items are recorded on the government-wide statements when incurred in the case of expenditures and when revenues are earned.

Add - net pension asset		1,052,793
Add - deferred revenue on lease from library		4,429,072
Add - deferred revenue from special assessments		1,444,611

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

Deduct - bonds payable		(27,938,074)
Deduct - estimated environmental clean-up costs		(15,000)
Deduct - unamortized premium on bonds payable		(1,466)
Add - unamortized deferred refunding costs		290,638
Add - unamortized bond issuance costs		109,798
Deduct - accrued interest on bonds payable		(252,243)

Net assets of governmental activities	\$	113,357,289
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The accompanying notes are an integral part of these financial statements.

CITY OF HOLLAND, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2008

	GENERAL FUND	BUILDING AUTHORITY DEBT SERVICE FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:				
Special assessments	\$ -	\$ -	\$ 624,352	\$ 624,352
Property taxes	11,884,277	-	5,429,249	17,313,526
Licenses and permits	428,256	-	-	428,256
Intergovernmental	3,240,909	-	5,736,559	8,977,468
Charges for services	1,051,012	-	150,765	1,201,777
Fines and fees	216,324	-	243,820	460,144
Contributions from private sector	-	-	375,206	375,206
Interest and rents	826,214	2,764,058	487,943	4,078,215
Miscellaneous	10,473	-	5,193	15,666
Total revenues	17,657,465	2,764,058	13,053,087	33,474,610
EXPENDITURES:				
Current				
General government	3,855,921	-	2,259,416	6,115,337
Public safety	10,810,355	-	543,099	11,353,454
Public works	1,339,309	-	2,665,868	4,005,177
Welfare and social services	607,941	-	504,133	1,112,074
Culture and recreation	3,662,779	-	1,745,544	5,408,323
Other	81,242	-	-	81,242
Debt service				
Principal retirement	-	1,705,000	722,963	2,427,963
Interest and fiscal charges	-	1,057,701	137,989	1,195,690
Capital outlay	-	-	6,455,022	6,455,022
Total expenditures	20,357,547	2,762,701	15,034,034	38,154,282
Excess (deficiency) of revenue over (under) expenditures	(2,700,082)	1,357	(1,980,947)	(4,679,672)
OTHER FINANCING SOURCES (USES):				
Transfers in	2,959,305	1	7,159,283	10,118,589
Transfers out	(509,464)	-	(6,550,966)	(7,060,430)
Total other financing sources (uses)	2,449,841	1	608,317	3,058,159
NET CHANGE IN FUND BALANCES	(250,241)	1,358	(1,372,630)	(1,621,513)
FUND BALANCES - Beginning of year	2,586,287	9,528	9,076,371	11,672,186
FUND BALANCES - End of year	\$ 2,336,046	\$ 10,886	\$ 7,703,741	\$ 10,050,673

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, 2008

Net change in fund balances - total governmental funds	\$	(1,621,513)
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Amounts reported for *governmental activities* in the statement of activities are different because:

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

Add - purchases of capital assets		6,727,689
Deduct - depreciation expense		(4,147,564)
Deduct - net book value of disposed of capital assets		(200,230)

Bond proceeds provide current financial resources to governmental funds in the period issued, but issuing bonds increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Add - principal payments on long-term liabilities		2,427,963
Add - amortization of estimated environmental costs		15,000
Add - amortization of premium on long-term debt		105
Deduct - amortization of deferred refunding costs		(20,760)
Deduct - amortization of bond issuance costs		(7,843)

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

Add - income from governmental activities in internal service funds		173,134
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.

Deduct - decrease in net pension asset		(21,263)
Deduct - current year change in special assessments receivable		(107,148)
Deduct - library lease payment		(789,684)
Add - decrease in accrued interest on bonds payable		23,191

Change in net assets of governmental activities	\$	2,451,077
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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, 2008

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Property taxes	\$ 11,826,252	\$ 11,923,926	\$ 11,884,277	\$ (39,649)
Licenses and permits	548,700	468,540	428,256	(40,284)
Intergovernmental	3,250,300	3,224,499	3,240,909	16,410
Charges for services	1,119,150	1,079,963	1,051,012	(28,951)
Fines and fees	235,000	225,000	216,324	(8,676)
Interest and rents	844,401	866,801	826,214	(40,587)
Miscellaneous	8,933	9,498	10,473	975
Total revenues	17,832,736	17,798,227	17,657,465	(140,762)
EXPENDITURES:				
Current:				
General government	3,755,988	3,906,020	3,855,921	(50,099)
Public safety	10,805,661	10,812,018	10,810,355	(1,663)
Public works	1,255,686	1,377,715	1,339,309	(38,406)
Welfare and social services	599,375	613,855	607,941	(5,914)
Culture and recreation	3,545,681	3,689,350	3,662,779	(26,571)
Other	561,600	97,275	81,242	(16,033)
Total expenditures	20,523,991	20,496,233	20,357,547	(138,686)
Deficiency of revenues under expenditures	(2,691,255)	(2,698,006)	(2,700,082)	(2,076)
OTHER FINANCING SOURCES (USES):				
Transfers in	2,960,400	2,966,490	2,959,305	(7,185)
Transfers out	(439,882)	(503,804)	(509,464)	(5,660)
Total other financing sources (uses)	2,520,518	2,462,686	2,449,841	(12,845)
NET CHANGES IN FUND BALANCES	(170,737)	(235,320)	(250,241)	(14,921)
FUND BALANCES - Beginning of year	2,586,287	2,586,287	2,586,287	-
FUND BALANCES- End of year	\$ 2,415,550	\$ 2,350,967	\$ 2,336,046	\$ (14,921)

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

CITY OF HOLLAND

CITY OF HOLLAND, MICHIGAN

STATEMENT OF FUND NET ASSETS
PROPRIETARY FUNDS

JUNE 30, 2008

BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS

ASSETS	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			
	ELECTRIC UTILITY	WASTEWATER UTILITY	WATER UTILITY	OTHER ENTERPRISE FUNDS
CURRENT ASSETS:				
Cash and pooled investments	\$ 26,595,806	\$ 2,074,730	\$ 3,152,647	\$ 905,698
Investments	41,478,810	15,005,270	1,500,000	-
Receivables:				
Accounts	8,955,402	978,702	703,861	176,162
Taxes and special assessments	-	152,805	130,059	5
Interest	634,933	226,692	57,236	-
Due from other governmental units	-	-	-	46,235
Due from other funds	255,424	97,588	131,458	-
Prepaid items	136,533	45	3,514	-
Inventories	7,373,535	37,398	168,527	1,090
Total current assets	85,430,443	18,573,230	5,847,302	1,129,190
NONCURRENT ASSETS:				
Restricted assets:				
Cash and pooled investments	-	1,143,127	5,182,405	-
Investments	4,487,482	2,000,000	1,814,299	-
Accrued interest	-	66,239	-	-
Capital assets:				
Land	4,810,124	260,673	1,731,894	6,352,359
Construction in progress	761,048	502,581	631,901	1,090,251
Machinery and equipment	210,285,257	64,986,890	50,026,843	16,931,421
Accumulated depreciation	(142,641,143)	(34,345,029)	(17,478,840)	(9,065,981)
Total capital assets	73,215,286	31,405,115	34,911,798	15,308,050
Total noncurrent assets	77,702,768	34,614,481	41,908,502	15,308,050
Total assets	163,133,211	53,187,711	47,755,804	16,437,240
LIABILITIES				
CURRENT LIABILITIES:				
Accounts payable	5,765,881	314,816	2,846,523	110,047
Claims payable	-	-	-	-
Accrued payroll and benefits	295,022	132,160	110,167	22,592
Accrued interest payable	-	13,916	-	-
Due to other governmental units	-	-	-	13,828
Accrued interest payable from restricted assets	-	-	368,750	-
Due to other funds	279,142	29,369	200,167	1,552
Deposits	-	-	-	62,500
Deferred revenue	155,036	-	-	18,570
Bonds and lease purchases payable - current	-	546,000	-	15,000
Bonds payable from restricted assets - current	-	-	790,000	-
Total current liabilities	6,495,081	1,036,261	4,315,607	244,089
NONCURRENT LIABILITIES:				
Accrued compensated absences	165,016	64,786	49,652	8,458
Bonds payable and lease purchases payable	-	2,966,115	17,412,312	16,000
Total noncurrent liabilities	165,016	3,030,901	17,461,964	24,458
Total liabilities	6,660,097	4,067,162	21,777,571	268,547
NET ASSETS				
Invested in capital assets, net of related debt	73,215,286	27,893,000	16,709,486	15,277,050
Restricted for capital projects and by agreement	4,487,482	2,179,963	6,864,812	-
Unrestricted	78,770,346	19,047,586	2,403,935	891,643
Total net assets	\$ 156,473,114	\$ 49,120,549	\$ 25,978,233	\$ 16,168,693

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

TOTAL ENTERPRISE FUNDS	GOVERNMENTAL ACTIVITIES
	INTERNAL SERVICE FUNDS
\$ 32,728,881	\$ 8,021,612
57,984,080	-
10,814,127	102,871
282,869	-
918,861	-
46,235	-
484,470	17,280
140,092	216,042
7,580,550	109,672
<u>110,980,165</u>	<u>8,467,477</u>
6,325,532	-
8,301,781	-
66,239	-
13,155,050	-
2,985,781	-
342,230,411	10,738,205
(203,530,993)	(5,646,578)
<u>154,840,249</u>	<u>5,091,627</u>
<u>169,533,801</u>	<u>5,091,627</u>
<u>280,513,966</u>	<u>13,559,104</u>
9,037,267	167,394
-	232,600
559,941	931,090
13,916	-
13,828	-
368,750	-
510,230	20,467
62,500	-
173,606	1,926
561,000	-
790,000	-
<u>12,091,038</u>	<u>1,353,477</u>
287,912	762,600
<u>20,394,427</u>	-
<u>20,682,339</u>	<u>762,600</u>
<u>32,773,377</u>	<u>2,116,077</u>
133,094,822	5,091,627
13,532,257	-
101,113,510	6,351,400
<u>\$ 247,740,589</u>	<u>\$ 11,443,027</u>

CITY OF HOLLAND, MICHIGAN

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

FOR THE YEAR ENDED JUNE 30, 2008

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			
	ELECTRIC UTILITY	WASTEWATER UTILITY	WATER UTILITY	OTHER ENTERPRISE FUNDS
OPERATING REVENUES				
Admissions and fares	\$ -	\$ -	\$ -	\$ 280,753
Usage fees and charges for services	79,125,357	6,976,927	5,694,573	1,497,508
Rentals	-	-	-	219,102
Miscellaneous	-	-	-	-
Total operating revenues	79,125,357	6,976,927	5,694,573	1,997,363
OPERATING EXPENSES:				
Personal services	4,798,536	1,606,415	1,183,781	699,401
Other current expenses	57,788,276	4,452,772	2,516,812	1,417,316
Depreciation	8,674,587	1,723,682	1,204,112	744,662
Total operating expenses	71,261,399	7,782,869	4,904,705	2,861,379
OPERATING INCOME (LOSS)	7,863,958	(805,942)	789,868	(864,016)
NONOPERATING REVENUES (EXPENSES):				
Property taxes	-	-	-	19
Federal and/or state grants	-	-	-	2,733,214
Federal awards passed-through to the Macatawa Area Express Transportation Authority	-	-	-	(1,603,985)
Investment earnings	2,733,768	979,672	451,197	48,423
Interest expense	(267)	(217,817)	(638,708)	(2,588)
Insurance recoveries	41,593	20,797	20,797	-
Gain (loss) on disposal of capital assets	63,240	(6,037)	(15,041)	(3,533)
Total nonoperating revenues (expenses)	2,838,334	776,615	(181,755)	1,171,550
INCOME (LOSS) - Before transfers, contributions and special item	10,702,292	(29,327)	608,113	307,534
TRANSFERS AND CONTRIBUTIONS				
Capital contributions	-	190,702	136,460	9,380
Other private donations	-	-	-	1,977
Transfers in	-	-	-	668,944
Transfers out	(3,195,400)	-	-	(413,858)
Net transfers and contributions	(3,195,400)	190,702	136,460	266,443
CHANGES IN NET ASSETS BEFORE SPECIAL ITEM	7,506,892	161,375	744,573	573,977
SPECIAL ITEM:				
Transfer of assets to Macatawa Area Express Transportation Authority	-	-	-	(2,542,464)
CHANGE IN NET ASSETS	7,506,892	161,375	744,573	(1,968,487)
NET ASSETS - Beginning of year	148,966,222	48,959,174	25,233,660	18,137,180
NET ASSETS - End of year	\$ 156,473,114	\$ 49,120,549	\$ 25,978,233	\$ 16,168,693

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

TOTAL ENTERPRISE FUNDS	GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS
\$ 280,753	\$ -
93,294,365	6,478,311
219,102	2,109,664
-	172,372
<u>93,794,220</u>	<u>8,760,347</u>
8,288,133	1,009,501
66,175,176	7,150,526
12,347,043	678,919
<u>86,810,352</u>	<u>8,838,946</u>
<u>6,983,868</u>	<u>(78,599)</u>
19	-
2,733,214	-
(1,603,985)	
4,213,060	335,412
(859,380)	-
83,187	-
38,629	32,666
<u>4,604,744</u>	<u>368,078</u>
<u>11,588,612</u>	<u>289,479</u>
336,542	1,500
1,977	-
668,944	319,537
(3,609,258)	(437,382)
<u>(2,601,795)</u>	<u>(116,345)</u>
8,986,817	173,134
(2,542,464)	-
6,444,353	173,134
<u>241,296,236</u>	<u>11,269,893</u>
<u>\$ 247,740,589</u>	<u>\$ 11,443,027</u>

CITY OF HOLLAND, MICHIGAN

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2008

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			
	ELECTRIC UTILITY	WASTEWATER UTILITY	WATER UTILITY	OTHER ENTERPRISE FUNDS
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers and users	\$ 79,563,027	\$ 7,011,900	\$ 5,821,107	\$ 2,070,139
Receipts from internal services provided	-	-	-	-
Payment of lease deposit	-	-	-	(5,319)
Payments to suppliers	(56,757,852)	(4,360,744)	(1,435,785)	(1,562,965)
Payments to employees	(4,765,029)	(1,590,618)	(1,155,348)	(702,428)
Net cash provided by (used in) operating activities	18,040,146	1,060,538	3,229,974	(200,573)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Principal paid on long-term debt	(2,705,000)	(521,500)	(755,000)	(14,000)
Interest paid on long-term debt	(35,432)	(188,367)	(594,437)	(2,588)
Capital contributions	-	139,242	54,820	9,380
Proceeds from sales of capital assets	82,115	16,595	25,139	-
Purchase of capital assets	(3,469,310)	(1,142,899)	(2,943,040)	(1,255,914)
Net cash used in capital and related financing activities	(6,127,627)	(1,696,929)	(4,212,518)	(1,263,122)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Property taxes	-	-	-	104
Federal and/or state grants	-	-	-	2,812,254
Federal awards passed-through to the Macatawa Area Express Transportation Authority	-	-	-	(1,603,985)
Private donations	-	-	-	1,977
Payments to outside authorities	-	-	-	(802,457)
Intergovernmental payments	(3,195,400)	-	-	(167,356)
Intergovernmental receipts	41,593	20,797	20,797	486,724
Net cash (used in) provided by noncapital financing activities	(3,153,807)	20,797	20,797	727,261
CASH FLOWS FROM INVESTING ACTIVITIES:				
Proceeds from sales of investments	40,375,374	16,841,580	2,751,528	-
Purchase of investments	(45,966,292)	(17,005,270)	(3,314,299)	-
Investment earnings	2,581,153	810,437	403,294	48,423
Net cash (used in) provided by investing activities	(3,009,765)	646,747	(159,477)	48,423
NET INCREASE (DECREASE) IN CASH AND POOLED INVESTMENTS	5,748,947	31,153	(1,121,224)	(688,011)
CASH AND POOLED INVESTMENTS -				
Beginning of year	20,846,859	3,186,704	9,456,276	1,593,709
CASH AND POOLED INVESTMENTS - End of year	\$ 26,595,806	\$ 3,217,857	\$ 8,335,052	\$ 905,698
STATEMENT OF NET ASSETS CLASSIFICATIONS OF CASH AND POOLED INVESTMENTS:				
Current assets	\$ 26,595,806	\$ 2,074,730	\$ 3,152,647	\$ 905,698
Restricted assets	-	1,143,127	5,182,405	-
TOTAL STATEMENT OF NET ASSETS CLASSIFICATION	\$ 26,595,806	\$ 3,217,857	\$ 8,335,052	\$ 905,698

		GOVERNMENTAL ACTIVITIES	
TOTAL ENTERPRISE FUNDS		INTERNAL SERVICE FUNDS	
\$	94,466,173	\$	-
	-		8,732,458
	(5,319)		-
	(64,117,346)		(7,160,343)
	(8,213,423)		(940,462)
	<u>22,130,085</u>		<u>631,653</u>
	(3,995,500)		-
	(820,824)		-
	203,442		1,500
	123,849		87,674
	(8,811,163)		(917,704)
	<u>(13,300,196)</u>		<u>(828,530)</u>
	104		-
	2,812,254		-
	(1,603,985)		-
	1,977		-
	(802,457)		-
	(3,362,756)		(397,364)
	569,911		279,519
	<u>(2,384,952)</u>		<u>(117,845)</u>
	59,968,482		-
	(66,285,861)		-
	3,843,307		335,412
	<u>(2,474,072)</u>		<u>335,412</u>
	3,970,865		20,690
	35,083,548		8,000,922
\$	<u>39,054,413</u>	\$	<u>8,021,612</u>
\$	32,728,881	\$	8,021,612
	6,325,532		-
\$	<u>39,054,413</u>	\$	<u>8,021,612</u>

(Continued)

CITY OF HOLLAND, MICHIGAN

STATEMENT OF CASH FLOWS (CONCLUDED)
 PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2008

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			
	ELECTRIC UTILITY	WASTEWATER UTILITY	WATER UTILITY	OTHER ENTERPRISE FUNDS
Reconciliation of operating income to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 7,863,958	\$ (805,942)	\$ 789,868	\$ (864,016)
Adjustment to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	8,674,587	1,723,682	1,204,112	744,662
Changes in operating assets and liabilities which provided (used) cash:				
Accounts receivable	375,453	(14,026)	234,564	35,016
Due from other funds	62,217	48,999	(108,030)	-
Prepaid items	57,748	5,458	1,449	(1,090)
Inventories	2,198,735	(5,249)	(9,425)	-
Accounts payable	(1,483,768)	93,556	1,104,855	(144,559)
Accrued payroll and benefits	33,507	15,797	28,433	(2,044)
Earned employee compensated absences	-	-	-	(983)
Claims payable	-	-	-	-
Due to other funds	264,045	(1,737)	(15,852)	-
Deferred revenue	(6,336)	-	-	32,441
Net cash provided by (used in) operating activities	\$ 18,040,146	\$ 1,060,538	\$ 3,229,974	\$ (200,573)
Noncash investing, capital and financing activities				
Noncash capital transfers	\$ -	\$ -	\$ -	\$ (1,740,007)
Noncash capital contributions	-	51,460	81,640	-

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

BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS	GOVERNMENTAL ACTIVITIES
TOTAL	INTERNAL SERVICE FUNDS
\$ 6,983,868	\$ (78,599)
12,347,043	678,919
631,007	(38,158)
3,186	(7,932)
63,565	19,165
2,184,061	(57,941)
(429,916)	99,659
75,693	72,310
(983)	(3,271)
-	(70,700)
246,456	18,790
26,105	(589)
<u>\$ 22,130,085</u>	<u>\$ 631,653</u>
\$ (1,740,007)	\$ -
<u>133,100</u>	<u>-</u>

CITY OF HOLLAND, MICHIGAN

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS

JUNE 30, 2008

ASSETS

CURRENT ASSETS:

Cash and pooled investments	\$	125,073
Accounts receivable		385
<hr/>		
Total assets	\$	125,458

LIABILITIES

LIABILITIES:

Accounts payable	\$	55,082
Due to other governmental units		45,731
Other accrued liabilities and deposits		24,645
<hr/>		
Total liabilities	\$	125,458

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

CITY OF HOLLAND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

Blended Component Unit

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

Discretely Presented Component Units

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

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

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

Brownfield Redevelopment Authority – The Brownfield Redevelopment Authority was established to account for "captured" tax revenue on specific properties within the City that have been identified and approved by the State of Michigan as brownfields requiring site reclamation. These revenues are used to reimburse property owners for expenses incurred for brownfield cleanup and redevelopment. The City Council appoints the governing body of the Authority and approves the Authority's budget. Separate financial statements are not prepared for this entity.

CITY OF HOLLAND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2008

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

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

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

CITY OF HOLLAND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2008

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period. Intergovernmental revenue, charges for services and interest are all considered to be susceptible to accrual if collected within 180 days of fiscal year end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

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

The City reports the following major governmental funds:

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

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

The City reports the following major enterprise funds:

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

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

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

Additionally, the City reports the following fund types:

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

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

CITY OF HOLLAND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2008

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

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

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

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

Agency Funds – used to account for assets held on behalf of outside parties, including other governments.

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

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

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

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

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

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, 2008

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, 2008

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.

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.

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.

Investments

Investments displayed on the financial statement 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.

CITY OF HOLLAND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2008

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

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

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 \$500 (\$5,000 for infrastructure) 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

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.

CITY OF HOLLAND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2008

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.

Bond Issuance Costs

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	\$ -	\$4,429,072	\$4,429,072
Special assessments receivable:			
Special assessment debt	-	1,149,938	1,149,938
Infrastructure projects	-	2,284	2,284
Miscellaneous governmental functions	-	292,389	292,389
Grant drawdowns in excess of amounts expended:			
General fund	1,000	-	1,000
Culture and community improvement	20,350	-	20,350
Municipal facilities and land improvement projects	1,050	-	1,050
Public safety grants	2,510	-	2,510
	<u>24,910</u>	<u>\$5,873,683</u>	<u>\$5,898,593</u>
Total governmental funds			
	24,910	<u>\$5,873,683</u>	<u>\$5,898,593</u>
Internal service funds	<u>1,926</u>		
Total governmental activities	<u>\$ 26,836</u>		

CITY OF HOLLAND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2008

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, 2006 was \$ 1,210,155,218, which provides a City-wide valuation equivalency that allows for a uniform millage rate across all taxable properties, including tax-abated properties. The tax levy was based on the following rates:

	Millage Rate Used	Authorized Millage Rate By Either State Law or City Charter	
General Operating	9.3361		
Street Development and Improvement	1.0000		
Sidewalk Development and Improvement	0.0500		
Municipal Capital Projects	.2977		
Debt Service General Obligation	1.8551		
	12.5389	16.1346	(1)
		17.5000	(City Charter)
	Millage Rate Used	Authorized Millage Rate By Either State Law or City Charter	
Library Support/Debt Service	1.3111	1.3111	(1)
		1.5000	(2)

(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.

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, 2008

Electric Utility Fund Transfer to the General Fund

The City Charter authorizes an annual transfer from the Electric Utility Fund to the General Fund. The current formula for determining this transfer is based upon 3.5 percent of Electric Utility Fund budgeted revenues of the same fiscal year. For fiscal year 2008, a transfer of \$2,840,400 was made.

Compensated Absences

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

Vacation hours are credited to each employee on the anniversary date of hire. The number of hours is dependent upon years of service.

Sick leave hours are credited to each employee as earned during a calendar year up to a maximum of 104 hours. Bargaining and nonbargaining employees are compensated for one half of total accumulated sick leave hours in excess of 720 hours annually.

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

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

Risk Management and Benefits

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 \$75,000 specific and \$3,308,000 aggregate. Vehicle liability insurance provides first-dollar coverage on all claims. The City assumes total unlimited risk for damage to its vehicles, except fire vehicles, with small deductibles for damages. Damages to all other forms of property are established with a \$100,000 deductible per incident. Retentions for general and public liability risks are currently \$100,000 per incident.

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

CITY OF HOLLAND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2008

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.

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, 2008, 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:			
Legal Services	\$ 239,900	\$ 242,863	\$ 2,963
City Treasurer	215,255	220,452	5,197
Fire	2,845,866	2,855,829	9,963
Civic Center	261,238	265,581	4,343
Leisure Services Administration	61,990	62,391	401
Transfers out	503,804	509,464	5,660
Principal Shopping District Fund:			
Culture and Recreation	166,556	167,551	995
Contested Assessments Fund:			
General government	21,800	23,498	1,698
Property Acquisition Fund:			
General government	175,709	181,447	5,738

Compliance with the Single Audit Act

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

CITY OF HOLLAND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2008

3. DEPOSITS AND INVESTMENTS

The City's reporting entity deposits and investments as of June 30, 2008 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	\$ 17,962,015	\$ 32,728,881	\$ 660,325	\$ 125,073	\$ 51,476,294
Investments	-	57,984,080	544,869	-	58,528,949
Restricted assets:					
Cash and pooled investments	-	6,325,532	-	-	6,325,532
Investments	-	8,301,781	-	-	8,301,781
	<u>\$ 17,962,015</u>	<u>\$ 105,340,274</u>	<u>\$ 1,205,194</u>	<u>\$ 125,073</u>	<u>\$ 124,632,556</u>

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

Petty cash	\$ 9,125
Deposits	47,361,351
Investments	<u>77,262,080</u>
	<u>\$124,632,556</u>

CITY OF HOLLAND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2008

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

Investment	Balance	Interest Rate	Maturity Date	Rating	Callable
City of Holland					
FFCB	\$ 747,420	3.300%	10/22/2010	S&P AAA	Once only call 5/7/2009
FHLMC	1,997,360	3.250%	9/10/2010	S&P AAA	Once only call 9/10/2008
FNMA	1,202,256	4.500%	8/4/2008	S&P AAA	Non-Callable
FHLB	1,201,872	3.625%	12/16/2010	S&P AAA	Once only call 6/16/2009
FFCB	1,537,500	5.000%	9/21/2009	S&P AAA	Non-Callable
FNMA	1,509,375	5.300%	9/29/2009	S&P AAA	Once only call 9/29/2008
FHLB	745,313	3.625%	11/7/2011	S&P AAA	Once only call 5/7/2009
FHLB	900,000	3.250 to 4.25%	2/22/2011	S&P AAA	Quarterly
MBIA Michigan Class Pool	769,970	2.540%	N/A	Fitch AAA	N/A
Fifth Third Money Market Fund	1,541,546	2.17%	N/A	S&P AAA	N/A
Fifth Third Money Market Fund	191	1.999%	N/A	S&P AA	N/A
Total City of Holland	\$ 12,152,803				
Holland Board of Public Works					
FHLB	\$ 1,001,250	3.125%	7/20/2009	S&P AAA	12/30/08
FHLB	1,007,190	4.300%	12/17/2009	S&P AAA	9/17/08
FHLB	1,005,000	3.550%	3/30/2010	S&P AAA	3/30/09
FHLB	995,000	2.875%	4/16/2010	S&P AAA	10/16/08
FHLB	1,001,560	4.580%	10/30/2009	S&P AAA	Anytime
FHLB	1,003,130	4.250%	12/03/2009	S&P AAA	9/3/08
FHLB	1,003,750	4.200%	12/17/2009	S&P AAA	12/17/08
FHLB	996,880	3.070%	5/28/2010	S&P AAA	5/28/09
FHLB	994,380	3.070%	9/24/2010	S&P AAA	9/24/08
FHLB	993,750	3.150%	11/29/2010	S&P AAA	5/29/09
FHLB	997,500	3.375%	12/16/2010	S&P AAA	6/19/09
FNMA	989,690	3.000%	1/14/2011	S&P AAA	4/14/09
FHLB	999,900	3.250%	2/22/2010	S&P AAA	8/22/08
FHLB	996,800	3.000%	5/5/2010	S&P AAA	5/5/09
FHLB	996,000	3.050%	5/5/2010	S&P AAA	5/5/09
FHLB	1,007,000	4.450%	5/26/2010	S&P AAA	11/26/08
FHLB	998,800	3.200%	5/28/2010	S&P AAA	5/28/09
FHLMC	999,500	3.250%	6/09/2010	S&P AAA	12/9/08

CITY OF HOLLAND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2008

Investment	Balance	Interest Rate	Maturity Date	Rating	Callable
FHLMC	\$ 1,000,800	3.375%	6/09/2010	S&P AAA	12/9/08
FNMA	999,700	3.265%	6/10/2010	S&P AAA	6/10/09
FHLB	993,800	3.050%	9/17/2010	S&P AAA	9/17/08
FHLB	994,000	3.070%	9/24/2010	S&P AAA	9/24/08
FNMA	997,300	3.300%	11/05/2010	S&P AAA	5/5/09
FHLMC	1,000,700	3.550%	12/02/2010	S&P AAA	12/2/08
FHLB	1,003,200	4.000%	12/30/2010	S&P AAA	9/30/08
FNMA	3,007,500	3.200%	11/28/2008	S&P AAA	Non-Callable
MPPA Trust Pool	4,487,482	N/A	Various	Unrated	N/A
Repurchase agreements	32,092,846	N/A	N/A	Unrated	N/A
Total Holland Board of Public Works	\$ 64,564,408				
Holland Historical Trust					
Bond Mutual Funds	\$ 156,485	N/A	N/A	Various	N/A
Equity Mutual Funds	382,415	N/A	N/A	N/A	N/A
Holland/Zeeland Area Community Foundation	5,969	N/A	N/A	Unrated	N/A
Total Holland Historical Trust	\$ 544,869				
Total	\$ 77,262,080				

FNMA – Federal National Mortgage Association

FHLB – Federal Home Loan Bank

FFCB – Federal Farm Credit Bank

FHLMC – Federal Home Loan Mortgage Corporation

Investment and Deposit Risk

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

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

CITY OF HOLLAND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2008

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, \$46,525,405 of the bank balance of \$47,761,408 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 \$77,262,080 of investments held at year-end, the City has a custodial credit risk exposure of \$71,225,892 because the related securities are uninsured, unregistered and held by the government's brokerage firm which is also the counterparty for these particular securities. Custodial credit risk for the mutual funds, MBIA Michigan Class Pool, MPPA Trust Pool and Holland Zeeland Area Community fund cannot be determined as these investments are not evidenced by specifically identifiable securities.

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

CITY OF HOLLAND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2008

4. CAPITAL ASSETS

	<u>Balance July 1, 2007</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2008</u>
Primary government				
Governmental activities				
Capital assets, not being depreciated:				
Land	\$ 12,580,676	\$ 1,515,510	\$ 2,520	\$ 14,093,666
Construction in progress	<u>5,613,109</u>	<u>5,844,065</u>	<u>3,604,125</u>	<u>7,853,049</u>
Total capital assets, not being depreciated	<u>18,193,785</u>	<u>7,359,575</u>	<u>3,606,645</u>	<u>21,946,715</u>
Capital assets, being depreciated:				
Land improvements	15,275,881	118,715	-	15,394,596
Buildings	32,729,383	91,497	-	32,820,880
Machinery and equipment	10,845,841	467,352	218,838	11,094,355
Vehicles	6,426,796	635,323	499,975	6,562,144
Infrastructure	<u>78,871,319</u>	<u>2,577,056</u>	<u>586,918</u>	<u>80,861,457</u>
Total capital assets, being depreciated	<u>144,149,220</u>	<u>3,889,943</u>	<u>1,305,731</u>	<u>146,733,432</u>
Less accumulated depreciation for:				
Land improvements	6,569,754	684,013	-	7,253,767
Buildings	7,123,086	921,911	-	8,044,997
Machinery and equipment	5,589,531	656,618	189,086	6,057,063
Vehicles	3,193,624	435,006	443,145	3,185,485
Infrastructure	<u>24,595,594</u>	<u>2,128,935</u>	<u>420,781</u>	<u>26,303,748</u>
Total accumulated depreciation	<u>47,071,589</u>	<u>4,826,483</u>	<u>1,053,012</u>	<u>50,845,060</u>
Net capital assets, being depreciated	<u>97,077,631</u>	<u>(936,540)</u>	<u>252,719</u>	<u>95,888,372</u>
Net governmental activities capital assets	<u>\$ 115,271,416</u>	<u>\$ 6,423,035</u>	<u>\$ 3,859,364</u>	<u>\$ 117,835,087</u>

CITY OF HOLLAND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2008

	<u>Balance July 1, 2007</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2008</u>
Business-type activities				
Capital assets, not being depreciated:				
Land	\$ 13,122,711	\$ 32,339	\$ -	\$ 13,155,050
Construction in progress	7,489,440	2,683,385	7,187,044	2,985,781
Total capital assets, not being depreciated	<u>20,612,151</u>	<u>2,715,724</u>	<u>7,187,044</u>	<u>16,140,831</u>
Capital assets, being depreciated:				
Land improvements	10,964,010	1,184,657	97,353	12,051,314
Buildings	3,608,513	-	54,183	3,554,330
Machinery and equipment	315,565,151	12,163,374	1,176,618	326,551,907
Office Equipment/ Furniture	92,216	-	29,356	62,860
Vehicles	3,085,155	-	3,075,155	10,000
Total capital assets, being depreciated	<u>333,315,045</u>	<u>13,348,031</u>	<u>4,432,665</u>	<u>342,230,411</u>
Less accumulated depreciation for:				
Land improvements	5,639,218	559,914	62,347	6,136,785
Buildings	1,847,803	113,615	21,042	1,940,376
Machinery and equipment	184,537,784	11,672,472	818,020	195,392,236
Office Equipment/ Furniture	71,678	1,042	14,138	58,582
Vehicles	1,762,457	-	1,759,443	3,014
Total accumulated depreciation	<u>193,858,940</u>	<u>12,347,043</u>	<u>2,674,990</u>	<u>203,530,993</u>
Net capital assets, being depreciated	<u>139,456,105</u>	<u>1,000,988</u>	<u>1,757,675</u>	<u>138,699,418</u>
Net business-type activities capital assets	<u>\$ 160,068,256</u>	<u>\$ 3,716,712</u>	<u>\$ 8,944,719</u>	<u>\$ 154,840,249</u>

CITY OF HOLLAND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2008

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

Governmental activities:	
General government	\$ 260,832
Public safety	626,114
Public works	2,594,058
Culture and recreation	663,827
Welfare and social services	2,733
Internal service funds	<u>678,919</u>
Total depreciation expense - governmental activities	<u>\$ 4,826,483</u>

Business-type activities:	
Electric utility	\$ 8,674,587
Wastewater utility	1,723,682
Water utility	1,204,112
Refuse and recycling pickup	62,208
Windmill island	66,736
Depot operations	54,783
Airport	549,173
Public transit facilities and management system	<u>11,762</u>
Total depreciation expense - business type activities	<u>\$ 12,347,043</u>

Discretely Presented Component Units

	<u>Balance July 1, 2007</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2008</u>
Downtown Development Authority:				
Capital assets, being depreciated				
Land improvements	\$ 208,216	\$ -	\$ -	\$ 208,216
Machinery and equipment	<u>6,789</u>	<u>3,348</u>	<u>-</u>	<u>10,137</u>
Total capital assets, being depreciated	<u>215,005</u>	<u>3,348</u>	<u>-</u>	<u>218,353</u>
Less accumulated depreciation for:				
Land improvements	75,146	10,566	-	85,712
Machinery and equipment	<u>1,471</u>	<u>411</u>	<u>-</u>	<u>1,882</u>
Total accumulated depreciation	<u>76,617</u>	<u>10,977</u>	<u>-</u>	<u>87,594</u>
Net capital assets	<u>\$ 138,388</u>	<u>\$ (7,629)</u>	<u>\$ -</u>	<u>\$ 130,759</u>

CITY OF HOLLAND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2008

	<u>Balance July 1, 2007</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2008</u>
Holland Historical Trust:				
Capital assets, not being depreciated				
Land	\$ 60,000	\$ -	\$ 10,000	\$ 50,000
Construction in progress	21,175	189,470	-	210,645
	<u>81,175</u>	<u>189,470</u>	<u>10,000</u>	<u>260,645</u>
Capital assets, being depreciated				
Buildings and improvements	2,504,797	2,010	70,714	2,436,093
Land improvements	20,617	-	-	20,617
Furniture and equipment	146,064	2,083	-	148,147
	<u>2,671,478</u>	<u>4,093</u>	<u>70,714</u>	<u>2,604,857</u>
Less accumulated depreciation for:				
Buildings and improvements	420,574	141,416	16,020	545,970
Land improvements	10,972	1,348	-	12,320
Furniture and equipment	106,832	5,940	-	112,772
	<u>538,378</u>	<u>148,704</u>	<u>16,020</u>	<u>671,062</u>
Net capital assets, being depreciated	<u>2,133,100</u>	<u>(144,611)</u>	<u>54,694</u>	<u>1,933,795</u>
Total capital assets	<u>\$ 2,214,275</u>	<u>\$ 44,859</u>	<u>\$ 64,694</u>	<u>\$ 2,194,440</u>

5. COMPONENT UNIT LINE OF CREDIT

The Holland Historical Trust (the "Trust") component unit has available a \$500,000 line of credit with interest at 0.625% under the prime rate as published in the Wall Street Journal (effective rate of 4.375% at June 30, 2008). The line expires on October 25, 2008. There were outstanding borrowings on the line of \$10,000 as of June 30, 2008. As a condition of granting of credit line, the Trust pledges to maintain deposit accounts with the creditor bank.

CITY OF HOLLAND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2008

6. LONG-TERM DEBT

Long-term debt at June 30, 2008 is comprised of the following individual bond issues, notes payable and lease obligations:

	<u>Balance July 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2008</u>	<u>Due Within One Year</u>
Governmental Activities					
\$2,300,000 Building Authority, Library Improvement Bonds, due in annual installments of \$275,000 to \$350,000 through 2009; interest at 4.30% to 4.375%.	\$ 700,000	\$ -	\$ 350,000	\$ 350,000	\$ 350,000
\$19,500,000 Police Improvement Bonds due in annual installments of \$455,000 to \$1,885,000 through 2022; interest at 2.00% to 5.00%.	11,000,000	-	580,000	10,420,000	640,000
\$3,750,000 1996A Street Improvement Bonds, due in annual installments of \$325,000 to \$525,000 through 2009, interest at 3.80% to 5.40%.	1,025,000	-	500,000	525,000	525,000
\$380,000 1997A Utility Improvement Bonds, due in annual installments of \$25,000 to \$30,000 through 2011; interest at 4.80% to 7.00%.	105,000	-	25,000	80,000	30,000
\$425,000 1998 Special Assessment Bonds due in annual installments of \$25,000 to \$35,000, through 2012; interest at 4.00% to 5.05%.	120,000	-	20,000	100,000	25,000
\$350,000 2001 Special Assessment Bonds due in annual installments of \$25,000 through 2014; interest at 5.80% to 5.85%.	175,000	-	25,000	150,000	25,000

CITY OF HOLLAND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2008

	<u>Balance July 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2008</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 \$93,949 through 2018; interest at 4.20% to 4.80%.	\$ 869,037	\$ -	\$ 70,463	\$ 798,574	\$ 70,463
\$800,000 2002A Public Improvement Bonds, due in annual installments of \$55,000 to \$60,000, through 2016; interest at 4.00% to 7.00%.	530,000	-	60,000	470,000	60,000
\$5,400,000 2004 Library Improvement Refunding Bonds, due in annual installments of \$425,000 to \$475,000, through May 2017, interest at 2.00% to 4.25%.	4,485,000	-	435,000	4,050,000	455,000
\$4,170,000 2004 City Hall Improvement Refunding Bonds, due in annual installments of \$275,000 to \$475,000, through 2016; interest at 2.00% to 4.25%.	3,555,000	-	315,000	3,240,000	330,000
\$352,000 2004 Land Contract; due in one installment of \$352,000 in 2009 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%.	75,000	-	12,500	62,500	12,500
\$7,255,000 2006 Building Authority Refunding Bonds, due in annual installments of \$25,000 to \$1,880,000 through 2022; interest rates of 3.50% to 4.00%.	7,230,000	-	25,000	7,205,000	30,000

CITY OF HOLLAND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2008

	<u>Balance July 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2008</u>	<u>Due Within One Year</u>
Governmental Activities (Continued)					
\$155,000 2006 Special Assessment Bonds, due in annual installments of \$10,000 to \$15,000 through 2022; interest rates of 5.06% to 5.50%.	\$ 145,000	\$ -	\$ 10,000	\$ 135,000	\$ 15,000
Total installment debt	30,366,037	-	2,427,963	27,938,074	2,919,963
Estimated environmental clean-up costs	30,000	-	15,000	15,000	15,000
Premium on bonds payable	1,571	-	105	1,466	-
Unamortized deferred refunding costs	(311,398)	-	(20,760)	(290,638)	-
Accrued compensated absences	1,610,782	952,763	900,945	1,662,600	900,000
Total Governmental Activities	\$31,696,992	\$ 952,763	\$ 3,323,253	\$ 29,326,502	\$ 3,834,963
Business-type Activities					
\$12,112,889 2002A Electric Revenue Refunding Bonds, due in one annual installment of \$2,705,000 on July 1, 2007; interest at 2.60%.	\$ 2,705,000	\$ -	\$ 2,705,000	\$ -	\$ -
\$6,576,500 2001 Ottawa County Refunded Sewage Bonds (City assumed 70% of total 2001 Ottawa County Disposal Bond issue), due in annual installments of \$521,500 to \$693,000 through 2014; interest at 4.10% to 4.75%.	4,221,000	-	521,500	3,699,500	546,000
\$980,000 1997 Water Supply System Revenue Bonds, due in one annual installment of \$505,000 on July 1, 2007; interest at 4.90%.	505,000	-	505,000	-	-
\$7,635,000 2005A Water Supply Revenue Refunding Bonds, due in annual installments of \$635,000 to \$915,000 through 2018; interest at 3.0% to 4.0%.	7,635,000	-	-	7,635,000	635,000
\$11,200,000 2005B Water Supply Refunding Bonds, due in annual installments of \$155,000 to \$1,525,000 through 2025; interest at 3.0% to 5.0%.	11,200,000	-	250,000	10,950,000	155,000

CITY OF HOLLAND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2008

	<u>Balance July 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2008</u>	<u>Due Within One Year</u>
Business-type Activities (Continued)					
Installment purchase obligation to Huntington Bank, due in annual installments of \$14,000 to \$16,000 through 2010; interest at 5.75%.	\$ 45,000	\$ -	\$ 14,000	\$ 31,000	\$ 15,000
Total installment debt	26,311,000	-	3,995,500	22,315,500	1,351,000
Discount on bonds payable	(150,038)	-	(12,734)	(137,304)	-
Unamortized deferred refunding costs	(511,660)	-	(78,891)	(432,769)	-
Accrued compensated absences	557,819	577,014	563,621	571,212	283,300
Total Business-type Activities Long-Term Debt	\$ 26,207,121	\$ 577,014	\$ 4,467,496	\$ 22,316,639	\$ 1,634,300

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

The City owns and maintains a landfill for fly ash and wastewater treatment bio solids. In accordance with Michigan Department of Environmental Quality requirements, funding for closure cost estimates of \$111,000 and post-closure cost estimates of \$216,450 have been assured with a \$100,000 letter of credit and \$9,280 held in trust at June 30, 2008.

The City has recognized a liability for closure and post-closure cost of \$327,450 in the Enterprise Fund (accounts payable) 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 74% of the landfill's capacity currently utilized. These estimates are expected to fluctuate based on inflation, deflation, changes in technology, applicable laws and regulations.

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

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

CITY OF HOLLAND

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2008

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, 2008, the City has cash and investments of \$790,354 available in Debt Service Funds for repayment of these bonds. In addition, there is \$1,444,611 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, 2008, including 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>
2009	\$ 2,919,963	\$ 1,061,253	\$ 1,351,000	\$ 894,419
2010	1,762,963	974,251	1,410,000	846,201
2011	1,862,963	914,607	1,443,500	795,137
2012	1,947,963	838,189	1,505,000	741,669
2013	2,062,963	760,401	1,563,000	683,760
2014-2018	10,291,260	2,492,166	5,758,000	2,602,070
2019-2023	7,089,999	584,202	6,305,000	1,433,219
2024-2025	-	-	2,980,000	150,750
Total	\$ 27,938,074	\$ 7,625,069	\$ 22,315,500	\$ 8,147,225

Revenue Bonds

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

No Commitment Debt

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

<u>For Whom</u>	<u>Purpose</u>	<u>Outstanding Principal at June 30, 2008</u>
Thrifty Holland, Inc.	Acquisition, construction and equipping of a retail, grocery and department store	<u>\$ 7,300,000</u>

CITY OF HOLLAND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2008

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

Defeased Debt

As of June 30, 2008, in conjunction with prior year refunded debt, \$6,805,000 of outstanding bonds payable is considered defeased.

7. FUND EQUITY

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

8. JOINT VENTURES

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

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

For the year ended June 30, 2008, the Board recognized expenses totaling \$12,734,771 under the terms of the contract which represented \$2,885,655 for fixed operating costs, \$5,401,571 for debt service and \$4,447,545 for the purchase of power. Accounts payable to MPPA totaled \$2,502,892 at June 30, 2008. Under the terms of its contracts, the Board must make minimum annual payments equal to its share of debt service and its share of the fixed operating costs of Detroit Edison's Belle River No. 1 and Consumers Energy's Campbell Unit No. 3. The estimated required payments presented below assume no early calls or refinancing of existing revenue bonds and 3.0% annual inflation of fixed operating costs.

CITY OF HOLLAND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2008

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

Year	Belle River		Campbell		Total
	Debt Service	Fixed Operating	Debt Service	Fixed Operating	
2009	\$ 4,305,297	\$ 2,378,847	\$ 1,095,501	\$ 593,377	\$ 8,373,022
2010	4,305,373	2,450,213	915,089	611,178	8,281,853
2011	4,306,019	2,523,719	919,622	629,514	8,378,874
2012	4,306,001	2,599,431	922,180	648,399	8,476,011
2013	4,305,460	2,677,414	923,442	667,851	8,574,167
2014-2018	21,528,446	14,641,194	2,608,650	2,126,189	40,904,479
	\$43,056,596	\$27,270,818	\$7,384,484	\$5,276,508	\$82,988,406

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

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

9. INTERFUND TRANSACTIONS

Due to/from other funds at June 30, 2008 were:

	Due from other funds						Total
	General Fund	Nonmajor Governmental Funds	Electric Utility	Wastewater Utility	Water Utility	Internal Service Funds	
Due to other funds:							
General Fund	\$ -	\$ -	\$ 49,321	\$ 18,843	\$ 25,383	\$ -	\$ 93,547
Nonmajor Governmental Funds	-	298,259	205,024	78,332	105,519	-	687,134
Electric Utility	242,566	19,296	-	-	-	17,280	279,142
Wastewater Utility	-	29,369	-	-	-	-	29,369
Water Utility	-	200,167	-	-	-	-	200,167
Nonmajor Enterprise Funds	-	-	818	313	421	-	1,552
Internal Service Funds	-	19,971	261	100	135	-	20,467
	\$ 242,566	\$ 567,062	\$ 255,424	\$ 97,588	\$ 131,458	\$ 17,280	\$1,311,378

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.

CITY OF HOLLAND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2008

	Transfers In					Total
	General Fund	Building Authority Debt Service Fund	Non-major Governmental Funds	Non-major Enterprise Fund	Internal Service Funds	
Transfers out:						
General Fund	\$ -	\$ -	\$ 187,616	\$ 221,848	\$ 100,000	\$ 509,464
Nonmajor						
Governmental Funds	87,414	1	6,381,010	72,971	9,570	6,550,966
Electric Utility	2,840,400	-	355,000	-	-	3,195,400
Nonmajor Enterprise Funds	1,491	-	38,242	374,125	-	413,858
Internal Service Funds	30,000	-	197,415	-	209,967	437,382
	<u>\$ 2,959,305</u>	<u>\$ 1</u>	<u>\$ 7,159,283</u>	<u>\$ 668,944</u>	<u>\$ 319,537</u>	<u>\$11,107,070</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.

10. 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 pension plan providing retirement, death and disability benefits covering full-time City employees. The System is administered by the MERS retirement board. Act No. 427 of the Public Acts of 1984, as amended, establishes and amends the benefit provisions of the participants in MERS. A publicly available financial report that includes financial statements and required supplementary information for MERS may be obtained by writing to the Municipal Employees Retirement System of Michigan, 1134 Municipal Way, Lansing, Michigan 48917 or by calling (800) 767-6377.

The City is required to contribute at an actuarially determined rate; the current rate varies by bargaining unit as a percentage of annual covered payroll from 9.33% to 13.42% for union employees. For non-union employees, the City is required to contribute a flat rate as listed below.

CITY OF HOLLAND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2008

<u>Employment Division</u>	<u>Amount</u>
General; Non-union	\$ 419,688
Police; Non-union	60,012
Fire; Non-union	14,208
Street, Parks, Cemetery; Non-union	79,080
Public Works; Non-union	285,420

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

For the year ended June 30, 2008, the City's actual and required contribution for MERS was \$2,169,602. The required contribution was determined as part of the December 31, 2006 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included: (a) a rate of return on the investment of present and future assets of 8.0%; (b) projected salary increases of 4.5% per year compounded annually, attributable to inflation; (c) additional projected salary increases of 0.0% to 8.4% per year, depending on age, attributable to merit, longevity, and promotional pay increases; and (d) Post-retirement Benefits will increase based on City Council resolution. The actuarial value of MERS assets was determined on the basis of a valuation method that assumes the fund earns the expected rate of return and includes an adjustment to reflect fair value. The City's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2007, the date of the latest actuarial valuation, was 30 years.

Three-Year Trend Information

<u>Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation (Asset)</u>
2006	\$ 1,662,275	99%	\$ (1,095,749)
2007	2,110,346	99%	(1,074,056)
2008	2,190,865	99%	(1,052,793)

CITY OF HOLLAND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2008

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio Total	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/05	\$ 74,665,205	\$ 91,597,609	\$ 16,932,404	82%	\$ 16,932,404	103%
12/31/06	77,665,205	95,229,440	17,423,238	82%	17,423,238	106%
12/31/07	80,995,093	100,127,029	19,131,936	81%	19,131,936	115%

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

Actuarially determined contribution	\$ 2,169,602
Interest on Net Pension Asset	85,924
Adjustment to actuarially determined contribution	<u>(64,661)</u>
Annual pension cost	2,190,865
Contributions made	<u>2,169,602</u>
Decrease in Net Pension Asset	(21,263)
Net pension Asset beginning of year	<u>1,074,056</u>
Net Pension Asset at end of year	<u>\$ 1,052,793</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 \$379,693 and employees contributed \$98,973 to the defined contribution plan.

11. 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.

CITY OF HOLLAND

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2008

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, 2008, the City contributed \$0, which is 0% of the Annual Required Contribution (ARC) to the Plan of \$468,693. Beginning with the fiscal year ending June 30, 2009, the City will be required to begin recognizing expenses for OPEB costs in the government-wide and proprietary fund financial statements based on an actuarially determined ARC.

Funded status and funding progress. As of June 30, 2007, the date of the most recent actuarial valuation, the Plan was 0% funded. The actuarial accrued liability for benefits was \$2,869,056, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,869,056.

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.

CITY OF HOLLAND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2008

In the June 30, 2007 actuarial valuation, the individual entry age actuarial cost method was used. The actuarial assumptions includes: (a) a rate of return on investments of 8.0%; and (b) projected healthcare benefit increases of 10%. 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 percentage of projected payroll over 15 years on a closed basis.

12. LITIGATION/CONTINGENT LIABILITY

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

13. 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, 2006	\$ 200,000	\$ -	\$ -	\$ 50,000	\$ -	\$ -	\$ 250,000
Estimated claims and premiums Incurred, including changes In estimates	3,967,052	174,780	61,862	147,450	236,337	72,678	4,660,159
Claims and premiums paid	3,913,752	174,780	61,862	147,450	236,337	72,678	
Estimated liability- June 30, 2007	\$ 253,300	\$ -	\$ -	\$ 50,000	\$ -	\$ -	\$ 303,300
Estimated claims and premiums Incurred, including changes In estimates	4,607,669	160,594	31,046	120,587	277,713	95,842	5,293,451
Claims and premiums paid	4,640,369	160,594	31,046	158,587	277,713	95,842	5,364,151
Estimated liability- June 30, 2008	\$ 220,600	\$ -	\$ -	\$ 12,000	\$ -	\$ -	\$ 232,600

CITY OF HOLLAND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2008

14. COMMITMENTS

At June 30, 2008, the City had the following outstanding commitments:

- a. \$1,081,914 for construction of roads.
- b. \$984,531 for various park projects.
- c. \$507,699 for various electrical utility projects.
- d. \$512,944 for various water utility projects.
- e. \$1,022,027 for various wastewater utility projects.

15. SUBSEQUENT EVENT

Subsequent to June 30, 2008 the City issued Capital Improvement Parking Bonds in the amount of \$4,000,000, due in annual installments of \$45,000 to \$290,000 through May 1, 2033. Interest will be paid semi-annually at rates varying from 3.25% to 5.00%. The bond proceeds are intended to fund the construction of a new parking deck.

16. SPECIAL ITEM

Effective July 1, 2007 the Macatawa Area Express Transportation Authority (the "Authority") became an entirely separate entity and is no longer included in the City's financial report. As a result of this split, most of the capital assets held by the former Macatawa Area Express enterprise fund, including buses and equipment, were transferred to the Authority. This transfer is reported as a special item in the amount of \$2,542,464 in the government-wide statement of activities and the proprietary fund statement of changes in revenue, expenditures and changes in fund net assets and the proprietary cash flow statement.

* * * * *

- - 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 and Neighborhood Services, Leisure and Cultural Services, Cemeteries, etc. Certain activities, programs and projects are financed and recorded in other funds, in accordance with legal restrictions and by *Governmental Accounting Standards Board (GASB)* requirements.

The General Fund receives the majority of its financing from five primary sources including property taxes, state shared revenues, fees and 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 10% to 15% range of the ensuing year's adopted budget appropriation for this fund.

CITY OF HOLLAND, MICHIGAN

BALANCE SHEET
GENERAL FUND

JUNE 30, 2008

ASSETS

Cash and pooled investments	\$	2,098,394
Receivables - net:		
- General and cemetery		120,934
- Other governmental units		602,715
- Property taxes		3,239
- Interest		274,843
Due from other funds		242,566
Prepaid items		6,863
Total assets	\$	3,349,554

LIABILITIES AND FUND BALANCESLIABILITIES:

Accounts payable	\$	442,917
Accrued payroll and benefits		329,919
Due to other funds		93,547
Deposits for:		
- Advance payments of property taxes not yet due		1,463
- Duplicate payments and overpayments of property taxes		83,661
- Undistributed service charge in lieu of taxes		21,415
- Nature Center tours		17,585
- Fire escrow		21,642
- Police Evidence Room		359
Deferred revenue		1,000
Total liabilities		1,013,508

FUND BALANCES:

Reserved for prepaid items	6,863
Unreserved:	
Undesignated	2,329,183
Total fund balance	2,336,046
Total liabilities and fund balance	\$ 3,349,554

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

FOR THE YEAR ENDED JUNE 30, 2008

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
TAXES:				
Property	\$ 11,161,052	\$ 11,158,046	\$ 11,158,062	\$ 16
Penalties and interest on delinquent taxes	100,000	185,000	145,378	(39,622)
Administration fee	549,000	563,189	563,189	-
Public service charge in lieu of property tax	14,600	16,191	16,191	-
Other miscellaneous tax revenue	1,600	1,500	1,457	(43)
Total taxes	11,826,252	11,923,926	11,884,277	(39,649)
LICENSES AND PERMITS:				
Business	83,500	84,300	73,458	(10,842)
Nonbusiness	465,200	384,240	354,798	(29,442)
Total licenses and permits	548,700	468,540	428,256	(40,284)
INTERGOVERNMENTAL:				
State	3,204,600	3,166,927	3,168,205	1,278
Federal	7,200	17,572	32,072	14,500
Other	38,500	40,000	40,632	632
Total intergovernmental	3,250,300	3,224,499	3,240,909	16,410
CHARGES FOR SERVICES:				
Fees	463,500	455,563	466,355	10,792
Services rendered	557,750	544,685	503,791	(40,894)
Sales	97,900	79,715	80,866	1,151
Total charges for services	1,119,150	1,079,963	1,051,012	(28,951)
FINES AND FEES	235,000	225,000	216,324	(8,676)
INTEREST AND RENTS:				
Investment earnings	618,601	638,001	607,839	(30,162)
Rents	225,800	228,800	218,375	(10,425)
Total interest and rents	844,401	866,801	826,214	(40,587)
MISCELLANEOUS	8,933	9,498	10,473	975
TOTAL REVENUES	\$ 17,832,736	\$ 17,798,227	\$ 17,657,465	\$ (140,762)

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

FOR THE YEAR ENDED JUNE 30, 2008

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
GENERAL GOVERNMENT:				
City council	\$ 173,800	\$ 169,975	\$ 159,314	\$ (10,661)
City manager	319,800	329,054	325,628	(3,426)
Elections	63,330	90,208	84,998	(5,210)
City finance	670,500	683,388	681,257	(2,131)
Independent audit	56,200	48,350	48,146	(204)
City assessor	477,903	480,824	477,700	(3,124)
Legal services	188,400	239,900	242,863	2,963
City clerk	206,500	152,003	150,019	(1,984)
Personnel	271,000	375,841	364,981	(10,860)
Purchasing	38,400	38,154	37,797	(357)
City treasurer	214,900	215,255	220,452	5,197
City hall and grounds	205,200	213,582	204,982	(8,600)
Cemetery	530,305	533,716	526,670	(7,046)
Volunteer services	17,400	17,360	16,362	(998)
Planning commission	322,350	318,410	314,752	(3,658)
Total general government	3,755,988	3,906,020	3,855,921	(50,099)
PUBLIC SAFETY:				
Police	7,110,040	7,110,292	7,103,841	(6,451)
Fire	2,861,379	2,845,866	2,855,829	9,963
Environmental health/inspections	408,179	421,388	418,871	(2,517)
Construction inspections	426,063	434,472	431,814	(2,658)
Total public safety	10,805,661	10,812,018	10,810,355	(1,663)
PUBLIC WORKS:				
Streets	1,085,849	1,203,982	1,169,587	(34,395)
Transportation management/engineering	169,837	173,733	169,722	(4,011)
Total public works	1,255,686	1,377,715	1,339,309	(38,406)
WELFARE AND SOCIAL SERVICES:				
Social services	143,900	131,400	131,203	(197)
Ourstreet program	175,663	189,272	187,475	(1,797)
Economic development assistance	125,812	143,535	143,199	(336)
Human relations commission	154,000	149,648	146,064	(3,584)
Total welfare and social services	599,375	613,855	607,941	(5,914)

(Continued)

CITY OF HOLLAND, MICHIGAN

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

FOR THE YEAR ENDED JUNE 30, 2008

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
CULTURE AND RECREATION:				
Parks	\$ 1,557,705	\$ 1,604,348	\$ 1,587,238	\$ (17,110)
Municipal stadium	88,034	102,683	100,851	(1,832)
Nature center	227,993	228,233	222,083	(6,150)
Cultural-recreational	338,500	362,129	362,129	-
Civic center	242,400	261,238	265,581	4,343
Recreation	940,549	967,627	965,567	(2,060)
Market	93,500	101,102	96,939	(4,163)
Leisure services administration	57,000	61,990	62,391	401
Total culture and recreation	3,545,681	3,689,350	3,662,779	(26,571)
OTHER APPROPRIATIONS:				
Insurance	86,600	81,300	81,242	(58)
Contingencies	475,000	15,975	-	(15,975)
Total other appropriations	561,600	97,275	81,242	(16,033)
TOTAL EXPENDITURES	\$ 20,523,991	\$ 20,496,233	\$ 20,357,547	\$ (138,686)

CITY OF HOLLAND, MICHIGAN

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

FOR THE YEAR ENDED JUNE 30, 2008

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
TRANSFERS IN				
Permanent Fund:				
Cemetery Trust	\$ 90,000	\$ 94,600	\$ 87,414	(7,186)
Enterprise Funds:				
Electric Utility	2,840,400	2,840,400	2,840,400	-
Municipal Airport	-	1,490	1,491	1
Internal Service Funds:				
Technology Services:				
Photocopy Services	30,000	30,000	30,000	-
Total transfers in	\$ 2,960,400	\$ 2,966,490	\$ 2,959,305	\$ (7,185)
TRANSFERS OUT				
Special Revenue Funds:				
Property and Improvements:				
Property Acquisition	\$ -	\$ 38,300	\$ 42,835	\$ 4,535
Environmental Cleanup	-	4,550	5,010	460
Public Safety Grants Fund:				
Anti-Drug Abuse WEMET Grants	114,050	112,900	113,835	935
Law Enforcement Block Grant Fund	2,000	4,855	2,336	(2,519)
Miscellaneous Government Functions:				
Contested Assessments Defense	40,000	23,600	23,600	-
Dangerous Structures	-	565	-	(565)
Capital Project Funds:				
Municipal Facilities and Land Improvement	-	1,000	-	(1,000)
Enterprise Funds:				
Windmill Island	183,832	217,608	221,422	3,814
Depot Operations	-	426	426	-
Internal Service Fund:				
Equipment Services:				
Fire Vehicle	100,000	100,000	100,000	-
Total transfers out	\$ 439,882	\$ 503,804	\$ 509,464	\$ 5,660

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

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

MOTOR VEHICLE HIGHWAY MAJOR STREET FUND

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

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

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

MOTOR VEHICLE HIGHWAY LOCAL STREET FUND

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

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

ALLEGAN COUNTY ROAD TAX FUND

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

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

STREET IMPROVEMENTS RESERVE FUND

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

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

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

DOWNTOWN PUBLIC PARKING SYSTEM FUND

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

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

DOWNTOWN SNOWMELT OPERATING SYSTEM FUND

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

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

DOWNTOWN PRINCIPAL SHOPPING DISTRICT FUND

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

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

CONTESTED ASSESSMENTS DEFENSE FUND

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

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

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

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

CATV (PUBLIC ACCESS CHANNELS) FUND

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

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

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

REVOLVING CASH ASSISTANCE FUND

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

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

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

SPECIFIED DONATIONS FUND

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

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

DANGEROUS STRUCTURES FUND

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

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

EMPLOYEES BENEFIT FUND

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

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

PROPERTY ACQUISITION FUND

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

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

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

ENVIRONMENTAL CLEANUP FUND

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

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

At the close of the fiscal year, the estimated long-term liability amount to complete the overall process is estimated at \$15,000, with a projected time frame that concludes in the year 2009. This liability estimate is recorded in long-term debt.

AIRPORT DONATIONS FUND

By City Charter amendment, the City of Holland is authorized to acquire, construct, improve, and operate a municipal airport financed through federal and state grants, private contributions, and airport operating revenues. The charter amendment stipulates that no local tax dollars or general operating revenues of the City may be used for airport purposes without voter approval.

The City has been, and continues to be, recipient to several federal and state grants designated for the purchase of adjacent properties, as well as for substantial improvements to the Tulip City Airport facility. Any local matching requirements for these grants must be derived from local sources, for which several local area businesses and individuals pledge donations.

This fund provides financial accountability for the local private pledges representing the local governmental unit portion of costs. Primary expenditure outlays represent payments for local matching grant requirements. In the ensuing fiscal year which will end on June 30, 2009 these funds will be turned over to the new West Michigan Airport Authority.

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 Department's annual operating budget. The funding is not in the form of a grant.

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

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

OTTAWA COUNTY BATMOBILE GRANT FUND

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

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

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

The City of Holland is recipient to grant funding from the U.S. Department 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, 2008 of Estimated Revenues and Appropriations are carried forward to the ensuing fiscal year.

OFFICE OF HIGHWAY SAFETY PLANNING (OHSP) GRANTS 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. Department 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, including intoxication issues. 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, 2008 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-through grants awarded and directly administered by the *U.S. Department of Justice – Local Law Enforcement Block Grants Division*. Specific designated purposes vary from one grant period to another, but basically the funding provides various technology enhancements that are designed for law enforcement purposes.

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

FEDERAL EMERGENCY MANAGEMENT AGENCY (FEMA) GRANT FUND

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

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, 2008 of Estimated Revenues and Appropriations are carried forward to the ensuing fiscal year.

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

(continued)

MCOLES ACCIDENT INVESTIGATION GRANT FUND

The City of Holland is recipient to non-federal grant funding from the *Michigan Department of State Police*. This grant is administered by the *Michigan Commission on Law Enforcement Standards (MCOLES)* and provides funding for accident investigation training. The City of Holland hosts and coordinates training sessions for multiple participating area law enforcement agencies.

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, 2008.

FOOD STAMP NUTRITION EDUCATION GRANT FUND

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

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

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.

BI-CENTENNIAL CELEBRATION FUND

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

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

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

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

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

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

COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) ENTITLEMENT 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.

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, 2008 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 and moderate income residents (within a targeted area) with home improvement and repair projects. Approximately 14 to 15 home improvement projects are anticipated to benefit from this program.

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

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

BUDGET STABILIZATION (RAINY DAY) FUND

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

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

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

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

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

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

GENERAL OBLIGATION DEBT SERVICE FUND

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

- as "debt service payment" of annual principal and interest on a ten-year land contract agreement dated June 18, 2003 with the firm, *S.J.andR. Land Development, LLC*, for twenty acres of vacant land acquired for development into a municipal park and recreation area (to be located on the City's far southern jurisdictional boundary).
- as "rental payments" to the *City of Holland – Building Authority Debt Service Fund* for annual debt service requirements of the *2002 Building Authority Bond Issue, 2004 Building Authority Refunding Bond Issue, and the 2006 Building Authority Partial Refunding Bond Issue*.
- as "transfers" to the *Motor Vehicle Highway Major Fund and Local Street Fund*, as a pass-thru method of providing funding to the two street funds for financing annual debt service requirements of the *1996 Street Improvement Bond Issues* (i.e., the two street funds transfer these same amounts to the *Act 175 Street Debt Service Fund*).

ACT 175 STREET DEBT SERVICE FUND

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

- City of Holland - Street Improvements LTGO Bonds, Series 1996

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 - Library Renovation/Expansion Project, Series 1999
- 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, 2008 of Estimated Revenues and Appropriations are carried forward to the ensuing fiscal year.

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

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

CEMETERIES:

- Pilgrim Home Cemetery:
 - > Irrigation System Enhancements
 - > Columbarium (former Chapel building)

PARKS, RECREATION, AND LEISURE SERVICES:

- Kollen Park and Boardwalk:
 - > Implementation of Phased Renovations and Improvements Including Boat Launch, Entry Road and Parking
 - > North Parking Lot and Walkways at Boatwerks
- Civic Center:
 - > Study of New or Renovated Facility
- Skating Park:
 - > Miscellaneous Repairs and Ramp Replacement
- Window-on-the-Waterfront:
 - > Beautification Project Van Bragt Park
- Bouws Pool:
 - > Miscellaneous Repairs and Enhancements
- Municipal Stadium
 - > Fence Replacement
- Van Raalte Farm:
 - > Historical Farmhouse Restoration
- Museum
 - > Design of Roof Replacement

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

CAPITAL PROJECTS DETAIL LISTING
- MUNICIPAL FACILITIES AND LAND IMPROVEMENTS -

PARKS, RECREATION, AND LEISURE SERVICES (continued):

- Windmill Island:
 - > Tree Replacement
- Steam Engine Mini Park:
 - > Historical Marker
- Macatawa Greenway:
 - > Updating Plans
- Ice Skating Facility:
 - > Design Work
- Smallenburg Park:
 - > Playground Improvements Design Work

PUBLIC SAFETY:

- Police Department:
 - > Police Station Facility Equipment and Systems Enhancements
- Emergency Preparedness
 - > Siren Replacement

TRANSPORTATION SERVICES:

- Street Department Warehouse / Centralized Motor Pool:
 - > Security System and Overhead Door Upgrades at Transportation Services Facility
- Downtown Snowmelt:
 - > Design Work at Macatawa Bank
- 7th Street Parking Deck:
 - > Design and Site Analysis

ALL OTHER MUNICIPAL PROJECTS and PROGRAMS:

- Neighborhood Commercial Restoration:
 - > Infrastructure Enhancements and Beautification Projects
- Ourstreet Program and Central Neighborhoods Restoration:
 - > Funding Assistance for Home Repairs/Replacements in Central City Area
- Other Miscellaneous Improvement Projects:
 - > Steam Engine Landscaping and Irrigation
 - > City Hall Chiller
 - > Sustainability Study

- - - 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:
 - * Pine Avenue, from 7th Street to River Avenue Bridge
 - > irrigation
 - * Michigan/River, from 15th Street to the River Avenue Bridge:
 - > street reconstruction, to include replacement of utilities, snowmelt expansion and streetscape
(additional note: primary project revenue through State's MDOT and MDOT Turnback payment).
(additional note: with final MDOT closeout pending).
 - * 8th Street Pedestrian Island
 - > crosswalk just east of new Plaza East building

- Guard Rail Safety Program:
 - > original installation and/or replacement of existing guardrails at several selected areas

- Michigan/River, from 28th Street to 15th Street:
 - > street reconstruction, to include replacement of utilities
(additional note: primary project revenue through State's MDOT Turnback payment)

- Washington Avenue Tunnel, from 64th Street to Geurink Avenue:
 - > property condemnation finalization
(additional note: primary project financing through State's MDOT)

- Annual Resurfacing Program of Various Streets
 - > 2007 Project - resurface 28 streets at various locations throughout the City
 - > 2008 Project - preliminary work

- 32nd Street Resurfacing, from Old Orchard to Lincoln:
 - > major resurfacing program
(additional note: major project financing through State's MDOT)

- Matt Urban and 48th, Washington to City Limits:
 - > street reconstruction and enhancements

- 40th Street, East of Waverly Road:
 - > street reconstruction, sidewalks and enhancements, to include utilities
(additional note: primary project financing through State's MDOT).

- 8th Street, from Ferris Avenue to Country Club Road:
 - > street reconstruction and enhancements, to include utilities
(additional note: primary project financing through State's MDOT).

- Country Club Road, from 8th Street to 16th Street:
 - > street reconstruction and enhancements, to include utilities

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

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

STREET DEVELOPMENT AND/OR REDEVELOPMENT PROJECTS

- Fairbanks Avenue, 8th Street to 16th Street
 - > post project MDOT costs
- 12th Street, Pine to Fairbanks
 - > street reconstruction, to include replacement of utilities
- 40th Street Culvert Repair, between Industrial Avenue and Brooks Avenue
 - > major storm wash-out repair of storm drain, roadway, culvert

INTERSECTIONS AND RAILROAD CROSSING PROJECTS

- 8th Street @ Fairbanks Avenue Intersection
 - > design phase for 'Roundabout', serving downtown's eastern entrance/exit area
- Railroad Crossings @ Various Street Crossings
 - > total discontinuance of thru-street capability at 11th, 12th, and 17th Streets

BRIDGE CONSTRUCTION AND / OR REPLACEMENT PROJECTS

- River Avenue Vehicular Bridge
 - > security cameras

DRAIN PROJECTS

- Major Drain System Project:
 - > Watershed / Storm Water Regulation (MACC Project)
- 23rd Street Drain, Central to State:
 - > replacement of storm sewer
- Azalea Storm Outlet:
 - > Dredging at Lake Macatawa outlet
- Maple Avenue Drain, 12th Street to 24th Street:
 - > preliminary design work

TRAFFIC SIGNALIZATION PROJECTS

- Installation of New Signals or Upgrades to Existing Signals:
 - > 7th Street and 9th Street @ Columbia
 - > Pine Avenue @ 7th Street Intersection
 - > Waverly Avenue @ 8th and 16th Streets MDOT closeout

SIDEWALK PROJECTS

- Sidewalk Repair / Replacement:
 - > designated areas for removal and replacement

- - - FUND TYPE: PERMANENT FUNDS - - -

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

CEMETERY PERPETUAL CARE FUND

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

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

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

CITY OF HOLLAND

CITY OF HOLLAND, MICHIGAN

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2008

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		

ASSETS

Cash and pooled investments	\$	906,986	\$	-	\$	372,025	\$	432,774
Receivables:								
Accounts		1,486		1,274		-		-
Taxes and special assessments		-		-		-		-
Due from other governmental units		335,416		101,514		-		-
Due from other funds		1,467		5,873		-		-
Prepaid items		-		-		-		-
Total assets	\$	1,245,355	\$	108,661	\$	372,025	\$	432,774

LIABILITIES AND FUND BALANCES

LIABILITIES:

Accounts payable	\$	36,144	\$	5,941	\$	-	\$	-
Accrued payroll and benefits		6,839		12,341		-		-
Due to other governmental units		-		-		-		-
Due to other funds		55,613		77,567		-		-
Deferred revenue		-		-		-		-
Total liabilities		98,596		95,849		-		-

FUND BALANCES:

Reserved for:								
Prepaid items		-		-		-		-
Permanent fund corpus		-		-		-		-
Permanent fund expendable		-		-		-		-
Unreserved:								
Undesignated		1,146,759		12,812		372,025		432,774
Total fund balances		1,146,759		12,812		372,025		432,774
Total liabilities and fund balances	\$	1,245,355	\$	108,661	\$	372,025	\$	432,774

SPECIAL REVENUE FUNDS

DOWNTOWN OPERATIONS			MISCELLANEOUS GOVERNMENTAL FUNCTIONS		
PUBLIC PARKING SYSTEM FUND	SNOWMELT OPERATING SYSTEM FUND	PRINCIPAL SHOPPING DISTRICT FUND	CONTESTED ASSESSMENTS DEFENSE FUND	CATV - (PUBLIC ACCESS CHANNELS) FUND	REVOLVING CASH ASSISTANCE FUND
\$ 31,892	\$ 174,777	\$ 90,419	\$ 648	\$ 122,422	\$ 26,741
20	-	-	-	63,864	-
-	-	-	-	-	292,389
-	-	-	-	-	-
-	-	-	-	-	-
-	-	300	-	-	-
\$ 31,912	\$ 174,777	\$ 90,719	\$ 648	\$ 186,286	\$ 319,130
\$ 373	\$ -	\$ 3,549	\$ 68	\$ -	\$ 5,000
1,001	-	2,094	-	163	-
-	-	-	-	-	-
11	135,187	11	-	-	-
-	-	-	-	-	292,389
1,385	135,187	5,654	68	163	297,389
-	-	300	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
30,527	39,590	84,765	580	186,123	21,741
30,527	39,590	85,065	580	186,123	21,741
\$ 31,912	\$ 174,777	\$ 90,719	\$ 648	\$ 186,286	\$ 319,130

(Continued)

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

JUNE 30, 2008

SPECIAL REVENUE FUNDS

	SPECIAL REVENUE FUNDS			
	MISCELLANEOUS GOVERNMENTAL FUNCTIONS			PROPERTY AND IMPROVEMENTS
	SPECIFIED DONATIONS FUND	DANGEROUS STRUCTURES FUND	EMPLOYEES BENEFIT FUND	PROPERTY ACQUISITION FUND
<u>ASSETS</u>				
Cash and pooled investments	\$ 60,573	\$ -	\$ 8,353	\$ -
Receivables:				
Accounts	5,000	19,730	65	1,174
Taxes and special assessments	-	-	-	-
Due from other governmental units	-	-	-	-
Due from other funds	-	-	-	-
Prepaid items	-	-	-	-
Total assets	\$ 65,573	\$ 19,730	\$ 8,418	\$ 1,174
<u>LIABILITIES AND FUND BALANCES</u>				
LIABILITIES:				
Accounts payable	\$ 10,366	\$ -	\$ 428	\$ -
Accrued payroll and benefits	-	-	-	-
Due to other governmental units	-	-	-	-
Due to other funds	-	18,959	-	1,174
Deferred revenue	-	-	-	-
Total liabilities	10,366	18,959	428	1,174
FUND BALANCES:				
Reserved for:				
Prepaid items	-	-	-	-
Permanent fund corpus	-	-	-	-
Permanent fund expendable	-	-	-	-
Unreserved:				
Undesignated	55,207	771	7,990	-
Total fund balances	55,207	771	7,990	-
Total liabilities and fund balances	\$ 65,573	\$ 19,730	\$ 8,418	\$ 1,174

SPECIAL REVENUE FUNDS

PROPERTY AND IMPROVEMENTS		PUBLIC SAFETY			
ENVIRONMENTAL CLEANUP FUND	AIRPORT DONATIONS FUND	POLICE CRIMINAL JUSTICE TRAINING FUND	OTTAWA COUNTY BATMOBILE GRANT FUND	ANTI-DRUG ABUSE ACT GRANT - "W.E.M.E.T." FUND	OFFICE OF HIGHWAY SAFETY PLANNING (OHSP) GRANTS FUND
\$ -	\$ 231	\$ 1,590	\$ -	\$ -	\$ -
3,298	-	-	634	-	-
-	-	-	-	-	-
-	-	-	-	32,847	20,002
-	-	-	-	-	-
-	-	-	-	-	-
\$ 3,298	\$ 231	\$ 1,590	\$ 634	\$ 32,847	\$ 20,002
\$ -	\$ -	\$ 997	\$ -	\$ 1,880	\$ -
-	-	-	560	4,095	-
-	-	-	-	-	6,046
3,298	-	-	74	26,872	13,956
-	-	-	-	-	-
3,298	-	997	634	32,847	20,002
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	231	593	-	-	-
-	231	593	-	-	-
\$ 3,298	\$ 231	\$ 1,590	\$ 634	\$ 32,847	\$ 20,002

(Continued)

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

JUNE 30, 2008

SPECIAL REVENUE FUNDS

	PUBLIC SAFETY	CULTURE AND COMMUNITY IMPROVEMENT
LAW ENFORCEMENT BLOCK GRANT FUND	FEDERAL EMERGENCY MANAGEMENT AGENCY (FEMA) GRANT FUND	MCOLES ACCIDENT INVESTIGATION GRANT FUND
		FOOD STAMP NUTRITION EDUCATION GRANT FUND

ASSETS

Cash and pooled investments	\$	2,738	\$	4,256	\$	-	\$	164
Receivables:								
Accounts		-		-		-		-
Taxes and special assessments		-		-		-		-
Due from other governmental units		7,155		6,260		-		1,700
Due from other funds		-		-		-		-
Prepaid items		-		-		-		-
Total assets	\$	9,893	\$	10,516	\$	-	\$	1,864

LIABILITIES AND FUND BALANCES

LIABILITIES:

Accounts payable	\$	626	\$	10,516	\$	-	\$	-
Accrued payroll and benefits		172		-		-		1,864
Due to other governmental units		1,979		-		-		-
Due to other funds		4,606		-		-		-
Deferred revenue		2,510		-		-		-
Total liabilities		9,893		10,516		-		1,864

FUND BALANCES:

Reserved for:								
Prepaid items		-		-		-		-
Permanent fund corpus		-		-		-		-
Permanent fund expendable		-		-		-		-
Unreserved:								
Undesignated		-		-		-		-
Total fund balances		-		-		-		-
Total liabilities and fund balances	\$	9,893	\$	10,516	\$	-	\$	1,864

SPECIAL REVENUE FUNDS

CULTURE AND COMMUNITY IMPROVEMENT					
DISTRICT LIBRARY TAXATION FUND	BI-CENTENNIAL CELEBRATION FUND	M.S.H.D.A. GRANTS FUND	COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) FUND	NEIGHBORHOOD IMPACT PROGRAM (NIP) FUND	BUDGET STABILIZATION FUND
\$ 142	\$ 7,972	\$ -	\$ 29,276	\$ 923	\$ 1,483,115
-	-	-	-	-	-
379	-	-	-	-	-
-	-	5,622	134,915	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ 521	\$ 7,972	\$ 5,622	\$ 164,191	\$ 923	\$ 1,483,115
\$ 136	\$ -	\$ 450	\$ 22,999	\$ -	\$ -
-	-	-	992	-	-
-	-	-	-	-	-
-	-	5,172	120,773	-	-
-	-	-	19,427	923	-
136	-	5,622	164,191	923	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
385	7,972	-	-	-	1,483,115
385	7,972	-	-	-	1,483,115
\$ 521	\$ 7,972	\$ 5,622	\$ 164,191	\$ 923	\$ 1,483,115

(Continued)

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

JUNE 30, 2008

	<u>DEBT SERVICE FUNDS</u>			<u>CAPITAL PROJECTS FUNDS</u>
	<u>GENERAL OBLIGATION DEBT SERVICE FUND</u>	<u>ACT 175 STREET DEBT SERVICE FUND</u>	<u>SPECIAL ASSESSMENT DEBT SERVICE FUND</u>	<u>MUNICIPAL FACILITIES AND LAND IMPROVEMENTS PROJECTS FUND</u>
<u>ASSETS</u>				
Cash and pooled investments	\$ 24,672	\$ -	\$ 790,354	\$ 967,906
Receivables:				
Accounts	-	-	-	39,918
Taxes and special assessments	538	-	1,149,938	-
Due from other governmental units	-	-	-	377,738
Due from other funds	-	-	-	375,700
Prepaid items	-	-	-	-
Total assets	\$ 25,210	\$ -	\$ 1,940,292	\$ 1,761,262
<u>LIABILITIES AND FUND BALANCES</u>				
LIABILITIES:				
Accounts payable	\$ -	\$ -	\$ -	\$ 720,282
Accrued payroll and benefits	-	-	-	652
Due to other governmental units	-	-	-	-
Due to other funds	-	-	-	1,876
Deferred revenue	-	-	1,149,938	1,050
Total liabilities	-	-	1,149,938	723,860
FUND BALANCES:				
Reserved for:				
Prepaid items	-	-	-	-
Permanent fund corpus	-	-	-	-
Permanent fund expendable	-	-	-	-
Unreserved:				
Undesignated	25,210	-	790,354	1,037,402
Total fund balances	25,210	-	790,354	1,037,402
Total liabilities and fund balances	\$ 25,210	\$ -	\$ 1,940,292	\$ 1,761,262

<u>CAPITAL PROJECTS FUNDS</u>	<u>PERMANENT TRUST FUND</u>		
<u>INFRASTRUCTURE PROJECTS</u>	<u>CEMETERY PERPETUAL CARE FUND</u>	<u>TOTAL NONMAJOR GOVERNMENTAL FUNDS</u>	
\$ 686,420	\$ 1,603,754	\$	7,831,123
-	2,225		138,688
2,284	-		1,445,528
804	-		1,023,973
184,022	-		567,062
49,869	-		50,169
<u>\$ 923,399</u>	<u>\$ 1,605,979</u>	<u>\$</u>	<u>11,056,543</u>
\$ 337,042	\$ -	\$	1,156,797
1,552	-		32,325
-	-		8,025
221,985	-		687,134
2,284	-		1,468,521
<u>562,863</u>	<u>-</u>		<u>3,352,802</u>
49,869	-		50,169
-	1,385,867		1,385,867
-	220,112		220,112
310,667	-		6,047,593
<u>360,536</u>	<u>1,605,979</u>		<u>7,703,741</u>
<u>\$ 923,399</u>	<u>\$ 1,605,979</u>	<u>\$</u>	<u>11,056,543</u>

CITY OF HOLLAND, MICHIGAN

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

FOR THE YEAR ENDED JUNE 30, 2008

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	-	-	-	1,195,844
Intergovernmental	2,236,473	580,905	437,743	-
Charges for services	34,226	45,221	-	-
Fines and fees	-	-	-	-
Contributions from private sector	-	250	-	-
Interest and rents	32,765	4,467	29,505	46,781
Miscellaneous	-	-	-	-
Total revenues	2,303,464	630,843	467,248	1,242,625
EXPENDITURES:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	1,355,164	1,150,149	-	-
Welfare and social services	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	1,355,164	1,150,149	-	-
Excess (deficiency) of revenues over expenditures	948,300	(519,306)	467,248	1,242,625
OTHER FINANCING SOURCES (USES):				
Transfers in	828,400	563,318	981	360,000
Transfers out	(1,419,395)	(33,200)	(792,027)	(2,080,880)
Total other financing sources (uses)	(590,995)	530,118	(791,046)	(1,720,880)
NET CHANGE IN FUND BALANCES	357,305	10,812	(323,798)	(478,255)
FUND BALANCE - Beginning of year	789,454	2,000	695,823	911,029
FUND BALANCE - End of year	\$ 1,146,759	\$ 12,812	\$ 372,025	\$ 432,774

SPECIAL REVENUE FUNDS

DOWNTOWN OPERATIONS			MISCELLANEOUS GOVERNMENTAL FUNCTIONS		
PUBLIC PARKING SYSTEM FUND	SNOWMELT OPERATING SYSTEM FUND	PRINCIPAL SHOPPING DISTRICT FUND	CONTESTED ASSESSMENTS DEFENSE FUND	CATV - (PUBLIC ACCESS CHANNELS) FUND	REVOLVING CASH ASSISTANCE FUND
\$ 133,900	\$ 104,661	\$ 146,176	\$ -	\$ -	\$ 80,291
-	-	-	-	-	-
-	-	-	-	-	-
9,699	-	9,863	-	-	-
-	-	-	-	243,820	-
-	-	54,702	-	-	-
1,498	19,409	2,794	-	6,380	17,037
-	-	-	478	-	-
145,097	124,070	213,535	478	250,200	97,328
-	-	-	23,498	186,163	-
158,188	-	-	-	-	-
-	160,555	-	-	-	-
-	-	-	-	-	-
-	-	167,551	-	-	-
-	-	2,848	-	41,929	-
-	-	-	-	-	-
529	-	-	-	-	-
158,717	160,555	170,399	23,498	228,092	-
(13,620)	(36,485)	43,136	(23,020)	22,108	97,328
-	24,000	-	23,600	-	-
(8,862)	(244,585)	-	-	-	(199,894)
(8,862)	(220,585)	-	23,600	-	(199,894)
(22,482)	(257,070)	43,136	580	22,108	(102,566)
53,009	296,660	41,929	-	164,015	124,307
\$ 30,527	\$ 39,590	\$ 85,065	\$ 580	\$ 186,123	\$ 21,741

(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, 2008

	SPECIAL REVENUE FUNDS			
	MISCELLANEOUS GOVERNMENTAL FUNCTIONS			PROPERTY AND IMPROVEMENTS
	SPECIFIED DONATIONS FUND	DANGEROUS STRUCTURES FUND	EMPLOYEES BENEFIT FUND	PROPERTY ACQUISITION FUND
REVENUES:				
Special assessments	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	19,730	9,077	1,174
Fines and fees	-	-	-	-
Contributions from private sector	71,648	-	1,021	-
Interest and rents	-	-	432	4,102
Miscellaneous	-	-	-	-
Total revenues	71,648	19,730	10,530	5,276
EXPENDITURES:				
Current:				
General government	38,272	19,894	10,569	181,447
Public safety	-	-	-	-
Public works	-	-	-	-
Welfare and social services	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	38,272	19,894	10,569	181,447
Excess (deficiency) of revenues over expenditures	33,376	(164)	(39)	(176,171)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	42,835
Transfers out	-	-	-	(16,250)
Total other financing sources (uses)	-	-	-	26,585
NET CHANGE IN FUND BALANCES	33,376	(164)	(39)	(149,586)
FUND BALANCE - Beginning of year	21,831	935	8,029	149,586
FUND BALANCE - End of year	\$ 55,207	\$ 771	\$ 7,990	\$ -

SPECIAL REVENUE FUNDS

PROPERTY AND IMPROVEMENTS		PUBLIC SAFETY			
ENVIRONMENTAL CLEANUP FUND	AIRPORT DONATIONS FUND	POLICE CRIMINAL JUSTICE TRAINING FUND	OTTAWA COUNTY BATMOBILE GRANT FUND	ANTI-DRUG ABUSE ACT GRANT - "W.E.M.E.T." FUND	OFFICE OF HIGHWAY SAFETY PLANNING (OHSP) GRANTS FUND
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	14,232	2,350	118,174	103,707
-	-	-	-	-	-
-	-	-	-	-	-
3,298	-	-	-	-	-
-	917	-	-	-	-
-	-	-	-	-	-
3,298	917	14,232	2,350	118,174	103,707
8,723	-	-	-	-	-
-	-	15,033	2,350	232,009	103,604
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	103
-	-	-	-	-	-
-	-	-	-	-	-
8,723	-	15,033	2,350	232,009	103,707
(5,425)	917	(801)	-	(113,835)	-
5,425	-	-	-	113,835	-
-	(40,770)	-	-	-	-
5,425	(40,770)	-	-	113,835	-
-	(39,853)	(801)	-	-	-
-	40,084	1,394	-	-	-
\$ -	\$ 231	\$ 593	\$ -	\$ -	\$ -

(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, 2008

	SPECIAL REVENUE FUNDS			
	PUBLIC SAFETY			CULTURE AND COMMUNITY IMPROVEMENT
	LAW ENFORCEMENT BLOCK GRANT FUND	FEDERAL EMERGENCY MANAGEMENT AGENCY (FEMA) GRANT FUND	MCOLES ACCIDENT INVESTIGATION GRANT FUND	FOOD STAMP NUTRITION EDUCATION GRANT FUND
REVENUES:				
Special assessments	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	-
Intergovernmental	20,760	17,510	8,247	1,700
Charges for services	-	-	-	-
Fines and fees	-	-	-	-
Contributions from private sector	280	-	1,338	-
Interest and rents	401	-	-	-
Miscellaneous	-	-	-	-
Total revenues	21,441	17,510	9,585	1,700
EXPENDITURES:				
Current:				
General government	-	-	-	-
Public safety	22,330	-	9,585	-
Public works	-	-	-	-
Welfare and social services	-	-	-	1,700
Culture and recreation	-	-	-	-
Capital outlay	-	19,456	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	22,330	19,456	9,585	1,700
Excess (deficiency) of revenues over expenditures	(889)	(1,946)	-	-
OTHER FINANCING SOURCES (USES):				
Transfers in	560	1,946	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	560	1,946	-	-
NET CHANGE IN FUND BALANCES	(329)	-	-	-
FUND BALANCE - Beginning of year	329	-	-	-
FUND BALANCE - End of year	\$ -	\$ -	\$ -	\$ -

SPECIAL REVENUE FUNDS

CULTURE AND COMMUNITY IMPROVEMENT

DISTRICT LIBRARY TAXATION FUND	BI-CENTENNIAL CELEBRATION FUND	M.S.H.D.A. GRANTS FUND	COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) FUND	NEIGHBORHOOD IMPACT PROGRAM (NIP) FUND	BUDGET STABILIZATION FUND
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1,572,517	-	-	-	-	-
-	-	5,622	346,487	-	-
-	-	-	-	-	-
-	-	-	145,609	5,013	-
-	419	-	-	-	-
-	-	-	4,715	-	-
1,572,517	419	5,622	496,811	5,013	-
-	-	-	-	-	11,541
-	-	-	-	-	-
-	-	-	-	-	-
-	-	5,622	496,811	-	-
1,572,980	-	-	-	5,013	-
-	-	-	-	-	-
-	-	-	-	-	-
1,572,980	-	5,622	496,811	5,013	11,541
(463)	419	-	-	-	(11,541)
-	-	-	2,834	-	-
-	-	-	(2,834)	-	-
-	-	-	-	-	-
(463)	419	-	-	-	(11,541)
848	7,553	-	-	-	1,494,656
\$ 385	\$ 7,972	\$ -	\$ -	\$ -	\$ 1,483,115

(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, 2008

	DEBT SERVICE FUNDS			CAPITAL PROJECTS FUNDS
	GENERAL OBLIGATION DEBT SERVICE FUND	ACT 175 STREET DEBT SERVICE FUND	SPECIAL ASSESSMENT DEBT SERVICE FUND	MUNICIPAL FACILITIES AND LAND IMPROVEMENTS PROJECTS FUND
REVENUES:				
Special assessments	\$ -	\$ -	\$ 156,085	\$ -
Property taxes	2,245,194	-	-	355,950
Intergovernmental	-	-	-	959,221
Charges for services	-	-	-	-
Fines and fees	-	-	-	-
Contributions from private sector	-	-	-	92,047
Interest and rents	26,017	-	115,539	79,036
Miscellaneous	-	-	-	-
Total revenues	2,271,211	-	271,624	1,486,254
EXPENDITURES:				
Current:				
General government	1,779,309	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Welfare and social services	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	3,215,062
Debt service:				
Principal retirement	12,500	500,000	210,463	-
Interest and fiscal charges	3,750	41,600	92,110	-
Total expenditures	1,795,559	541,600	302,573	3,215,062
Excess (deficiency) of revenues over expenditures	475,652	(541,600)	(30,949)	(1,728,808)
OTHER FINANCING SOURCES (USES):				
Transfers in	16,250	541,600	-	2,438,159
Transfers out	(541,601)	-	-	(1,010,760)
Total other financing sources (uses)	(525,351)	541,600	-	1,427,399
NET CHANGE IN FUND BALANCES	(49,699)	-	(30,949)	(301,409)
FUND BALANCE - Beginning of year	74,909	-	821,303	1,338,811
FUND BALANCE - End of year	\$ 25,210	\$ -	\$ 790,354	\$ 1,037,402

<u>CAPITAL PROJECTS FUNDS</u>		<u>PERMANENT TRUST FUND</u>	
<u>INFRASTRUCTURE PROJECTS</u>	<u>CEMETERY PERPETUAL CARE FUND</u>	<u>TOTAL NONMAJOR GOVERNMENTAL FUNDS</u>	
\$ 3,239	\$ -	\$ 624,352	
59,744	-	5,429,249	
883,428	-	5,736,559	
-	21,775	150,765	
-	-	243,820	
-	-	375,206	
12,502	87,942	487,943	
-	-	5,193	
<u>958,913</u>	<u>109,717</u>	<u>13,053,087</u>	
-	-	2,259,416	
-	-	543,099	
-	-	2,665,868	
-	-	504,133	
-	-	1,745,544	
3,175,624	-	6,455,022	
-	-	722,963	
-	-	137,989	
<u>3,175,624</u>	<u>-</u>	<u>15,034,034</u>	
<u>(2,216,711)</u>	<u>109,717</u>	<u>(1,980,947)</u>	
2,193,678	1,862	7,159,283	
(21,182)	(138,726)	(6,550,966)	
<u>2,172,496</u>	<u>(136,864)</u>	<u>608,317</u>	
(44,215)	(27,147)	(1,372,630)	
<u>404,751</u>	<u>1,633,126</u>	<u>9,076,371</u>	
\$ 360,536	\$ 1,605,979	\$ 7,703,741	

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

MAJOR STREET FUND

FOR THE YEAR ENDED JUNE 30, 2008

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Special assessments	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	2,230,100	2,229,779	2,236,473	6,694
Charges for services	27,000	30,000	34,226	4,226
Fines and fees	-	-	-	-
Contributions from private sector	-	-	-	-
Interest and rents	32,600	36,400	32,765	(3,635)
Miscellaneous	-	-	-	-
Total revenues	2,289,700	2,296,179	2,303,464	7,285
EXPENDITURES:				
Current:				
Public works:				
Personal services	558,995	601,320	555,715	(45,605)
Other services and charges	809,700	916,050	799,449	(116,601)
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Contingency	108,000	38,877	-	(38,877)
Total expenditures	1,476,695	1,556,247	1,355,164	(201,083)
Excess of revenues over expenditures	813,005	739,932	948,300	208,368
OTHER FINANCING SOURCES (USES):				
Transfers in	828,400	828,400	828,400	-
Transfers out	(1,595,240)	(1,728,337)	(1,419,395)	308,942
Total other financing sources (uses)	(766,840)	(899,937)	(590,995)	308,942
NET CHANGE IN FUND BALANCES	46,165	(160,005)	357,305	517,310
FUND BALANCE - Beginning of year	789,454	789,454	789,454	-
FUND BALANCE - End of year	\$ 835,619	\$ 629,449	\$ 1,146,759	\$ 517,310

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

LOCAL STREET FUND

FOR THE YEAR ENDED JUNE 30, 2008

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Special assessments	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	565,100	571,666	580,905	9,239
Charges for services	42,000	42,000	45,221	3,221
Fines and fees	-	-	-	-
Contributions from private sector	-	250	250	-
Interest and rents	-	2,200	4,467	2,267
Miscellaneous	-	-	-	-
Total revenues	607,100	616,116	630,843	14,727
EXPENDITURES:				
Current:				
Public works:				
Personal services	639,200	655,999	545,206	(110,793)
Other services and charges	651,800	707,991	604,943	(103,048)
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Contingency	-	-	-	-
Total expenditures	1,291,000	1,363,990	1,150,149	(213,841)
Deficiency of revenues under expenditures	(683,900)	(747,874)	(519,306)	228,568
OTHER FINANCING SOURCES (USES):				
Transfers in	717,100	781,074	563,318	(217,756)
Transfers out	(33,200)	(33,200)	(33,200)	-
Total other financing sources (uses)	683,900	747,874	530,118	(217,756)
NET CHANGE IN FUND BALANCES	-	-	10,812	10,812
FUND BALANCE - Beginning of year	2,000	2,000	2,000	-
FUND BALANCE - End of year	\$ 2,000	\$ 2,000	\$ 12,812	\$ 10,812

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

ALLEGAN COUNTY ROAD TAX FUND

FOR THE YEAR ENDED JUNE 30, 2008

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Special assessments	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	420,000	420,000	437,743	17,743
Charges for services	-	-	-	-
Fines and fees	-	-	-	-
Contributions from private sector	-	-	-	-
Interest and rents	-	24,100	29,505	5,405
Miscellaneous	-	-	-	-
Total revenues	420,000	444,100	467,248	23,148
EXPENDITURES:				
Current:				
Public works:				
Personal services	-	-	-	-
Other services and charges	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Contingency	-	-	-	-
Total expenditures	-	-	-	-
Excess of revenues over expenditures	420,000	444,100	467,248	23,148
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	981	981
Transfers out	(648,486)	(817,980)	(792,027)	25,953
Total other financing sources (uses)	(648,486)	(817,980)	(791,046)	26,934
NET CHANGE IN FUND BALANCES	(228,486)	(373,880)	(323,798)	50,082
FUND BALANCE - Beginning of year	695,823	695,823	695,823	-
FUND BALANCE - End of year	\$ 467,337	\$ 321,943	\$ 372,025	\$ 50,082

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

STREET IMPROVEMENTS RESERVE FUND

FOR THE YEAR ENDED JUNE 30, 2008

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Special assessments	\$ -	\$ -	\$ -	\$ -
Property taxes	1,196,404	1,195,844	1,195,844	-
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and fees	-	-	-	-
Contributions from private sector	-	-	-	-
Interest and rents	42,500	48,900	46,781	(2,119)
Miscellaneous	-	-	-	-
Total revenues	1,238,904	1,244,744	1,242,625	(2,119)
EXPENDITURES:				
Current:				
Public works:				
Personal services	-	-	-	-
Other services and charges	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Contingency	-	-	-	-
Total expenditures	-	-	-	-
 Excess of revenues over expenditures	 1,238,904	 1,244,744	 1,242,625	 (2,119)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	360,000	360,000	-
Transfers out	(1,822,250)	(2,517,698)	(2,080,880)	436,818
Total other financing sources (uses)	(1,822,250)	(2,157,698)	(1,720,880)	436,818
NET CHANGE IN FUND BALANCES	(583,346)	(912,954)	(478,255)	434,699
FUND BALANCE - Beginning of year	911,029	911,029	911,029	-
FUND BALANCE (DEFICIT) - End of year	\$ 327,683	\$ (1,925)	\$ 432,774	\$ 434,699

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

PUBLIC PARKING SYSTEM FUND

FOR THE YEAR ENDED JUNE 30, 2008

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Special assessments	\$ 131,500	\$ 133,900	\$ 133,900	\$ -
Property taxes	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	8,500	9,050	9,699	649
Fines and fees	-	-	-	-
Contributions from private sector	-	-	-	-
Interest and rents	2,200	1,900	1,498	(402)
Miscellaneous	-	-	-	-
Total revenues	142,200	144,850	145,097	247
EXPENDITURES:				
Current:				
Public safety:				
Personal services	61,300	77,050	72,982	(4,068)
Other services and charges	62,700	83,678	85,206	1,528
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	516	529	529	-
Contingency	1,400	-	-	-
Total expenditures	125,916	161,257	158,717	(2,540)
Excess (deficiency) of revenues over (under) expenditures	16,284	(16,407)	(13,620)	2,787
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	(8,862)	(8,862)	(8,862)	-
Total other financing sources (uses)	(8,862)	(8,862)	(8,862)	-
NET CHANGE IN FUND BALANCES	7,422	(25,269)	(22,482)	2,787
FUND BALANCE - Beginning of year	53,009	53,009	53,009	-
FUND BALANCE - End of year	\$ 60,431	\$ 27,740	\$ 30,527	\$ 2,787

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

SNOWMELT OPERATING SYSTEM FUND

FOR THE YEAR ENDED JUNE 30, 2008

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Special assessments	\$ 98,500	\$ 104,661	\$ 104,661	\$ -
Property taxes	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and fees	-	-	-	-
Contributions from private sector	-	-	-	-
Interest and rents	15,800	17,700	19,409	1,709
Miscellaneous	-	-	-	-
Total revenues	114,300	122,361	124,070	1,709
EXPENDITURES:				
Current:				
Public works:				
Personal services	-	477	477	-
Other services and charges	154,350	217,020	160,078	(56,942)
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Contingency	-	-	-	-
Total expenditures	154,350	217,497	160,555	(56,942)
Excess of revenues over expenditures	(40,050)	(95,136)	(36,485)	58,651
OTHER FINANCING SOURCES (USES):				
Transfers in	24,000	24,000	24,000	-
Transfers out	-	(244,585)	(244,585)	-
Total other financing sources (uses)	24,000	(220,585)	(220,585)	-
NET CHANGE IN FUND BALANCES	(16,050)	(315,721)	(257,070)	58,651
FUND BALANCE - Beginning of year	296,660	296,660	296,660	-
FUND BALANCE (DEFICIT) - End of year	\$ 280,610	\$ (19,061)	\$ 39,590	\$ 58,651

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

PRINCIPAL SHOPPING DISTRICT FUND

FOR THE YEAR ENDED JUNE 30, 2008

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Special assessments	\$ 110,000	\$ 146,176	\$ 146,176	\$ -
Property taxes	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	17,900	9,863	9,863	-
Fines and fees	-	-	-	-
Contributions from private sector	38,100	51,664	54,702	3,038
Interest and rents	400	1,700	2,794	1,094
Miscellaneous	-	-	-	-
Total revenues	166,400	209,403	213,535	4,132
EXPENDITURES:				
Current:				
Culture and recreation:				
Personal services	82,000	82,600	86,037	3,437
Other services and charges	86,400	83,956	81,514	(2,442)
Capital outlay	-	2,977	2,848	(129)
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Contingency	1,800	-	-	-
Total expenditures	170,200	169,533	170,399	866
Excess of revenues over expenditures	(3,800)	39,870	43,136	3,266
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
NET CHANGE IN FUND BALANCES	(3,800)	39,870	43,136	3,266
FUND BALANCE - Beginning of year	41,929	41,929	41,929	-
FUND BALANCE - End of year	\$ 38,129	\$ 81,799	\$ 85,065	\$ 3,266

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

CONTESTED ASSESSMENTS DEFENSE FUND

FOR THE YEAR ENDED JUNE 30, 2008

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Special assessments	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and fees	-	-	-	-
Contributions from private sector	-	-	-	-
Interest and rents	-	-	-	-
Miscellaneous	1,200	400	478	78
Total revenues	1,200	400	478	78
EXPENDITURES:				
Current:				
General government:				
Personal services	-	-	-	-
Other services and charges	45,700	21,800	23,498	1,698
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Contingency	-	-	-	-
Total expenditures	45,700	21,800	23,498	1,698
Excess of revenues over expenditures	(44,500)	(21,400)	(23,020)	(1,620)
OTHER FINANCING SOURCES (USES):				
Transfers in	40,000	23,600	23,600	-
Transfers out	-	-	-	-
Total other financing sources (uses)	40,000	23,600	23,600	-
NET CHANGE IN FUND BALANCES	(4,500)	2,200	580	(1,620)
FUND BALANCE - Beginning of year	-	-	-	-
FUND BALANCE (DEFICIT) - End of year	\$ (4,500)	\$ 2,200	\$ 580	\$ (1,620)

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

CATV - (PUBLIC ACCESS CHANNELS) FUND

FOR THE YEAR ENDED JUNE 30, 2008

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Special assessments	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and fees	198,800	234,300	243,820	9,520
Contributions from private sector	-	-	-	-
Interest and rents	3,100	5,800	6,380	580
Miscellaneous	-	-	-	-
Total revenues	201,900	240,100	250,200	10,100
EXPENDITURES:				
Current:				
General government:				
Personal services	1,110	3,330	3,569	239
Other services and charges	180,800	182,900	182,594	(306)
Capital outlay	-	41,929	41,929	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Contingency	-	-	-	-
Total expenditures	181,910	228,159	228,092	(67)
Excess of revenues over expenditures	19,990	11,941	22,108	10,167
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
NET CHANGE IN FUND BALANCES	19,990	11,941	22,108	10,167
FUND BALANCE - Beginning of year	164,015	164,015	164,015	-
FUND BALANCE - End of year	\$ 184,005	\$ 175,956	\$ 186,123	\$ 10,167

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

REVOLVING CASH ASSISTANCE FUND

FOR THE YEAR ENDED JUNE 30, 2008

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Special assessments	\$ 35,600	\$ 80,291	\$ 80,291	\$ -
Property taxes	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and fees	-	-	-	-
Contributions from private sector	-	-	-	-
Interest and rents	17,700	16,626	17,037	411
Miscellaneous	-	-	-	-
Total revenues	53,300	96,917	97,328	411
EXPENDITURES:				
Current:				
General government:				
Personal services	-	-	-	-
Other services and charges	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Contingency	-	-	-	-
Total expenditures	-	-	-	-
Excess of revenues over expenditures	53,300	96,917	97,328	411
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	(122,991)	(199,894)	(199,894)	-
Total other financing sources (uses)	(122,991)	(199,894)	(199,894)	-
NET CHANGE IN FUND BALANCES	(69,691)	(102,977)	(102,566)	411
FUND BALANCE - Beginning of year	124,307	124,307	124,307	-
FUND BALANCE - End of year	\$ 54,616	\$ 21,330	\$ 21,741	\$ 411

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

SPECIFIED DONATIONS FUND

FOR THE YEAR ENDED JUNE 30, 2008

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Special assessments	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and fees	-	-	-	-
Contributions from private sector	(136)	71,649	71,648	(1)
Interest and rents	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	(136)	71,649	71,648	(1)
EXPENDITURES:				
Current:				
General government:				
Personal services	-	-	-	-
Other services and charges	21,695	93,480	38,272	(55,208)
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Contingency	-	-	-	-
Total expenditures	21,695	93,480	38,272	(55,208)
Excess of revenues over expenditures	(21,831)	(21,831)	33,376	55,207
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
NET CHANGE IN FUND BALANCES	(21,831)	(21,831)	33,376	55,207
FUND BALANCE - Beginning of year	21,831	21,831	21,831	-
FUND BALANCE - End of year	\$ -	\$ -	\$ 55,207	\$ 55,207

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

DANGEROUS STRUCTURES FUND

FOR THE YEAR ENDED JUNE 30, 2008

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Special assessments	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	12,200	22,000	19,730	(2,270)
Fines and fees	-	-	-	-
Contributions from private sector	-	-	-	-
Interest and rents	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	12,200	22,000	19,730	(2,270)
EXPENDITURES:				
Current:				
General government:				
Personal services	-	-	-	-
Other services and charges	12,250	23,500	19,894	(3,606)
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Contingency	-	-	-	-
Total expenditures	12,250	23,500	19,894	(3,606)
Excess of revenues over expenditures	(50)	(1,500)	(164)	1,336
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
NET CHANGE IN FUND BALANCES	(50)	(1,500)	(164)	1,336
FUND BALANCE - Beginning of year	935	935	935	-
FUND BALANCE (DEFICIT) - End of year	\$ 885	\$ (565)	\$ 771	\$ 1,336

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

EMPLOYEES BENEFIT FUND

FOR THE YEAR ENDED JUNE 30, 2008

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Special assessments	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	9,630	8,746	9,077	331
Fines and fees	-	-	-	-
Contributions from private sector	-	1,021	1,021	-
Interest and rents	395	369	432	63
Miscellaneous	-	-	-	-
Total revenues	10,025	10,136	10,530	394
EXPENDITURES:				
Current:				
General government:				
Personal services	-	-	-	-
Other services and charges	9,550	10,857	10,569	(288)
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Contingency	-	-	-	-
Total expenditures	9,550	10,857	10,569	(288)
Excess of revenues over expenditures	475	(721)	(39)	682
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
NET CHANGE IN FUND BALANCES	475	(721)	(39)	682
FUND BALANCE - Beginning of year	8,029	8,029	8,029	-
FUND BALANCE - End of year	\$ 8,504	\$ 7,308	\$ 7,990	\$ 682

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

PROPERTY ACQUISITION FUND

FOR THE YEAR ENDED JUNE 30, 2008

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Special assessments	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	1,174	1,174
Fines and fees	-	-	-	-
Contributions from private sector	-	-	-	-
Interest and rents	14,350	4,100	4,102	2
Miscellaneous	-	-	-	-
Total revenues	14,350	4,100	5,276	1,176
EXPENDITURES:				
Current:				
General government:				
Personal services	-	-	-	-
Other services and charges	7,000	175,709	181,447	5,738
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Contingency	-	-	-	-
Total expenditures	7,000	175,709	181,447	5,738
Excess of revenues over expenditures	7,350	(171,609)	(176,171)	(4,562)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	38,300	42,835	4,535
Transfers out	(16,250)	(16,250)	(16,250)	-
Total other financing sources (uses)	(16,250)	22,050	26,585	4,535
NET CHANGE IN FUND BALANCES	(8,900)	(149,559)	(149,586)	(27)
FUND BALANCE - Beginning of year	149,586	149,586	149,586	-
FUND BALANCE - End of year	\$ 140,686	\$ 27	\$ -	\$ (27)

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

ENVIRONMENTAL CLEANUP FUND

FOR THE YEAR ENDED JUNE 30, 2008

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Special assessments	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and fees	-	-	-	-
Contributions from private sector	-	3,550	3,298	(252)
Interest and rents	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	-	3,550	3,298	(252)
EXPENDITURES:				
Current:				
General government:				
Personal services	-	-	-	-
Other services and charges	5,500	16,600	8,723	(7,877)
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Contingency	-	-	-	-
Total expenditures	5,500	16,600	8,723	(7,877)
Excess of revenues over expenditures	(5,500)	(13,050)	(5,425)	7,625
OTHER FINANCING SOURCES (USES):				
Transfers in	5,500	13,050	5,425	(7,625)
Transfers out	-	-	-	-
Total other financing sources (uses)	5,500	13,050	5,425	(7,625)
NET CHANGE IN FUND BALANCES	-	-	-	-
FUND BALANCE - Beginning of year	-	-	-	-
FUND BALANCE - End of year	\$ -	\$ -	\$ -	\$ -

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

AIRPORT DONATIONS FUND

FOR THE YEAR ENDED JUNE 30, 2008

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Special assessments	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and fees	-	-	-	-
Contributions from private sector	71,750	-	-	-
Interest and rents	535	910	917	7
Miscellaneous	-	-	-	-
Total revenues	72,285	910	917	7
EXPENDITURES:				
Current:				
General government:				
Personal services	-	-	-	-
Other services and charges	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Contingency	-	-	-	-
Total expenditures	-	-	-	-
Excess of revenues over expenditures	72,285	910	917	7
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	(71,750)	(40,770)	(40,770)	-
Total other financing sources (uses)	(71,750)	(40,770)	(40,770)	-
NET CHANGE IN FUND BALANCES	535	(39,860)	(39,853)	7
FUND BALANCE - Beginning of year	40,084	40,084	40,084	-
FUND BALANCE - End of year	\$ 40,619	\$ 224	\$ 231	\$ 7

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

POLICE CRIMINAL JUSTICE TRAINING FUND

FOR THE YEAR ENDED JUNE 30, 2008

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Special assessments	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	14,700	14,700	14,232	(468)
Charges for services	-	-	-	-
Fines and fees	-	-	-	-
Contributions from private sector	-	-	-	-
Interest and rents	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	14,700	14,700	14,232	(468)
EXPENDITURES:				
Current:				
Public safety:				
Personal services	-	-	-	-
Other services and charges	14,700	16,088	15,033	(1,055)
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Contingency	-	-	-	-
Total expenditures	14,700	16,088	15,033	(1,055)
Excess of revenues over expenditures	-	(1,388)	(801)	587
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
NET CHANGE IN FUND BALANCES	-	(1,388)	(801)	587
FUND BALANCE - Beginning of year	1,394	1,394	1,394	-
FUND BALANCE - End of year	\$ 1,394	\$ 6	\$ 593	\$ 587

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

OTTAWA COUNTY BATMOBILE GRANT FUND

FOR THE YEAR ENDED JUNE 30, 2008

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Special assessments	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	-	5,485	2,350	(3,135)
Charges for services	-	-	-	-
Fines and fees	-	-	-	-
Contributions from private sector	-	-	-	-
Interest and rents	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	-	5,485	2,350	(3,135)
EXPENDITURES:				
Current:				
Public safety:				
Personal services	-	5,485	2,350	(3,135)
Other services and charges	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Contingency	-	-	-	-
Total expenditures	-	5,485	2,350	(3,135)
Excess of revenues over expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
NET CHANGE IN FUND BALANCES	-	-	-	-
FUND BALANCE - Beginning of year	-	-	-	-
FUND BALANCE - End of year	\$ -	\$ -	\$ -	\$ -

CITY OF HOLLAND, MICHIGAN
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
 ANTI-DRUG ABUSE ACT GRANT - "W.E.M.E.T." FUND
 FOR THE YEAR ENDED JUNE 30, 2008

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Special assessments	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	28,491	28,491	118,174	89,683
Charges for services	-	-	-	-
Fines and fees	-	-	-	-
Contributions from private sector	-	-	-	-
Interest and rents	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	28,491	28,491	118,174	89,683
EXPENDITURES:				
Current:				
Public safety:				
Personal services	56,982	57,189	232,009	174,820
Other services and charges	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Contingency	-	-	-	-
Total expenditures	56,982	57,189	232,009	174,820
Excess of revenues over expenditures	(28,491)	(28,698)	(113,835)	(85,137)
OTHER FINANCING SOURCES (USES):				
Transfers in	28,491	-	113,835	113,835
Transfers out	-	-	-	-
Total other financing sources (uses)	28,491	-	113,835	113,835
NET CHANGE IN FUND BALANCES	-	(28,698)	-	28,698
FUND BALANCE - Beginning of year	-	-	-	-
FUND BALANCE (DEFICIT) - End of year	\$ -	\$ (28,698)	\$ -	\$ 28,698

CITY OF HOLLAND, MICHIGAN

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

OFFICE OF HIGHWAY SAFETY PLANNING (OHSP) GRANT FUND

FOR THE YEAR ENDED JUNE 30, 2008

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Special assessments	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	39,499	138,516	103,707	(34,809)
Charges for services	-	-	-	-
Fines and fees	-	-	-	-
Contributions from private sector	-	-	-	-
Interest and rents	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	39,499	138,516	103,707	(34,809)
EXPENDITURES:				
Current:				
Public safety:				
Personal services	37,951	133,151	102,206	(30,945)
Other services and charges	1,445	5,262	1,398	(3,864)
Capital outlay	103	103	103	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Contingency	-	-	-	-
Total expenditures	39,499	138,516	103,707	(34,809)
Excess of revenues over expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
NET CHANGE IN FUND BALANCES	-	-	-	-
FUND BALANCE - Beginning of year	-	-	-	-
FUND BALANCE - End of year	\$ -	\$ -	\$ -	\$ -

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

LAW ENFORCEMENT BLOCK GRANT FUND

FOR THE YEAR ENDED JUNE 30, 2008

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Special assessments	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	2,509	47,499	20,760	(26,739)
Charges for services	-	-	-	-
Fines and fees	-	-	-	-
Contributions from private sector	1,105	1,105	280	(825)
Interest and rents	-	39	401	362
Miscellaneous	-	-	-	-
Total revenues	3,614	48,643	21,441	(27,202)
EXPENDITURES:				
Current:				
Public safety:				
Personal services	-	17,200	3,136	(14,064)
Other services and charges	3,942	31,771	19,194	(12,577)
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Contingency	-	-	-	-
Total expenditures	3,942	48,971	22,330	(26,641)
Excess of revenues over expenditures	(328)	(328)	(889)	(561)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	560	560
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	560	560
NET CHANGE IN FUND BALANCES	(328)	(328)	(329)	(1)
FUND BALANCE - Beginning of year	329	329	329	-
FUND BALANCE - End of year	\$ 1	\$ 1	\$ -	\$ (1)

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

FEDERAL EMERGENCY MANAGEMENT AGENCY (FEMA) GRANT FUND

FOR THE YEAR ENDED JUNE 30, 2008

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Special assessments	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	-	67,500	17,510	(49,990)
Charges for services	-	-	-	-
Fines and fees	-	-	-	-
Contributions from private sector	-	-	-	-
Interest and rents	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	-	67,500	17,510	(49,990)
EXPENDITURES:				
Current:				
Public safety:				
Personal services	-	-	-	-
Other services and charges	-	75,000	19,456	(55,544)
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Contingency	-	-	-	-
Total expenditures	-	75,000	19,456	(55,544)
Excess of revenues over expenditures	-	(7,500)	(1,946)	5,554
OTHER FINANCING SOURCES (USES):				
Transfers in	-	7,500	1,946	(5,554)
Transfers out	-	-	-	-
Total other financing sources (uses)	-	7,500	1,946	(5,554)
NET CHANGE IN FUND BALANCES	-	-	-	-
FUND BALANCE - Beginning of year	-	-	-	-
FUND BALANCE - End of year	\$ -	\$ -	\$ -	\$ -

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

MCOLES ACCIDENT INVESTIGATION GRANT FUND

FOR THE YEAR ENDED JUNE 30, 2008

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Special assessments	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	8,438	8,438	8,247	(191)
Charges for services	-	-	-	-
Fines and fees	-	-	-	-
Contributions from private sector	-	2,060	1,338	(722)
Interest and rents	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	8,438	10,498	9,585	(913)
EXPENDITURES:				
Current:				
Public safety:				
Personal services	-	-	-	-
Other services and charges	8,438	10,498	9,585	(913)
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Contingency	-	-	-	-
Total expenditures	8,438	10,498	9,585	(913)
Excess of revenues over expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
NET CHANGE IN FUND BALANCES	-	-	-	-
FUND BALANCE - Beginning of year	-	-	-	-
FUND BALANCE - End of year	\$ -	\$ -	\$ -	\$ -

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

FOOD STAMP NUTRITION EDUCATION GRANT FUND

FOR THE YEAR ENDED JUNE 30, 2008

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Special assessments	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	-	4,242	1,700	(2,542)
Charges for services	-	-	-	-
Fines and fees	-	-	-	-
Contributions from private sector	-	-	-	-
Interest and rents	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	-	4,242	1,700	(2,542)
EXPENDITURES:				
Current:				
Welfare and social services:				
Personal services	-	4,242	1,700	(2,542)
Other services and charges	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Contingency	-	-	-	-
Total expenditures	-	4,242	1,700	(2,542)
Excess of revenues over expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
NET CHANGE IN FUND BALANCES	-	-	-	-
FUND BALANCE - Beginning of year	-	-	-	-
FUND BALANCE - End of year	\$ -	\$ -	\$ -	\$ -

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

DISTRICT LIBRARY TAXATION FUND

FOR THE YEAR ENDED JUNE 30, 2008

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Special assessments	\$ -	\$ -	\$ -	\$ -
Property taxes	1,572,436	1,572,591	1,572,517	(74)
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and fees	-	-	-	-
Contributions from private sector	-	-	-	-
Interest and rents	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	1,572,436	1,572,591	1,572,517	(74)
EXPENDITURES:				
Current:				
Culture and recreation:				
Personal services	-	-	-	-
Other services and charges	1,572,436	1,573,391	1,572,980	(411)
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Contingency	-	-	-	-
Total expenditures	1,572,436	1,573,391	1,572,980	(411)
Excess of revenues over expenditures	-	(800)	(463)	337
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
NET CHANGE IN FUND BALANCES	-	(800)	(463)	337
FUND BALANCE - Beginning of year	848	848	848	-
FUND BALANCE - End of year	\$ 848	\$ 48	\$ 385	\$ 337

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

BICENTENNIAL CELEBRATION FUND

FOR THE YEAR ENDED JUNE 30, 2008

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Special assessments	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and fees	-	-	-	-
Contributions from private sector	-	-	-	-
Interest and rents	420	425	419	(6)
Miscellaneous	-	-	-	-
Total revenues	420	425	419	(6)
EXPENDITURES:				
Current:				
Welfare and social services:				
Personal services	-	-	-	-
Other services and charges	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Contingency	-	-	-	-
Total expenditures	-	-	-	-
 Excess of revenues over expenditures	 420	 425	 419	 (6)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
 NET CHANGE IN FUND BALANCES	 420	 425	 419	 (6)
FUND BALANCE - Beginning of year	7,553	7,553	7,553	-
FUND BALANCE - End of year	\$ 7,973	\$ 7,978	\$ 7,972	\$ (6)

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

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

FOR THE YEAR ENDED JUNE 30, 2008

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Special assessments	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	-	150,000	5,622	(144,378)
Charges for services	-	-	-	-
Fines and fees	-	-	-	-
Contributions from private sector	-	-	-	-
Interest and rents	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	-	150,000	5,622	(144,378)
EXPENDITURES:				
Current:				
Welfare and social services:				
Personal services	-	-	-	-
Other services and charges	-	150,000	5,622	(144,378)
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Contingency	-	-	-	-
Total expenditures	-	150,000	5,622	(144,378)
Excess of revenues over expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
NET CHANGE IN FUND BALANCES	-	-	-	-
FUND BALANCE - Beginning of year	-	-	-	-
FUND BALANCE - End of year	\$ -	\$ -	\$ -	\$ -

CITY OF HOLLAND, MICHIGAN

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

COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) FUND

FOR THE YEAR ENDED JUNE 30, 2008

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Special assessments	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	476,313	822,826	346,487	(476,339)
Charges for services	-	-	-	-
Fines and fees	-	-	-	-
Contributions from private sector	25,605	165,040	145,609	(19,431)
Interest and rents	-	-	-	-
Miscellaneous	-	4,415	4,715	300
Total revenues	501,918	992,281	496,811	(495,470)
EXPENDITURES:				
Current:				
Welfare and social services:				
Personal services	129,739	208,976	103,559	(105,417)
Other services and charges	372,179	783,305	393,252	(390,053)
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Contingency	-	-	-	-
Total expenditures	501,918	992,281	496,811	(495,470)
Excess of revenues over expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES):				
Transfers in	2,834	15,169	2,834	(12,335)
Transfers out	(2,834)	(15,169)	(2,834)	12,335
Total other financing sources (uses)	-	-	-	-
NET CHANGE IN FUND BALANCES	-	-	-	-
FUND BALANCE - Beginning of year	-	-	-	-
FUND BALANCE - End of year	\$ -	\$ -	\$ -	\$ -

CITY OF HOLLAND, MICHIGAN

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

NEIGHBORHOOD IMPACT PROGRAM (NIP) GRANT FUND

FOR THE YEAR ENDED JUNE 30, 2008

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Special assessments	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and fees	-	-	-	-
Contributions from private sector	3,227	5,936	5,013	(923)
Interest and rents	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	3,227	5,936	5,013	(923)
EXPENDITURES:				
Current:				
Culture and recreation:				
Personal services	3,227	5,936	5,013	(923)
Other services and charges	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Contingency	-	-	-	-
Total expenditures	3,227	5,936	5,013	(923)
Excess of revenues over expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
NET CHANGE IN FUND BALANCES	-	-	-	-
FUND BALANCE - Beginning of year	-	-	-	-
FUND BALANCE - End of year	\$ -	\$ -	\$ -	\$ -

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

BUDGET STABILIZATION FUND

FOR THE YEAR ENDED JUNE 30, 2008

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Special assessments	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and fees	-	-	-	-
Contributions from private sector	-	-	-	-
Interest and rents	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	-	-	-	-
EXPENDITURES:				
Current:				
General government:				
Personal services	-	-	-	-
Other services and charges	10,000	20,000	11,541	(8,459)
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Contingency	-	-	-	-
Total expenditures	10,000	20,000	11,541	(8,459)
Excess of revenues over expenditures	(10,000)	(20,000)	(11,541)	8,459
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
NET CHANGE IN FUND BALANCES	(10,000)	(20,000)	(11,541)	8,459
FUND BALANCE - Beginning of year	1,494,656	1,494,656	1,494,656	-
FUND BALANCE - End of year	\$ 1,484,656	\$ 1,474,656	\$ 1,483,115	\$ 8,459

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

CEMETERY PERPETUAL CARE FUND

FOR THE YEAR ENDED JUNE 30, 2008

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Special assessments	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	51,000	31,000	21,775	(9,225)
Fines and fees	-	-	-	-
Contributions from private sector	-	-	-	-
Interest and rents	90,515	95,128	87,942	(7,186)
Miscellaneous	-	-	-	-
Total revenues	141,515	126,128	109,717	(16,411)
EXPENDITURES:				
Current				
General government:				
Personal services	-	-	-	-
Other services and charges	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Contingency	-	-	-	-
Total expenditures	-	-	-	-
Excess of revenues over expenditures	141,515	126,128	109,717	(16,411)
OTHER FINANCING SOURCES (USES):				
Transfers in	1,862	1,862	1,862	-
Transfers out	(176,080)	(188,799)	(138,726)	50,073
Total other financing sources (uses)	(174,218)	(186,937)	(136,864)	50,073
NET CHANGE IN FUND BALANCES	(32,703)	(60,809)	(27,147)	33,662
FUND BALANCE - Beginning of year	1,633,126	1,633,126	1,633,126	-
FUND BALANCE - End of year	\$ 1,600,423	\$ 1,572,317	\$ 1,605,979	\$ 33,662

- - - 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 is reflected in this fund in the form of electric system revenue bonds payable. This fund provides financial accountability for revenues, expenses, and balance sheet items.

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

WASTEWATER UTILITY FUND

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

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

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

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

This utility is managed and operated by a Board of Public Works appointed by 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 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, 2008, the residential customer count for this service is:

- Single-family residences and multi-family housing developments of up to 4-family units = 8,816
- Multi-family housing developments of greater than 4-family units = 5

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

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

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

WINDMILL ISLAND FUND

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

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

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

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

DEPOT OPERATIONS FUND

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

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

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

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

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

MUNICIPAL AIRPORT FUND

Since 1986, the City of Holland has owned and operated the Tulip City Airport. The initial purchase and major enhancements to the airport have been financed primarily by grants from the Federal Aviation Administration and the Michigan Bureau of Aeronautics, along with several contributions from the private sector. Per requirements of a City Charter amendment, no local tax dollars may be used for airport purposes without specific voter approval.

This fund provides financial accountability for certain operational and maintenance expenses of the airport facility. Revenues are generated as a result of contractual agreements for uses and privileges at the airport. An annual franchise fee is paid to this fund by a Fixed Base Operator (FBO), a private sector company that is given authorization by the City to manage and operate the airport. In exchange for the franchise fee, the FBO is authorized to retain profits from various airport operations, such as aircraft maintenance, flight training, charter flights, aircraft storage, gasoline sales, etc. Other revenue sources include *T-Hanger* leases, private hanger land-leases, and agricultural land-leases.

The Michigan Bureau of Aeronautics administers and provides financial oversight/accounting of major capital acquisitions and improvements to the airport. However, this fund reflects the total capital assets and federal and state capital grant revenues for acquisitions and major improvements.

Two long-term *Installment Purchase Obligation* debt instruments (originally issued in 1989 and 1995) provided financing for construction of three T-Hanger buildings for smaller-sized aircraft. At June 30, 2007, there remains an outstanding liability balance on the 1995 obligation; whereas the final maturity on the 1989 obligation occurred in fiscal year 2005. Debt service is financed by monthly rental income received from users of the T-Hanger facilities.

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 Authority is authorized to levy a tax up to 0.1 mill as approved by voters in all jurisdictions, except Holland Charter Township, in May 2008. Until the fiscal year which begins July 1, 2008 and a millage is levied, the Authority exists under an "interim" status, operating as a City of Holland fund, as in prior years.

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

MACATAWA AREA PUBLIC TRANSIT SYSTEM FUND

Reference the following fund description for the Public Transit Facility and Management Fund which discusses the transition of this former transit fund which was dissolved when the new Macatawa Area Express Transportation Authority began full fledged existence on July 1, 2007.

PUBLIC TRANSIT FACILITY AND MANAGEMENT FUND

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

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

Effective July 1, 2007 the Authority became an entirely separate entity and is no longer included in the City's financial report. The MAX administrative staff will remain as City of Holland employees, in this new separate City fund, with a contractual charge back arrangement to the Authority. Most of the capital assets in the former fund, including buses and equipment, were transferred to the Authority, but the dispatch building assets are retained in this fund by the City.

Due to delayed formal Governor grantee designation change, the City continues temporarily to receive the Authority's grant funds which are immediately passed through to the Authority.

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

JUNE 30, 2008

<u>ASSETS</u>	<u>REFUSE AND RECYCLING PICKUP</u>	<u>WINDMILL ISLAND</u>	<u>DEPOT OPERATIONS</u>	<u>MUNICIPAL AIRPORT</u>
CURRENT ASSETS:				
Cash and pooled investments	\$ 438,391	\$ 104,378	\$ -	\$ 345,707
Receivables:				
Accounts	159,827	8,527	-	4,240
Taxes and special assessments	-	-	-	-
Due from other governmental units	-	-	-	32,407
Prepaid items	-	1,090	-	-
Total current assets	598,218	113,995	-	382,354
NONCURRENT ASSETS:				
Capital assets:				
Land	-	99,809	291,300	5,961,250
Construction in progress	-	-	-	1,090,251
Machinery and equipment	449,091	2,079,767	1,677,874	12,216,435
Accumulated depreciation	(240,362)	(1,230,474)	(893,163)	(6,518,978)
Total capital assets	208,729	949,102	1,076,011	12,748,958
Total assets	806,947	1,063,097	1,076,011	13,131,312
LIABILITIES				
CURRENT LIABILITIES:				
Accounts payable	82,291	24,362	-	3,032
Accrued payroll and benefits	858	17,229	-	-
Due to other governmental units	-	-	-	-
Due to other funds	-	1,446	-	106
Deposits	-	62,500	-	-
Deferred revenue	-	-	-	3,570
Bonds and lease purchases payable - current	-	-	-	15,000
Total current liabilities	83,149	105,537	-	21,708
NONCURRENT LIABILITIES:				
Earned employee compensated absences	-	8,458	-	-
Bonds payable and lease purchases payable	-	-	-	16,000
Total noncurrent liabilities	-	8,458	-	16,000
Total liabilities	83,149	113,995	-	37,708
NET ASSETS:				
Invested in capital assets, net of related debt	208,729	949,102	1,076,011	12,717,958
Unrestricted	515,069	-	-	375,646
Total net assets	\$ 723,798	\$ 949,102	\$ 1,076,011	\$ 13,093,604

MACATAWA AREA PUBLIC TRANSIT SYSTEM	PUBLIC TRANSIT FACILITIES AND MANAGEMENT SYSTEM	TOTAL
\$ -	\$ 17,222	\$ 905,698
-	3,568	176,162
-	5	5
-	13,828	46,235
-	-	1,090
-	34,623	1,129,190
-	-	6,352,359
-	-	1,090,251
-	508,254	16,931,421
-	(183,004)	(9,065,981)
-	325,250	15,308,050
-	359,873	16,437,240
-	362	110,047
-	4,505	22,592
-	13,828	13,828
-	-	1,552
-	-	62,500
-	15,000	18,570
-	-	15,000
-	33,695	244,089
-	-	8,458
-	-	16,000
-	-	24,458
-	33,695	268,547
-	325,250	15,277,050
-	928	891,643
\$ -	\$ 326,178	\$ 16,168,693

CITY OF HOLLAND, MICHIGAN

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

FOR THE YEAR ENDED JUNE 30, 2008

	REFUSE AND RECYCLING PICKUP	WINDMILL ISLAND	DEPOT OPERATIONS	MUNICIPAL AIRPORT
OPERATING REVENUES				
Admissions and fares	\$ -	\$ 280,753	\$ -	\$ -
Use fees and charges for services	1,229,008	41,990	-	21,912
Rentals	-	83,830	1	135,271
Total operating revenues	1,229,008	406,573	1	157,183
OPERATING EXPENSES:				
Personal services	106,574	388,200	-	1,803
Other current expenses	1,093,740	222,644	428	95,607
Depreciation	62,208	66,736	54,783	549,173
Total operating expenses	1,262,522	677,580	55,211	646,583
OPERATING INCOME (LOSS)	(33,514)	(271,007)	(55,210)	(489,400)
NONOPERATING REVENUES (EXPENSES):				
Property taxes	-	-	-	-
Federal and/or state grants	-	-	21,989	1,107,240
Federal awards passed-through to the Macatawa Area Express Transportation Authority	-	-	-	-
Investment earnings	22,459	3,452	-	17,351
Interest expense	-	-	-	(2,588)
Gain (loss) on disposal of capital assets	(2,542)	(991)	-	-
Total nonoperating revenues (expenses)	19,917	2,461	21,989	1,122,003
INCOME (LOSS) - Before transfers, contributions and special item	(13,597)	(268,546)	(33,221)	632,603
TRANSFERS AND CONTRIBUTIONS				
Capital contributions	-	9,380	-	-
Other private donations	1,615	362	-	-
Transfers in	-	253,623	426	40,770
Transfers out	-	-	-	(1,491)
Net transfers and contributions	1,615	263,365	426	39,279
CHANGES IN NET ASSETS BEFORE SPECIAL ITEM	(11,982)	(5,181)	(32,795)	671,882
SPECIAL ITEM:				
Transfer of assets to Macatawa Area Express Transportation Authority	-	-	-	-
CHANGES IN NET ASSETS	(11,982)	(5,181)	(32,795)	671,882
NET ASSETS - Beginning of year	735,780	954,283	1,108,806	12,421,722
NET ASSETS - End of year	\$ 723,798	\$ 949,102	\$ 1,076,011	\$ 13,093,604

MACATAWA AREA PUBLIC TRANSIT SYSTEM	PUBLIC TRANSIT FACILITIES AND MANAGEMENT SYSTEM	TOTAL
\$ -	\$ -	\$ 280,753
-	204,598	1,497,508
-	-	219,102
-	204,598	1,997,363
-	202,824	699,401
-	4,897	1,417,316
-	11,762	744,662
-	219,483	2,861,379
-	(14,885)	(864,016)
-	19	19
-	1,603,985	2,733,214
-	(1,603,985)	(1,603,985)
-	5,161	48,423
-	-	(2,588)
-	-	(3,533)
-	5,180	1,171,550
-	(9,705)	307,534
-	-	9,380
-	-	1,977
-	374,125	668,944
(374,125)	(38,242)	(413,858)
(374,125)	335,883	266,443
(374,125)	326,178	573,977
(2,542,464)	-	(2,542,464)
(2,916,589)	326,178	(1,968,487)
2,916,589	-	18,137,180
\$ -	\$ 326,178	\$ 16,168,693

CITY OF HOLLAND, MICHIGAN
 COMBINING STATEMENT OF CASH FLOWS
 NONMAJOR ENTERPRISE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2008

	REFUSE AND RECYCLING PICKUP	WINDMILL ISLAND	DEPOT OPERATIONS	MUNICIPAL AIRPORT
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers and users	\$ 1,222,714	\$ 436,936	\$ 1	\$ 158,218
Payment of lease deposit	-	-	(5,319)	-
Payments to suppliers	(1,090,424)	(223,982)	(2,055)	(103,099)
Payments to employees	(106,441)	(388,840)	(126)	(1,803)
Net cash provided by (used in) operating activities	25,849	(175,886)	(7,499)	53,316
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Principal payments on long-term debt	-	-	-	(14,000)
Interest on long-term debt	-	-	-	(2,588)
Capital contributions	-	9,380	-	-
Purchase of capital assets	(37,101)	(62,546)	(21,989)	(1,134,278)
Net cash used in capital and related financing activities	(37,101)	(53,166)	(21,989)	(1,150,866)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Property taxes	-	-	-	-
Federal and/or state grants	-	-	21,989	1,081,188
Federal awards passed-through to the Macatawa Area Express Transportation Authority	-	-	-	-
Other private donations	1,615	362	-	-
Payments to outside authorities	-	-	-	-
Intergovernmental payments	(87,204)	(170)	(2,607)	(1,385)
Intergovernmental receipts	154,792	253,623	426	40,770
Net cash provided by (used in) noncapital financing activities	69,203	253,815	19,808	1,120,573
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment earnings	22,459	3,452	-	17,351
Net cash provided by (used in) investing activities	22,459	3,452	-	17,351
NET INCREASE (DECREASE) IN CASH AND POOLED INVESTMENTS	80,410	28,215	(9,680)	40,374
CASH AND POOLED INVESTMENTS - Beginning of year	357,981	76,163	9,680	305,333
CASH AND POOLED INVESTMENTS - End of year	\$ 438,391	\$ 104,378	\$ -	\$ 345,707

MACATAWA AREA PUBLIC TRANSIT SYSTEM	PUBLIC TRANSIT FACILITIES AND MANAGEMENT SYSTEM	TOTAL
\$ 36,240	\$ 216,030	\$ 2,070,139
-	-	(5,319)
(138,870)	(4,535)	(1,562,965)
(6,899)	(198,319)	(702,428)
(109,529)	13,176	(200,573)
-	-	(14,000)
-	-	(2,588)
-	-	9,380
-	-	(1,255,914)
-	-	(1,263,122)
90	14	104
105,092	1,603,985	2,812,254
-	(1,603,985)	(1,603,985)
-	-	1,977
(802,457)	-	(802,457)
(37,748)	(38,242)	(167,356)
-	37,113	486,724
(735,023)	(1,115)	727,261
-	5,161	48,423
-	5,161	48,423
(844,552)	17,222	(688,011)
844,552	-	1,593,709
\$ -	\$ 17,222	\$ 905,698

(Continued)

CITY OF HOLLAND, MICHIGAN

COMBINING STATEMENT OF CASH FLOWS (CONCLUDED)
NONMAJOR ENTERPRISE FUNDS

FOR THE YEAR ENDED JUNE 30, 2008

	REFUSE AND RECYCLING PICKUP	WINDMILL ISLAND	DEPOT OPERATIONS	MUNICIPAL AIRPORT
Reconciliation of operating income to net cash provided by (used in) operating activities:				
Operating loss	\$ (33,514)	\$ (271,007)	\$ (55,210)	\$ (489,400)
Adjustment to reconcile operating loss to net cash provided by (used in) operating activities:				
Depreciation	62,208	66,736	54,783	549,173
Changes in operating assets and liabilities which provided (used) cash:				
Accounts receivable	(6,294)	1,653	-	360
Prepaid items	-	(1,090)	-	-
Accounts payable	3,316	(248)	(1,627)	(7,492)
Accrued payroll and benefits	133	(4,357)	(126)	-
Earned employee compensated absences	-	3,717	-	-
Deferred revenue	-	28,710	(5,319)	675
Net cash provided by (used in) operating activities	\$ 25,849	\$ (175,886)	\$ (7,499)	\$ 53,316
Noncash investing, capital and financing activities:				
Noncash capital transfers	-	-	-	-

<u>MACATAWA AREA PUBLIC TRANSIT SYSTEM</u>	<u>PUBLIC TRANSIT FACILITIES AND MANAGEMENT SYSTEM</u>	<u>TOTAL</u>
\$ -	\$ (14,885)	\$ (864,016)
-	11,762	744,662
42,865	(3,568)	35,016
-	-	(1,090)
(138,870)	362	(144,559)
(2,199)	4,505	(2,044)
(4,700)	-	(983)
(6,625)	15,000	32,441
<u>\$ (109,529)</u>	<u>\$ 13,176</u>	<u>\$ (200,573)</u>
<u>(2,077,019)</u>	<u>337,012</u>	<u>(1,740,007)</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 Department 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 Department 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:

- accumulated amount of disk-access space used
- 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 and maintain an Internet capability, to include the City's website.
 - develop and 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.

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

PHOTOCOPY SERVICES FUND

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
- surcharge to accumulate reserves for future equipment replacements.

In more recent years, the divisions between photocopiers, faxes and printers have become more obscure. This fund is closed as of June 30, 2008 and related activities in future years will be assimilated into the Computer Services Fund for financial reporting.

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

POSTAGE SERVICES FUND

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

Established user fee charges to departments include the following elements:

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

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

COMMUNICATION SERVICES FUND

A networked telephone system provides internally connected voice communication services for most departments and activities of the City, as well as communications outside the network. Driven by in-house phone servers, the system provides multiple capabilities for communicating both inside and outside the network. The City has entered into a contractual arrangement with *One Communications* 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 One Communications
- surcharge to accumulate a sufficient reserve for system maintenance and, to a limited extent, universal system equipment.

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

FUEL DISPENSING

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

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

Established user fee charges to departments include the following elements:

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

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

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

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

CENTRALIZED VEHICLE/EQUIPMENT FUND

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

GENERAL VEHICLE and EQUIPMENT POOL

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

STREETS VEHICLE and EQUIPMENT POOL

- All vehicles and equipment assigned to this pool are fixed assets (minus depreciation) of this fund.
- State of Michigan Act 51 of 1951 (as amended) requires identifiable accounting for vehicles and equipment dedicated to street maintenance and construction. Detailed accounting is maintained for each such vehicle or equipment item. Michigan Department 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 and equipment maintenance activity is operated at the City's Transportation Services facility. Various support staff (including several vehicle and equipment mechanics) are permanently assigned to this function.
 - The mechanics staff performs virtually all maintenance service work for the two Vehicle and 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 and 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 and 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 and equipment outside of the two pools described above.

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

FIRE VEHICLES and EQUIPMENT POOL 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), providing 60% of the first \$10,000 of employee's monthly income, up to age 65. 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 and RETIREE HEALTH / DENTAL FUND

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

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

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

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

VEHICLE DAMAGE and 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 LIABILITY and 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 \$15,000,000 '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 and 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 FUND NET ASSETS
INTERNAL SERVICE FUNDS

JUNE 30, 2008

TECHNOLOGY SERVICES

<u>ASSETS</u>	<u>COMPUTER SERVICES</u>	<u>PHOTOCOPY SERVICES</u>	<u>POSTAGE SERVICES</u>	<u>COMMUNICATION SERVICES</u>
CURRENT ASSETS:				
Cash and pooled investments	\$ 400,329	\$ -	\$ 3,716	\$ 8,360
Accounts receivable	179	-	-	-
Due from other funds	-	-	-	-
Prepaid items	-	-	350	-
Inventories	-	-	2,701	-
Total current assets	400,508	-	6,767	8,360
NONCURRENT ASSETS:				
Capital assets:				
Machinery and equipment	1,220,614	-	13,818	141,205
Accumulated depreciation	(925,383)	-	(8,334)	(107,377)
Total capital assets	295,231	-	5,484	33,828
Total assets	695,739	-	12,251	42,188
<u>LIABILITIES</u>				
CURRENT LIABILITIES:				
Accounts payable	1,494	-	-	-
Claims payable	-	-	-	-
Accrued payroll and benefits	6,071	-	-	-
Due to other funds	420	-	-	-
Deferred revenue	-	-	-	-
Total current liabilities	7,985	-	-	-
NONCURRENT LIABILITIES:				
Earned employee compensated absences	21,640	-	-	-
Total liabilities	29,625	-	-	-
NET ASSETS:				
Invested in capital assets	295,231	-	5,484	33,828
Unrestricted	370,883	-	6,767	8,360
Total net assets	\$ 666,114	\$ -	\$ 12,251	\$ 42,188

EQUIPMENT SERVICES			INSURANCE SERVICES		
FUEL DISPENSING	CENTRALIZED VEHICLE/ EQUIPMENT	FIRE VEHICLE/ EQUIPMENT	WORKERS COMPENSATION	DISABILITY INCOME	HEALTH AND DENTAL
\$ 61,497	\$ 1,994,573	\$ 111,237	\$ 439,179	\$ 121,477	\$ 2,255,073
48,572	21,679	-	1,202	670	30,569
15,776	1,421	-	-	-	-
-	-	-	10,000	-	185,692
69,340	37,631	-	-	-	-
195,185	2,055,304	111,237	450,381	122,147	2,471,334
50,906	6,979,551	2,332,111	-	-	-
(37,542)	(3,709,773)	(858,169)	-	-	-
13,364	3,269,778	1,473,942	-	-	-
208,549	5,325,082	1,585,179	450,381	122,147	2,471,334
113,716	22,757	-	26,418	-	226
-	-	-	-	-	220,600
-	25,019	-	-	-	-
19,972	75	-	-	-	-
-	1,926	-	-	-	-
133,688	49,777	-	26,418	-	220,826
-	58,649	-	-	-	-
133,688	108,426	-	26,418	-	220,826
13,364	3,269,778	1,473,942	-	-	-
61,497	1,946,878	111,237	423,963	122,147	2,250,508
\$ 74,861	\$ 5,216,656	\$ 1,585,179	\$ 423,963	\$ 122,147	\$ 2,250,508

(Continued)

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

JUNE 30, 2008

INSURANCE SERVICES

<u>ASSETS</u>	<u>VEHICLE</u>	<u>PROPERTY</u>	<u>LIABILITY</u>	<u>COMPENSATED ABSENCES</u>	<u>TOTAL</u>
CURRENT ASSETS:					
Cash and pooled investments	\$ 195,471	\$ 482,257	\$ 366,132	\$ 1,582,311	\$ 8,021,612
Accounts receivable	-	-	-	-	102,871
Due from other funds	-	-	83	-	17,280
Prepaid items	-	-	20,000	-	216,042
Inventories	-	-	-	-	109,672
Total current assets	195,471	482,257	386,215	1,582,311	8,467,477
NONCURRENT ASSETS:					
Capital assets:					
Machinery and equipment	-	-	-	-	10,738,205
Accumulated depreciation	-	-	-	-	(5,646,578)
Total capital assets	-	-	-	-	5,091,627
Total assets	195,471	482,257	386,215	1,582,311	13,559,104
LIABILITIES					
CURRENT LIABILITIES:					
Accounts payable	190	-	2,593	-	167,394
Claims payable	-	-	12,000	-	232,600
Accrued payroll and benefits	-	-	-	900,000	931,090
Due to other funds	-	-	-	-	20,467
Deferred revenue	-	-	-	-	1,926
Total current liabilities	190	-	14,593	900,000	1,353,477
NONCURRENT LIABILITIES:					
Earned employee compensated absences	-	-	-	682,311	762,600
Total liabilities	190	-	14,593	1,582,311	2,116,077
NET ASSETS:					
Invested in capital assets	-	-	-	-	5,091,627
Unrestricted	195,281	482,257	371,622	-	6,351,400
Total net assets	\$ 195,281	\$ 482,257	\$ 371,622	\$ -	\$ 11,443,027

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, 2008

TECHNOLOGY SERVICES

	TECHNOLOGY SERVICES			
	COMPUTER SERVICES	PHOTOCOPY SERVICES	POSTAGE SERVICES	COMMUNICATION SERVICES
OPERATING REVENUES:				
Premiums	\$ -	\$ -	\$ -	\$ -
Charges for services	518,300	33,505	20,981	106,948
Rentals	-	-	-	-
Miscellaneous	-	-	-	-
Total operating revenues	518,300	33,505	20,981	106,948
OPERATING EXPENSES:				
Personal services	256,918	-	-	-
Other current expenses	122,138	22,236	21,664	105,294
Depreciation expense	70,757	13,587	1,244	5,754
Total operating expenses	449,813	35,823	22,908	111,048
OPERATING INCOME (LOSS)	68,487	(2,318)	(1,927)	(4,100)
NONOPERATING REVENUES (EXPENSES):				
Investment earnings	16,017	4,572	69	-
Gain (loss) on disposal of capital assets	(5,731)	(3,457)	-	-
Total nonoperating revenues (expenses)	10,286	1,115	69	-
INCOME (LOSS) - Before transfers and contributions	78,773	(1,203)	(1,858)	(4,100)
TRANSFERS AND CONTRIBUTIONS:				
Capital contributions	1,500	-	-	-
Transfers in	119,537	-	-	-
Transfers out	-	(139,967)	-	-
Net transfers and contributions	121,037	(139,967)	-	-
CHANGE IN NET ASSETS	199,810	(141,170)	(1,858)	(4,100)
NET ASSETS - Beginning of year	466,304	141,170	14,109	46,288
NET ASSETS - End of year	\$ 666,114	\$ -	\$ 12,251	\$ 42,188

EQUIPMENT SERVICES			INSURANCE SERVICES		
FUEL DISPENSING	CENTRALIZED VEHICLE/ EQUIPMENT	FIRE VEHICLE/ EQUIPMENT	WORKERS COMPENSATION	DISABILITY INCOME	HEALTH AND DENTAL
\$ -	\$ -	\$ -	\$ 138,520	\$ 104,530	\$ 3,938,783
918,604	339,883	-	-	-	-
-	2,109,664	-	-	-	-
-	354	-	29,745	-	125,643
918,604	2,449,901	-	168,265	104,530	4,064,426
2,236	695,258	-	-	-	-
910,153	1,049,145	-	277,712	95,843	4,234,114
2,545	480,153	104,879	-	-	-
914,934	2,224,556	104,879	277,712	95,843	4,234,114
3,670	225,345	(104,879)	(109,447)	8,687	(169,688)
-	122,386	3,586	24,475	6,155	109,126
-	41,854	-	-	-	-
-	164,240	3,586	24,475	6,155	109,126
3,670	389,585	(101,293)	(84,972)	14,842	(60,562)
-	-	-	-	-	-
-	-	100,000	-	-	-
-	(197,415)	-	-	-	-
-	(197,415)	100,000	-	-	-
3,670	192,170	(1,293)	(84,972)	14,842	(60,562)
71,191	5,024,486	1,586,472	508,935	107,305	2,311,070
\$ 74,861	\$ 5,216,656	\$ 1,585,179	\$ 423,963	\$ 122,147	\$ 2,250,508

(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, 2008

	INSURANCE SERVICES				TOTAL
	VEHICLE	PROPERTY	LIABILITY	COMPENSATED ABSENCES	
OPERATING REVENUES:					
Premiums	\$ 138,576	\$ 23,756	\$ 140,836	\$ -	\$ 4,485,001
Charges for services	-	-	-	55,089	1,993,310
Rentals	-	-	-	-	2,109,664
Miscellaneous	16,444	186	-	-	172,372
Total operating revenues	155,020	23,942	140,836	55,089	8,760,347
OPERATING EXPENSES:					
Personal services	-	-	-	55,089	1,009,501
Other current expenses	160,594	31,046	120,587	-	7,150,526
Depreciation expense	-	-	-	-	678,919
Total operating expenses	160,594	31,046	120,587	55,089	8,838,946
OPERATING INCOME (LOSS)	(5,574)	(7,104)	20,249	-	(78,599)
NONOPERATING REVENUES (EXPENSES):					
Investment earnings	7,673	27,379	13,974	-	335,412
Gain (loss) on disposal of capital assets	-	-	-	-	32,666
Total nonoperating revenues (expenses)	7,673	27,379	13,974	-	368,078
INCOME (LOSS) - Before transfers and contributions	2,099	20,275	34,223	-	289,479
TRANSFERS AND CONTRIBUTIONS:					
Capital contributions	-	-	-	-	1,500
Transfers in	-	-	100,000	-	319,537
Transfers out	-	(100,000)	-	-	(437,382)
Net transfers and contributions	-	(100,000)	100,000	-	(116,345)
CHANGE IN NET ASSETS	2,099	(79,725)	134,223	-	173,134
NET ASSETS - Beginning of year	193,182	561,982	237,399	-	11,269,893
NET ASSETS - End of year	\$ 195,281	\$ 482,257	\$ 371,622	\$ -	\$ 11,443,027

CITY OF HOLLAND

CITY OF HOLLAND, MICHIGAN
 COMBINING STATEMENT OF CASH FLOWS
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2008

	TECHNOLOGY SERVICES			
	COMPUTER SERVICES	PHOTOCOPY SERVICES	POSTAGE SERVICES	COMMUNICATION SERVICES
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from interfund services provided	\$ 518,141	\$ 33,505	\$ 19,776	\$ 106,948
Payments to suppliers	(124,154)	(24,623)	(16,129)	(105,378)
Payments to employees	(258,292)	-	-	-
Net cash provided by (used in) operating activities	135,695	8,882	3,647	1,570
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Capital contributions	1,500	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Purchase of capital assets	(113,387)	-	-	-
Net cash used in capital and related financing activities	(111,887)	-	-	-
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Intergovernmental payments	-	(99,949)	-	-
Intergovernmental receipts	79,519	-	-	-
Net cash provided by (used in) noncapital financing activities	79,519	-	-	-
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment earnings	16,017	4,572	69	-
NET INCREASE (DECREASE) IN CASH AND POOLED INVESTMENTS	119,344	13,454	3,716	1,570
CASH AND POOLED INVESTMENTS - Beginning of year	280,985	86,495	-	6,790
CASH AND POOLED INVESTMENTS - End of year	\$ 400,329	\$ 99,949	\$ 3,716	\$ 8,360
		\$ 99,949		
Reconciliation of operating income to net cash provided by (used in) by operating activities				
Operating income (loss)	\$ 68,487	\$ (2,318)	\$ (1,927)	\$ (4,100)
Adjustment to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	70,757	13,587	1,244	5,754
Changes in operating assets and liabilities which provided (used) cash:				
Accounts receivable	(179)	-	-	-
Due from other funds	-	-	-	-
Prepaid items	-	-	-	-
Inventories	-	-	5,535	-
Accounts payable	(2,016)	(2,387)	-	(84)
Accrued payroll and benefits	2,087	-	-	-
Earned employee compensated absences	(3,461)	-	-	-
Claims payable	-	-	-	-
Due to other funds	20	-	(1,205)	-
Deferred revenue	-	-	-	-
Net cash provided by (used in) operating activities	\$ 135,695	\$ 8,882	\$ 3,647	\$ 1,570

EQUIPMENT SERVICES			INSURANCE SERVICES		
FUEL DISPENSING	CENTRALIZED VEHICLE/EQUIPMENT	FIRE VEHICLE/EQUIPMENT	WORKERS COMPENSATION	DISABILITY INCOME	HEALTH AND DENTAL
\$ 888,500	\$ 2,426,488	\$ -	\$ 192,756	\$ 104,469	\$ 4,066,634
(860,548)	(1,057,483)	-	(261,587)	(95,843)	(4,264,532)
(2,236)	(679,934)	-	-	-	-
25,716	689,071	-	(68,831)	8,626	(197,898)
-	-	-	-	-	-
-	87,674	-	-	-	-
-	(792,045)	(12,272)	-	-	-
-	(704,371)	(12,272)	-	-	-
-	(197,415)	-	-	-	-
-	-	100,000	-	-	-
-	-	100,000	-	-	-
-	122,386	3,586	24,475	6,155	109,126
25,716	107,086	91,314	(44,356)	14,781	(88,772)
35,781	2,084,902	19,923	483,535	106,696	2,343,845
\$ 61,497	\$ 2,191,988	\$ 111,237	\$ 439,179	\$ 121,477	\$ 2,255,073
	\$ 197,415				
\$ 3,670	\$ 225,345	\$ (104,879)	\$ (109,447)	\$ 8,687	\$ (169,688)
2,545	480,153	104,879	-	-	-
(43,110)	(21,507)	-	24,491	(61)	2,208
(6,966)	(1,320)	-	-	-	-
-	-	-	(5,000)	-	24,165
(54,585)	(8,891)	-	-	-	-
104,190	553	-	21,125	-	(21,883)
-	15,134	-	-	-	-
-	190	-	-	-	-
-	-	-	-	-	(32,700)
19,972	3	-	-	-	-
-	(589)	-	-	-	-
\$ 25,716	\$ 689,071	\$ -	\$ (68,831)	\$ 8,626	\$ (197,898)

(Continued)

CITY OF HOLLAND, MICHIGAN

COMBINING STATEMENT OF CASH FLOWS (CONCLUDED)
INTERNAL SERVICE FUNDS

FOR THE YEAR ENDED JUNE 30, 2008

INSURANCE SERVICES

	VEHICLE	PROPERTY	LIABILITY	COMPENSATED ABSENCES	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from interfund services provided	\$ 155,020	\$ 23,942	\$ 141,190	\$ 55,089	\$ 8,732,458
Payments to suppliers	(162,573)	(31,046)	(156,447)	-	(7,160,343)
Payments to employees	-	-	-	-	(940,462)
Net cash provided by (used in) operating activities	(7,553)	(7,104)	(15,257)	55,089	631,653
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Capital contributions	-	-	-	-	1,500
Proceeds from sale of capital assets	-	-	-	-	87,674
Purchase of capital assets	-	-	-	-	(917,704)
Net cash used in capital and related financing activities	-	-	-	-	(828,530)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Intergovernmental payments	-	(100,000)	-	-	(397,364)
Intergovernmental receipts	-	-	100,000	-	279,519
Net cash provided by (used in) noncapital financing activities	-	-	100,000	-	279,519
CASH FLOWS FROM INVESTING ACTIVITIES:					
Investment earnings	7,673	27,379	13,974	-	335,412
NET INCREASE (DECREASE) IN CASH AND POOLED INVESTMENTS					
	120	20,275	98,717	55,089	418,054
CASH AND POOLED INVESTMENTS - Beginning of year	195,351	561,982	267,415	1,527,222	8,000,922
CASH AND POOLED INVESTMENTS - End of year	\$ 195,471	\$ 582,257	\$ 366,132	\$ 1,582,311	\$ 8,418,976
		\$ 100,000			\$ 397,364
Reconciliation of operating income to net cash provided by (used in) by operating activities					
Operating income (loss)	\$ (5,574)	\$ (7,104)	\$ 20,249	\$ -	\$ (78,599)
Adjustment to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	-	-	-	-	678,919
Changes in operating assets and liabilities which provided (used) cash:					
Accounts receivable	-	-	-	-	(38,158)
Due from other funds	-	-	354	-	(7,932)
Prepaid items	-	-	-	-	19,165
Inventories	-	-	-	-	(57,941)
Accounts payable	(1,979)	-	2,140	-	99,659
Accrued payroll and benefits	-	-	-	55,089	72,310
Earned employee compensated absences	-	-	-	-	(3,271)
Claims payable	-	-	(38,000)	-	(70,700)
Due to other funds	-	-	-	-	18,790
Deferred revenue	-	-	-	-	(589)
Net cash provided by (used in) operating activities	\$ (7,553)	\$ (7,104)	\$ (15,257)	\$ 55,089	\$ 631,653

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

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

- trust funds
- agency funds

CURRENT TAX COLLECTIONS FUND (an Agency Fund)

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

Receipts include property taxes that are collected on behalf of various local area district library, local area swimming pool authority, local area public schools, an intermediate school district, public transit authority, 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 AGENCY 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 and 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, 2008

	CURRENT TAX COLLECTIONS	OUTSIDE AGENCIES COLLECTIONS	EMPLOYEES' FLEXIBLE SPENDING PLAN	IMPREST PAYROLL	TOTALS
<u>ASSETS</u>					
Cash and pooled investments	\$ -	\$ 29,743	\$ 24,735	\$ 70,595	\$ 125,073
Accounts receivable	-	-	385	-	385
Total assets	\$ -	\$ 29,743	\$ 25,120	\$ 70,595	\$ 125,458
<u>LIABILITIES</u>					
Accounts payable	\$ -	\$ 25,583	\$ 475	\$ 29,024	\$ 55,082
Other accrued liabilities and de	-	-	24,645	-	24,645
Due to other governmental unit	-	4,160	-	41,571	45,731
Total liabilities	\$ -	\$ 29,743	\$ 25,120	\$ 70,595	\$ 125,458

CITY OF HOLLAND, MICHIGAN
 COMBINING STATEMENT OF CHANGES IN
 FIDUCIARY ASSETS AND LIABILITIES
 AGENCY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2008

	BALANCE JULY 1, 2007	ADDITIONS	REDUCTION	BALANCE JUNE 30, 2008
<u>CURRENT TAX COLLECTIONS FUND</u>				
<u>ASSETS</u>				
Cash and pooled investments	\$ -	\$ 56,047,727	\$ 56,047,727	\$ -
Accounts receivable	-	629,710	629,710	-
Total assets	\$ -	\$ 56,677,437	\$ 56,677,437	\$ -
<u>LIABILITIES</u>				
Due to other funds	\$ -	\$ 37,291,775	\$ 37,291,775	\$ -
Due to other governmental units	-	56,234,470	56,234,470	-
Total liabilities	\$ -	\$ 93,526,245	\$ 93,526,245	\$ -
<u>OUTSIDE AGENCIES COLLECTION FUND</u>				
<u>ASSETS</u>				
Cash and pooled investments	\$ 55,395	\$ 591,644	\$ 617,296	\$ 29,743
Accounts receivable	25	20,936	20,961	-
Total assets	\$ 55,420	\$ 612,580	\$ 638,257	\$ 29,743
<u>LIABILITIES</u>				
Accounts payable	\$ 51,488	\$ 603,893	\$ 629,798	\$ 25,583
Due to other governmental units	3,932	8,687	8,459	4,160
Total liabilities	\$ 55,420	\$ 612,580	\$ 638,257	\$ 29,743
<u>EMPLOYEES' FLEXIBLE SPENDING PLAN</u>				
<u>ASSETS</u>				
Cash and pooled investments	\$ 18,661	\$ 231,112	\$ 225,038	\$ 24,735
Accounts receivable	347	117,402	117,364	385
Total assets	\$ 19,008	\$ 348,514	\$ 342,402	\$ 25,120
<u>LIABILITIES</u>				
Accounts payable	\$ 374	\$ 10,039	\$ 9,938	\$ 475
Other accrued liabilities and deposits	18,634	338,475	332,464	24,645
Total liabilities	\$ 19,008	\$ 348,514	\$ 342,402	\$ 25,120

(Continued)

CITY OF HOLLAND, MICHIGAN
 COMBINING STATEMENT OF CHANGES IN
 ASSETS AND LIABILITIES (CONCLUDED)
 AGENCY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2008

	BALANCE JULY 1, 2007	ADDITIONS	REDUCTION	BALANCE JUNE 30, 2008
<u>IMPREST PAYROLL FUND</u>				
<u>ASSETS</u>				
Cash and pooled investments	\$ 61,884	\$ 42,267,096	\$ 42,258,385	\$ 70,595
Account receivable	-	6	6	-
Total assets	\$ 61,884	\$ 42,267,102	\$ 42,258,391	\$ 70,595
<u>LIABILITIES</u>				
Accounts payable	\$ 26,832	\$ 1,146,479	\$ 1,144,287	\$ 29,024
Due to other governmental units	35,052	3,745,616	3,739,097	41,571
Other accrued liabilities and deposits	-	37,375,007	37,375,007	-
Total liabilities	\$ 61,884	\$ 42,267,102	\$ 42,258,391	\$ 70,595
<u>TOTALS - ALL FUNDS</u>				
<u>ASSETS</u>				
Cash and pooled investments	\$ 135,940	\$ 99,137,579	\$ 99,148,446	\$ 125,073
Accounts receivable	372	768,054	768,041	385
Total assets	\$ 136,312	\$ 99,905,633	\$ 99,916,487	\$ 125,458
<u>LIABILITIES</u>				
Accounts payable	\$ 78,694	\$ 1,760,411	\$ 1,784,023	\$ 55,082
Due to other funds	-	37,291,775	37,291,775	-
Due to other governmental units	38,984	59,988,773	59,982,026	45,731
Other accrued liabilities and deposits	18,634	37,713,482	37,707,471	24,645
Total liabilities	\$ 136,312	\$ 136,754,441	\$ 136,765,295	\$ 125,458

- - - 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, 2008 twelve individual Brownfield Redevelopment Projects have been approved, with the current status of each project delineated as follows:

BROWNFIELD REDEVELOPMENT PROJECT SITES	T I F Capture Base Year	Brownfield Construction Activity
570 East 16 th Street (former General Electric location, new Menards)	2002	Completed
29 East 6 th St. (former City landfill location, new residential condos)	2002	Completed
635 East 48 th Street (former Lifesavers location, new industrial condos)	2002	In Progress
345 East 48 th Street (former Textron Micromatics location, new industrial condos including Hudsonville Ice Cream)	2004	Completed
13 West 4 th Street (current Steketee VanHuis location, new same use)	2003	In Progress
573 Columbia Avenue (former Baker Furniture location, new residential condos, Till Midnight restaurant and commercial/retail)	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	Completed
96 West 15 th Street (former Holland Public Schools location, new multiple commercial condos)	2006	In Progress
99 East 8 th Street (former auto supply store, new office and retail)	2006	In Progress
479 Columbia Ave (former auto repair shop, new Tic Tock Studios movie production company)	2006	In Progress
146 River Avenue (former manufacturing bldg., new residential condos)	2007	In Progress
95-135 East 7 th Street (formerly vacant, new parking garage)	2007	In Progress

- - - 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
BALANCE SHEET
BROWNFIELD REDEVELOPMENT AUTHORITY

JUNE 30, 2008

ASSETS

CURRENT ASSETS:

Cash and pooled investments	\$ 165,101
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LIABILITIES AND FUND BALANCES

FUND BALANCES:

Unreserved:	
Undesignated	\$ 165,101

CITY OF HOLLAND, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BROWNFIELD REDEVELOPMENT AUTHORITY
FOR THE YEAR ENDED JUNE 30, 2008

REVENUES:	
Property taxes	\$ 425,635
Contributions	3,000
Investment earnings	12,664
<hr/>	
Total revenues	441,299
<hr/>	
EXPENDITURES:	
Current operating expenditures	385,034
<hr/>	
NET CHANGE IN FUND BALANCES	56,265
<hr/>	
FUND BALANCES - Beginning of year	108,836
<hr/>	
FUND BALANCES - End of year	\$ 165,101
<hr/>	

CITY OF HOLLAND, MICHIGAN
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
 BROWNFIELD REDEVELOPMENT AUTHORITY
 FOR THE YEAR ENDED JUNE 30, 2008

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Property taxes	\$ 411,680	\$ 425,635	\$ 425,635	\$ -
Contributions	-	3,000	3,000	-
Investment earnings	-	9,074	12,664	3,590
Total revenues	411,680	437,709	441,299	3,590
EXPENDITURES:				
Other services and charges	517,529	385,040	385,034	(6)
Excess (deficiency) of revenues over (under) expenditures	(105,849)	52,669	56,265	3,596
NET CHANGE IN FUND BALANCES	(105,849)	52,669	56,265	3,596
FUND BALANCES - Beginning of year	108,836	108,836	108,836	-
FUND BALANCES - End of year	\$ 2,987	\$ 161,505	\$ 165,101	\$ 3,596

CITY OF HOLLAND, MICHIGAN
BALANCE SHEET
DOWNTOWN DEVELOPMENT AUTHORITY

JUNE 30, 2008

ASSETS

CURRENT ASSETS:

Cash and pooled investments	\$	174,421
Taxes receivable		30
Prepaid items		200
<hr/>		
Total assets	\$	174,661

LIABILITIES AND FUND BALANCE

LIABILITIES:

Accounts payable	\$	9,800
Accrued payroll and fringe benefits		1,863
<hr/>		
Total liabilities		11,663

FUND BALANCES:

Reserved for prepaid items		200
Unreserved:		
Undesignated		162,798
<hr/>		
Total fund balances		162,998
<hr/>		
Total liabilities and fund balances	\$	174,661

CITY OF HOLLAND, MICHIGAN

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

JUNE 30, 2008

Fund balances - total governmental funds	\$	162,998
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Add - capital assets, net		130,759
<hr/> Net assets of governmental activities	<hr/> \$	<hr/> 293,757 <hr/>

CITY OF HOLLAND, MICHIGAN

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

FOR THE YEAR ENDED JUNE 30, 2008

REVENUES:

Property taxes	\$	178,229
Charges for services		1,120
Investment earnings		12,764
Contributions and bequests		5,000
<hr/>		
Total revenues		197,113

EXPENDITURES:

Personal services		91,460
Current operating expenditures		100,482
<hr/>		
Total expenditures		191,942

NET CHANGE IN FUND BALANCES 5,171FUND BALANCES - Beginning of year 157,827FUND BALANCES - End of year \$ 162,998

CITY OF HOLLAND, MICHIGAN

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

FOR THE YEAR ENDED JUNE 30, 2008

Net change in fund balances - total governmental funds	\$	5,171
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Add - purchases of capital assets		3,348
Deduct - depreciation expense		(10,977)
Change in net assets of governmental activities	\$	(2,458)

CITY OF HOLLAND, MICHIGAN
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
 DOWNTOWN DEVELOPMENT AUTHORITY
 FOR THE YEAR ENDED JUNE 30, 2008

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Property taxes	\$ 178,373	\$ 178,229	\$ 178,229	\$ -
Charges for services	500	500	1,120	620
Contributions from private sector	5,000	5,000	5,000	-
Investment earnings	10,400	11,700	12,764	1,064
Total revenues	194,273	195,429	197,113	1,684
EXPENDITURES:				
Personal services	88,300	90,300	91,460	1,160
Other services and charges	120,200	115,704	100,482	(15,222)
Total expenditures	208,500	206,004	191,942	(14,062)
NET CHANGE IN FUND BALANCES	(14,227)	(10,575)	5,171	15,746
FUND BALANCES - Beginning of year	157,827	157,827	157,827	-
FUND BALANCES - End of year	\$ 143,600	\$ 147,252	\$ 162,998	\$ 15,746

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	176-181
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	182-187
These schedules contain information to help the reader assess the city's most significant local revenue source, the property tax.	
Debt Capacity	188-196
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	197-198
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	199-202
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 SIX FISCAL YEARS

	Fiscal Year					
	2008	2007	2006	2005	2004	2003
Governmental activities						
Invested in capital assets, net of related debt	\$ 94,586,185	\$ 85,215,206	\$ 77,018,752	\$ 41,668,796	\$ 27,487,076	\$ 4,326,052
Restricted	5,726,977	6,836,980	8,068,218	11,469,701	3,412,885	3,041,791
Unrestricted	13,044,127	18,854,026	22,673,963	21,156,010	30,711,466	41,516,219
Total governmental activities net assets	\$ 113,357,289	\$ 110,906,212	\$ 107,760,933	\$ 74,294,507	\$ 61,611,427	\$ 48,884,062
Business-type activities						
Invested in capital assets, net of related debt	\$ 133,094,822	\$ 134,418,954	\$ 137,313,844	\$ 146,437,083	\$ 142,754,355	\$ 139,109,944
Restricted	13,532,257	14,296,104	6,770,323	6,402,803	10,712,670	10,089,985
Unrestricted	101,113,510	92,581,178	86,838,111	74,394,903	70,573,561	71,126,895
Total business-type activities net assets	\$ 247,740,589	\$ 241,296,236	\$ 230,922,278	\$ 227,234,789	\$ 224,040,586	\$ 220,326,824
Primary Government						
Invested in capital assets, net of related debt	\$ 227,681,007	\$ 219,634,160	\$ 214,332,596	\$ 188,105,879	\$ 170,241,431	\$ 143,435,996
Restricted	19,259,234	21,133,084	14,838,541	17,872,504	14,125,555	13,131,776
Unrestricted	114,157,637	111,435,204	109,512,074	95,550,913	101,285,027	112,643,114
Total primary government net assets	\$ 361,097,878	\$ 352,202,448	\$ 338,683,211	\$ 301,529,296	\$ 285,652,013	\$ 269,210,886

GASB 34 was implemented for Fiscal Year Ended June 30, 2003. Information on this schedule is reported prospectively for the six 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 four Fiscal Years Ended June 30, 1999 to 2002.

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

	Fiscal Year					
	2008	2007	2006	2005	2004	2003
Expense						
Governmental activities:						
General government	\$ 6,606,201	\$ 6,249,186	\$ 8,643,952	\$ 6,376,009	\$ 6,055,106	\$ 5,076,083
Public Safety	11,782,618	11,584,857	10,738,962	10,544,833	9,787,165	9,567,243
Public Works	7,270,495	6,996,667	4,382,884	5,324,083	3,330,034	3,267,272
Culture and recreation	5,457,951	5,818,508	6,060,666	6,013,457	5,725,045	5,755,879
Welfare and social services	1,093,507	1,310,221	1,372,729	1,310,458	1,371,551	1,390,845
Interest on debt	1,193,155	1,277,812	1,394,338	1,498,919	2,150,038	1,621,923
Total governmental activities expenses	<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	71,198,426	70,982,822	76,883,149	65,698,626	59,519,913	56,964,153
Wastewater Utility	8,006,723	7,692,405	7,708,629	7,235,531	7,068,457	7,019,711
Water Utility	5,558,454	5,662,012	5,542,208	4,858,304	4,927,953	4,574,975
Other enterprise activities	4,471,485	5,940,049	5,533,235	5,086,577	4,793,862	4,524,561
Total business-type activities expenses	<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>\$ 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	\$ 2,514,224	\$ 2,475,575	\$ 2,450,074	\$ 2,418,923	\$ 2,639,966	\$ 1,993,105
Public safety	867,229	988,690	928,337	952,885	893,450	836,797
Culture and recreation	1,162,829	1,122,695	987,705	968,203	904,771	901,904
Other activities	618,367	691,541	917,065	651,398	520,492	465,134
Operating grants and contributions	4,156,784	1,471,960	1,727,564	1,961,673	1,813,765	1,625,468
Capital grants and contributions	1,858,530	5,969,801	7,028,471	14,868,097	13,085,189	3,710,288
Total governmental activities program revenues	<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	79,166,950	81,276,323	78,272,801	67,001,967	64,819,973	64,463,883
Wastewater Utility	6,997,724	7,315,443	7,219,855	6,634,140	6,912,837	7,099,310
Water Utility	5,715,370	5,668,249	5,859,601	5,213,380	5,251,241	4,924,641
Other enterprise activities	1,997,363	2,273,950	2,103,966	2,158,971	1,731,232	1,690,390
Operating grants and contributions	1,605,962	2,075,992	2,172,593	1,701,262	1,829,910	1,796,648
Capital grants and contributions	1,465,771	834,580	3,513,337	3,484,614	1,136,306	1,487,949
Total business-type activities program revenue	<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>\$ 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 SIX FISCAL YEARS

	Fiscal Year					
	2008	2007	2006	2005	2004	2003
Net (Expense)/Revenue						
Governmental activities	\$ (22,225,964)	\$ (20,516,989)	\$ (18,554,315)	\$ (9,246,580)	\$ (8,561,306)	\$ (17,146,549)
Business-type activities	7,714,052	9,167,249	3,474,932	3,315,296	5,371,314	8,379,421
Total primary government net expense	<u>\$ (14,511,912)</u>	<u>\$ (11,349,740)</u>	<u>\$ (15,079,383)</u>	<u>\$ (5,931,284)</u>	<u>\$ (3,189,992)</u>	<u>\$ (8,767,128)</u>
General Revenues and Other Changes in Net Assets						
Governmental Activities:						
Property taxes	\$ 17,313,526	\$ 16,771,182	\$ 16,368,318	\$ 16,033,637	\$ 15,286,387	\$ 14,898,818
Intergovernmental	3,168,205	3,133,796	3,229,886	3,265,596	3,412,306	3,700,383
Investment earnings	1,254,996	1,222,007	909,619	611,338	479,191	986,897
Miscellaneous	-	-	-	-	-	(156,220)
Transfers	2,940,314	2,535,283	2,041,365	2,019,089	2,110,785	1,378,919
Total governmental activities	<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	19	171,058	113,079	111,020	217,306	234,954
Investment earnings	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	(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)	-	-	-	-	-
Total business-type activities	<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>\$ 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	\$ 2,451,077	\$ 3,145,279	\$ 3,994,873	\$ 12,683,080	\$ 12,727,363	\$ 3,662,248
Business-type activities	6,444,353	10,373,958	3,687,489	3,194,203	3,713,762	9,292,492
Total primary government	<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 six 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 four Fiscal Years Ended June 30, 1999 to 2002.

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

	Fiscal Year					
	2008	2007	2006	2005	2004	2003
General Fund						
Reserved	\$ 6,863	\$ 10,874	\$ 14,360	\$ -	\$ -	\$ -
Unreserved	2,329,183	2,575,413	2,528,264	2,543,921	2,551,853	2,789,935
Total general fund	<u>\$ 2,336,046</u>	<u>\$ 2,586,287</u>	<u>\$ 2,542,624</u>	<u>\$ 2,543,921</u>	<u>\$ 2,551,853</u>	<u>\$ 2,789,935</u>
All Other Governmental Funds						
Reserved						
Prepaid Items	\$ 50,169	\$ 1,241	\$ 41,525	\$ -	\$ -	\$ -
Speical 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	1,385,867	1,365,692	1,339,292	1,236,292	-	-
Permanent fund expendable	220,112	267,434	287,653	584,311	-	-
Unreserved, reported in:						
Special revenue funds	3,883,960	4,803,171	4,749,558	6,815,229	4,402,875	6,627,218
Debt service funds	826,450	905,740	941,569	-	937,873	948,239
Capital projects funds	1,348,069	1,742,621	1,517,035	-	-	214,983
Other funds	-	-	-	-	5,119,179	15,178,311
Total all other governmental funds	<u>\$ 7,714,627</u>	<u>\$ 9,085,899</u>	<u>\$ 8,876,632</u>	<u>\$ 14,686,298</u>	<u>\$ 15,987,739</u>	<u>\$ 28,338,320</u>

GASB 34 was implemented for Fiscal Year Ended June 30, 2003. Information on this schedule is reported prospectively for the six 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 four Fiscal Years Ended June 30, 1999 to 2002.

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

	Fiscal Year					
	2008	2007	2006	2005	2004	2003
Revenues						
Taxes	\$ 17,313,526	\$ 16,771,182	\$ 16,368,318	\$ 16,033,637	\$ 15,633,888	\$ 15,190,306
Licenses, fees and permits	428,256	556,324	517,223	510,922	482,360	450,298
Fines and penalties	460,144	445,206	423,176	450,799	434,164	430,223
Contributions from private sector	375,206	408,474	542,430	456,891	811,369	599,173
Charges for services	1,201,777	1,174,439	1,176,727	1,118,339	1,032,832	1,065,981
Special assessments	624,352	682,982	728,498	583,084	609,316	546,185
Intergovernmental	8,977,468	10,402,819	11,650,263	19,848,219	17,815,507	8,705,043
Interest and rents	4,078,215	4,009,704	3,660,418	3,317,548	3,161,838	2,805,317
Other revenues	15,666	10,384	41,169	125,155	24,538	34,637
Total revenues	33,474,610	34,461,514	35,108,222	42,444,594	40,005,812	29,827,163
Expenditures						
General government	6,115,337	5,793,527	5,713,523	5,748,867	5,566,723	4,880,548
Public safety	11,353,454	11,274,392	10,301,845	10,438,435	9,529,234	9,022,053
Public works	4,005,177	3,760,112	3,290,658	3,043,671	3,024,687	3,068,727
Welfare and social services	1,112,074	1,304,323	1,399,094	1,369,692	582,131	543,109
Culture and recreation	5,408,323	5,156,184	5,439,768	5,196,498	5,844,799	5,773,547
Other	81,242	151,255	115,681	147,246	144,212	216,841
Debt service						
Principal	2,427,963	2,322,963	2,292,963	2,079,475	1,829,475	1,286,975
Interest	1,195,690	1,273,710	1,534,371	1,489,744	2,266,535	1,421,970
Capital outlay	6,455,022	6,056,550	13,185,288	16,301,232	26,310,205	10,282,213
Total expenditures	38,154,282	37,093,016	43,273,191	45,814,860	55,098,001	36,495,983
Deficiency of revenues under expenditures	<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 SIX FISCAL YEARS

	Fiscal Year					
	2008	2007	2006	2005	2004	2003
Other Financing Sources (Uses)						
Bond issue and land contract	\$ -	\$ -	\$ 7,410,000	\$ -	\$ 480,000	\$ 19,675,000
Bond Premium	-	-	1,676	-	-	-
Payment to Escrow Agent	-	-	(7,137,158)	-	-	-
Transfers in	10,118,589	8,866,486	10,033,423	8,919,203	7,835,073	9,688,603
Transfers out	(7,060,430)	(5,982,054)	(7,953,935)	(6,858,314)	(5,811,547)	(7,368,213)
Total other financing sources (uses)	3,058,159	2,884,432	2,354,006	2,060,889	2,503,526	21,995,390
Net change in fund balances	<u>\$ (1,621,513)</u>	<u>\$ 252,930</u>	<u>\$ (5,810,963)</u>	<u>\$ (1,309,377)</u>	<u>\$ (12,588,663)</u>	<u>\$ 15,326,570</u>
Debt service as a percentage of noncapital expenditures	11.5%	11.3%	11.8%	11.3%	14.2%	12.3%

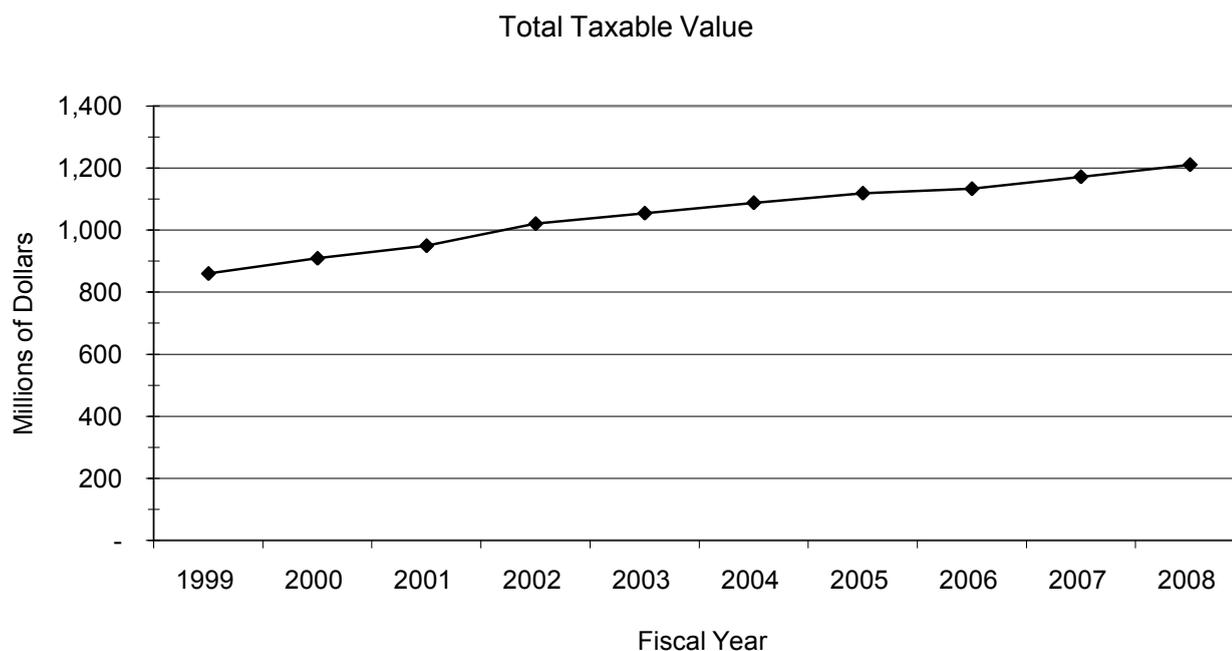
GASB 34 was implemented for Fiscal Year Ended June 30, 2003. Information on this schedule is reported prospectively for the six years since the time of implementation. The City of Holland has chosen not to make the necessary calculations to retroactively report the information for the four Fiscal Years Ended June 30, 1999 to 2002.

CITY OF HOLLAND
 ACTUAL VALUE OF TAXABLE PROPERTY
 FOR THE LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	Residential Property	Commercial Property	Industrial Property	Other Property*	Less: Tax-Exempt Property	Total Taxable Value	Total Direct Tax Rate
1999	\$ 396,059,672	\$ 195,831,762	\$ 335,998,564	\$ 5,871,997	\$ 74,159,800	\$ 859,602,195	14.2273
2000	410,154,781	207,418,840	362,558,939	5,635,136	77,017,650	908,750,046	14.1827
2001	426,485,335	219,886,744	376,412,034	6,865,685	80,350,300	949,299,498	14.1827
2002	448,617,062	237,946,637	404,771,983	6,933,247	78,213,700	1,020,055,229	14.1827
2003	474,597,871	239,774,170	405,105,419	7,213,887	72,615,350	1,054,075,997	14.0000
2004	496,712,932	258,448,815	394,638,205	7,505,158	69,610,550	1,087,694,560	14.0000
2005	524,341,222	262,986,849	393,924,363	6,434,551	69,356,000	1,118,330,985	14.0000
2006	550,750,436	267,849,019	369,982,684	6,732,436	62,517,050	1,132,797,525	14.0000
2007	579,585,857	278,879,918	362,481,265	6,704,156	56,444,324	1,171,206,872	14.0000
2008	605,920,196	286,472,472	368,297,169	6,846,131	57,380,750	1,210,155,218	13.8500

*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						State of Michigan	MAX Authority	Ottawa Area Intermediate Schools
	Basic Rate	General Obligation Debt Service	Capital Projects	Herrick District Library	MAX Public Transit	Total Direct			
1999	8.8790	1.2840	2.5470	1.3673	0.1500	14.2273	6.0000	-	3.4588
2000	8.8000	1.2500	2.6000	1.3827	0.1500	14.1827	6.0000	-	4.3353
2001	8.9389	1.1000	2.6000	1.3938	0.1500	14.1827	6.0000	-	4.2999
2002	8.8389	1.1108	2.6000	1.3830	0.2500	14.1827	6.0000	-	4.2854
2003	9.0000	1.3620	2.0376	1.3770	0.2234	14.0000	6.0000	-	4.2688
2004	9.2421	1.5000	1.7000	1.3579	0.2000	14.0000	5.0000	-	4.2305
2005	9.4590	2.0000	1.1000	1.3410	0.1000	14.0000	6.0000	-	4.2192
2006	9.4337	2.0910	1.0500	1.3253	0.1000	14.0000	6.0000	-	4.2109
2007	9.5188	1.9586	1.0642	1.3111	0.1473	14.0000	6.0000	-	4.2093
2008	9.3361	1.8551	1.3477	1.3111	-	13.8500	6.0000	0.3500	5.5234

1.8437 must be added to the city direct rate, for the fiscal year 2007, 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.

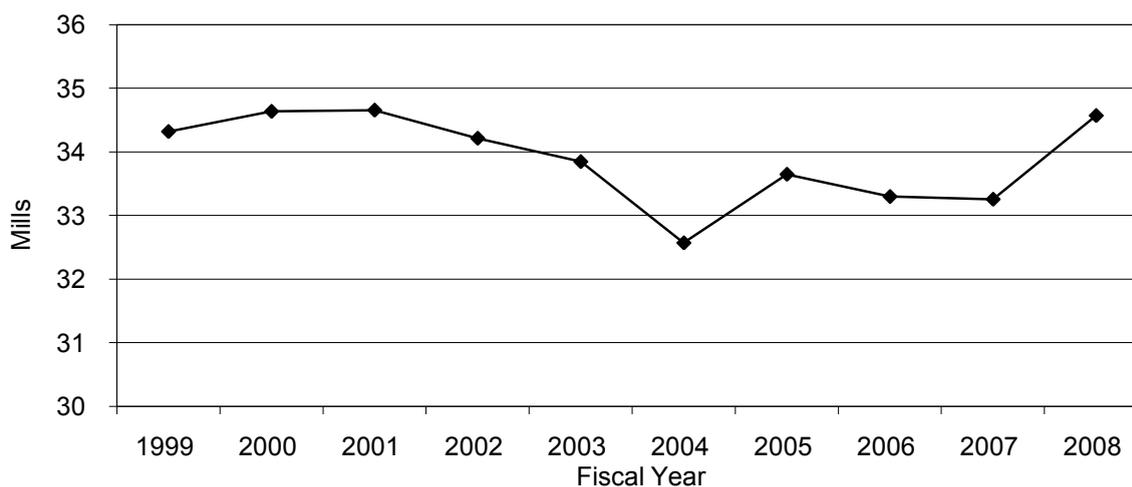
Principal residence rates apply to those homes that are owned and occupied as primary residence. Non-principal residence rates are applied to all other residences.

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
1.5000	4.4804	6.0164	4.6500	22.6500	5.4000	23.1881	7.0222	25.0222
1.4876	4.3812	6.9406	4.2468	22.2468	7.4000	25.4000	8.0236	26.0236
1.7500	4.3760	6.8551	4.0441	22.0441	7.4000	25.4000	8.0116	26.0116
1.7282	4.2722	6.7631	3.7426	21.7426	7.4000	25.4000	8.0074	26.0074
1.6667	4.1672	6.7583	3.7412	21.7412	7.4000	25.4000	7.9965	25.9965
1.5900	4.1611	6.6879	3.5868	21.5868	7.4000	25.4000	8.0010	26.0010
1.5700	4.2593	6.6275	3.5968	21.5968	7.4000	25.4000	8.0300	26.0300
1.5400	4.2579	5.6592	3.2868	21.2868	7.0000	25.0000	8.0300	26.0300
1.5000	4.2572	5.8686	3.2868	21.2868	7.0000	25.0000	8.0300	26.0300
1.4500	4.3572	5.8974	3.0368	21.0368	7.0000	25.0000	8.0300	26.0300

Total Tax Levies



The total tax levy reflects principal residence tax rates for citizens living in Ottawa County

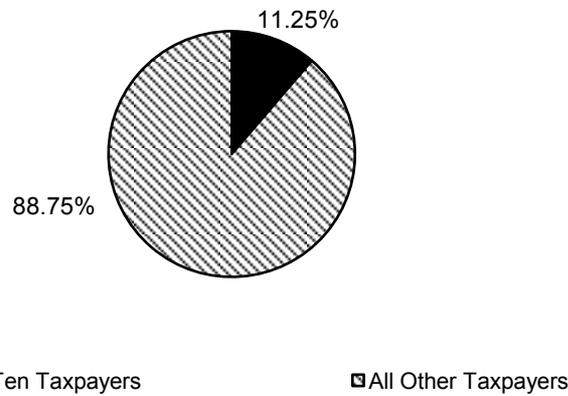
CITY OF HOLLAND
 PRINCIPAL PROPERTY TAX PAYERS
 FOR THE CURRENT FISCAL YEAR AND NINE YEARS AGO

Taxpayer	2008			1999		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Haworth, Inc	\$ 37,474,600	1	3.10 %	\$ 42,203,489	1	4.91 %
ARC Holland Real Estate - Freedom Village Retirement	19,600,967	2	1.62	13,733,351	4	1.60
Johnson Controls Interiors	18,405,663	3	1.52	-	-	-
H.J. Heinz Co	11,298,494	4	0.93	7,824,590	6	0.91
Hydro Automotive Structures	10,730,000	5	0.89	7,068,605	8	0.82
Cadbury Schweppes	10,663,100	6	0.88	7,582,056	7	0.88
Lumir LLC	10,010,490	7	0.83	5,582,563	10	0.65
Meijer Realty Co	6,568,943	8	0.54	-----	----	----
Magna Donnelly	5,718,563	9	0.47	-----	----	----
Holland Hitch	5,713,601	10	0.47	-----	----	----
Planters Lifesaver Co	-----	----	----	32,197,019	3	3.75
Prince Corp	-----	----	----	40,962,008	2	4.77
Herman Miller Inc	-----	----	----	9,873,118	5	1.15
L&W Engineering Co	-----	----	----	5,898,700	9	0.69
	<u>\$ 136,184,421</u>		<u>11.25</u>	<u>\$ 172,925,499</u>		<u>20.13</u>

Source: City of Holland Assessor's Office

2008 Total Taxable Value is \$1,210,155,218, which includes IFT's at equivalency valuation.

Concentration of 2008 Taxpayers

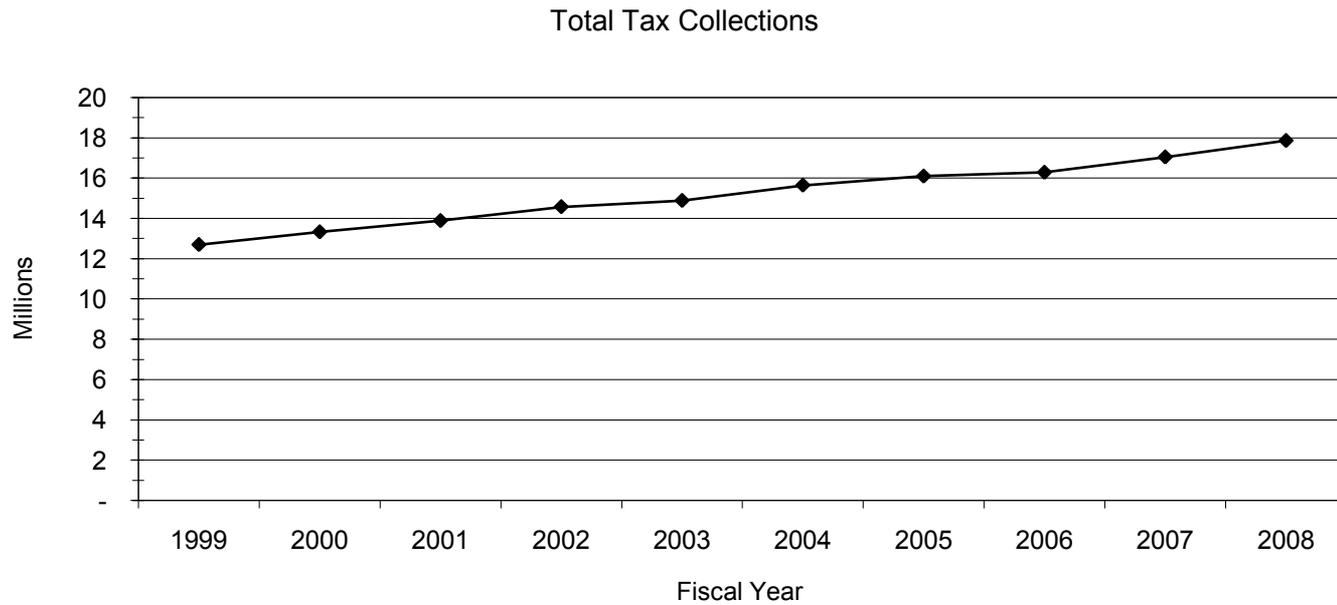


CITY OF HOLLAND
PROPERTY TAX LEVIES AND COLLECTIONS
FOR THE LAST TEN FISCAL YEARS

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
1999	\$ 12,709,308	\$ 12,695,733	99.89 %	N/A	\$ 12,695,733	99.89 %
2000	13,330,230	13,313,672	99.88	16,558	13,330,230	100.00
2001	13,918,773	13,858,935	99.57	28,458	13,887,393	99.77
2002	14,957,549	14,521,784	97.09	53,820	14,575,604	97.45
2003	15,221,185	14,826,300	97.41	63,955	14,890,255	97.83
2004	15,682,955	15,596,119	99.45	56,959	15,653,078	99.81
2005	16,111,453	16,015,933	99.41	80,168	16,096,101	99.90
2006	16,312,191	16,280,453	99.81	13,542	16,293,995	99.89
2007	17,067,702	17,037,496	99.82	15,340	17,052,836	99.91
2008	17,987,290	17,870,193	99.35	-	17,870,193	99.35

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
1999	\$ -	\$ 13,840,000	\$ 5,010,000	\$ 1,060,000	\$ 150,000
2000	-	13,465,000	4,590,000	2,524,838	135,000
2001	-	12,990,000	4,135,000	2,332,863	120,000
2002	-	12,465,000	3,665,000	2,935,892	105,000
2003	175,000	31,365,000	3,185,000	2,728,913	90,000
2004	464,500	30,830,000	2,665,000	2,496,942	75,000
2005	452,000	29,550,000	2,105,000	2,269,963	60,000
2006	439,500	28,570,000	1,500,000	2,179,500	45,000
2007	427,000	26,970,000	1,025,000	1,944,037	30,000
2008	414,500	25,265,000	525,000	1,733,574	15,000

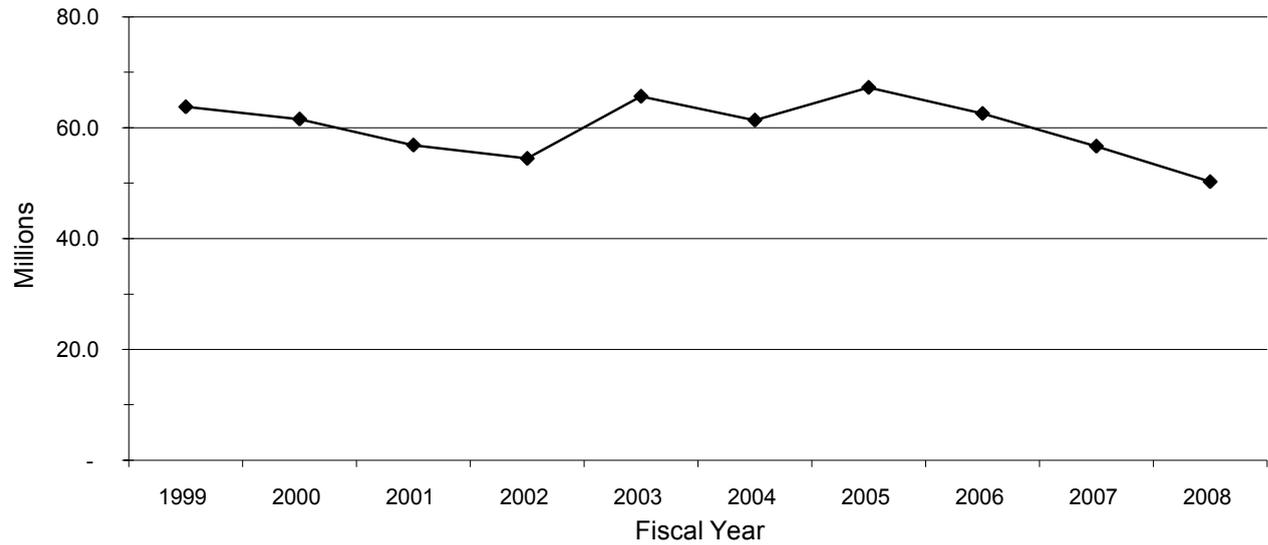
Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

** 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**
\$ 225,000	\$ 275,277	\$ 7,108,500	\$ 10,700,000	\$ 25,440,000	\$ 63,808,777	N/A % \$	N/A
175,000	246,277	6,814,500	10,385,000	23,310,000	61,645,615	N/A	N/A
120,000	215,277	6,503,000	10,050,000	20,480,000	56,946,140	8.63	1,624
60,000	182,277	6,510,000	9,695,000	18,910,000	54,528,169	8.27	1,557
-	146,277	6,093,500	9,315,000	12,580,000	65,678,690	10.05	1,892
-	108,277	5,656,000	8,915,000	10,150,000	61,360,719	9.38	1,766
-	70,000	5,201,000	19,815,000	7,735,000	67,257,963	10.32	1,942
-	58,000	4,721,500	19,815,000	5,260,000	62,588,500	9.66	1,818
-	45,000	4,221,000	19,340,000	2,705,000	56,707,037	8.80	1,656
-	31,000	3,699,500	18,585,000	-	50,268,574	7.85	1,478

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		
1999	\$ -	\$ 13,840,000	\$ 13,840,000	1.61 %	\$ 411
2000	-	13,465,000	13,465,000	1.48	400
2001	-	12,990,000	12,990,000	1.37	371
2002	-	12,465,000	12,465,000	1.22	356
2003	175,000	31,365,000	31,540,000	2.99	909
2004	464,500	30,830,000	31,294,500	2.88	901
2005	452,000	29,550,000	30,002,000	2.68	866
2006	439,500	28,570,000	29,009,500	2.56	843
2007	427,000	26,970,000	27,397,000	2.46	800
2008	414,500	25,265,000	25,679,500	2.23	755

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, 2008

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable*	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Ottawa Area Intermediate School District	\$ 7,700,439	11.44%	\$ 880,930
Hamilton School District	24,375,000	21.10%	5,143,125
Holland School District	16,943,526	79.05%	13,393,857
Zeeland School District	94,787,211	0.02%	18,957
Allegan County	26,795,961	10.50%	2,813,576
Ottawa County	133,269,736	7.51%	10,008,557
Holland Area Community Swimming Pool Authority	7,110,000	79.05%	5,620,455
Subtotal, overlapping debt			37,879,457
City direct debt			25,777,574
Total direct and overlapping debt			\$ 63,657,031

Sources: Assessed value data used to estimate applicable percentages provided by the 2007 Allegan and 2007 Ottawa Equalization Reports. Debt outstanding data provided by each governmental unit.

Note: Overlapping governments are those that coincide, at least in part, within the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Holland. This process recognizes that, when considering the city's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

* For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the city's boundaries and dividing it by each unit's total taxable assessed value.

CITY OF HOLLAND
 LEGAL DEBT MARGIN INFORMATION
 FOR THE LAST TEN FISCAL YEARS

	Fiscal Year			
	1999	2000	2001	2002
Debt Limit	\$ 85,960,220	\$ 90,875,005	\$ 94,929,950	\$ 102,005,523
Total net debt applicable to limit	21,316,062	25,201,358	23,920,167	22,414,826
Legal debt margin	<u>\$ 64,644,158</u>	<u>\$ 65,673,647</u>	<u>\$ 71,009,783</u>	<u>\$ 79,590,697</u>
Total net debt applicable to the limit as a percentage of debt limit	32.97%	38.37%	33.69%	28.16%

Note: The City of Holland is legally indebted for the Building Authority Bonds issued in 1999 and 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 \$4,400,000, or \$2,732,400, should be added to the Legal Debt Margin shown above.

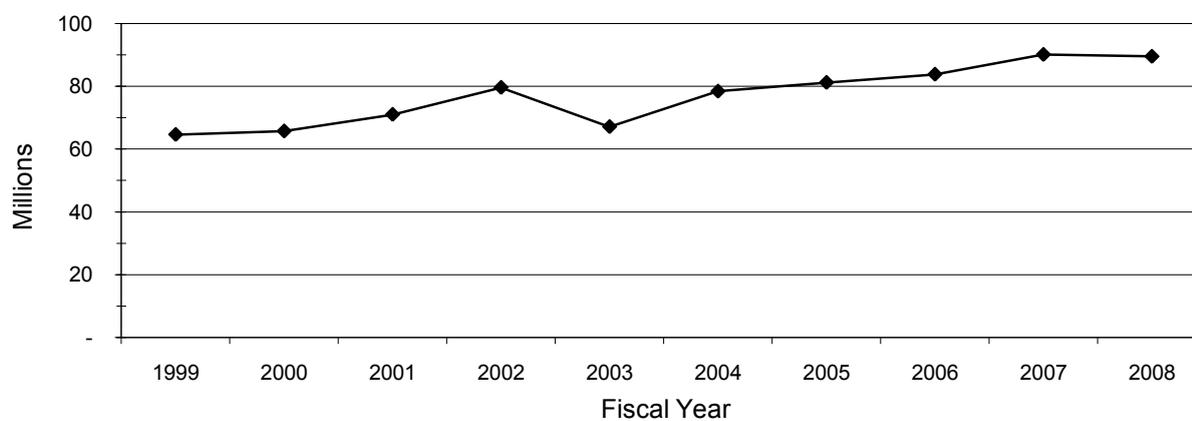
Under state finance law, the city's outstanding general obligation debt should not exceed 10% of total assessed property value.

Legal Debt Margin Calculation for Fiscal Year 2006

Assessed value	\$ 1,152,356,432
Debt limit (10% of assessed value)	115,235,643
Debt applicable to limit:	
General obligation bonds	414,500
Building authority bonds	20,865,000
County bonds	4,498,074
Less: Amount set aside for repayment of debt	<u>(36,096)</u>
Total net debt applicable to limit	<u>25,741,478</u>
Legal debt margin	<u><u>\$ 89,494,165</u></u>

<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
\$ 105,407,600	\$ 108,769,456	\$ 111,833,099	\$ 113,279,753	\$ 117,120,687	\$ 115,235,643
<u>38,328,920</u>	<u>30,405,457</u>	<u>30,561,460</u>	<u>28,457,723</u>	<u>26,998,987</u>	<u>25,741,478</u>
<u><u>\$ 67,078,680</u></u>	<u><u>\$ 78,363,999</u></u>	<u><u>\$ 81,271,639</u></u>	<u><u>\$ 84,822,030</u></u>	<u><u>\$ 90,121,700</u></u>	<u><u>\$ 89,494,165</u></u>
57.14%	38.80%	37.60%	33.55%	29.96%	28.76%

Legal Debt Margin



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

Fiscal Year	Water Revenue Bonds					
	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
1999	\$ 3,745,739	\$ 3,585,853	\$ 159,886	\$ 300,000	\$ 543,365	0.19
2000	4,212,442	3,597,719	614,723	315,000	531,054	0.73
2001	4,163,215	3,976,810	186,405	335,000	517,399	0.22
2002	4,531,347	3,837,553	693,794	355,000	502,559	0.81
2003	4,924,641	4,086,454	838,187	380,000	486,383	0.97
2004	5,251,241	4,399,197	852,044	400,000	469,918	0.98
2005	5,213,380	4,361,641	851,739	7,875,534	368,866	0.10
2006	5,859,601	4,677,570	1,182,031	-	864,638	1.37
2007	5,668,249	4,822,704	845,545	475,000	839,308	0.64
2008	5,715,370	4,904,705	810,665	755,000	638,708	0.58

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	
1999	\$ 54,062,413	\$ 46,106,130	\$ 7,956,283	\$ 1,936,040	\$ 1,496,954	2.32
2000	58,242,489	48,469,635	9,772,854	2,062,909	1,338,657	2.87
2001	65,355,287	53,510,216	11,845,071	2,774,684	1,161,439	3.01
2002	63,597,866	53,019,357	10,578,509	1,489,972	1,049,417	4.17
2003	64,463,883	56,134,987	8,328,896	6,493,955	829,166	1.14
2004	64,819,973	59,062,650	5,757,323	2,254,793	405,568	2.16
2005	67,001,967	65,382,432	1,619,535	2,415,000	316,350	0.59
2006	78,272,801	76,653,737	1,619,064	2,475,000	229,412	0.60
2007	81,276,323	70,857,856	10,418,467	2,555,000	124,966	3.89
2008	79,166,950	71,261,399	7,905,551	2,705,000	267	2.92

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

Special Assessment Bonds

Fiscal Year	Special Assessment Collections	Debt Service		Coverage
		Principal	Interest	
1999	\$ 365,168	\$ 105,000	\$ 62,678	2.18
2000	509,263	130,000	56,317	2.73
2001	211,193	191,975	124,878	0.67
2002	639,273	196,975	113,954	2.06
2003	321,621	206,975	142,923	0.92
2004	451,133	231,975	132,415	1.24
2005	298,087	226,975	118,420	0.86
2006	477,146	245,462	105,818	1.36
2007	464,465	235,463	102,159	1.38
2008	283,251	210,463	91,560	0.94

CITY OF HOLLAND
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 FOR THE LAST TEN CALENDAR YEARS

Year	Estimated Population (1)	Personal Income (thousands of dollars)	Per Capita Personal Income (2)	Unemployment Rate (3)
1997	33,595	N/A	N/A	2.6%
1998	33,634	N/A	N/A	2.4%
1999	33,652	N/A	N/A	2.4%
2000	35,048	\$ 659,709	\$ 18,823	3.5%
2001	35,023	659,238	N/A	5.3%
2002	34,710	653,346	N/A	7.0%
2003	34,748	654,062	N/A	7.8%
2004	34,637	651,972	N/A	7.3%
2005	34,429	648,057	N/A	6.8%
2006	34,245	644,594	N/A	6.9%
2007	34,002	640,020	N/A	7.3%

Sources:

- (1) United States Census Bureau
- (2) United States Census Bureau - 2000 Census (last reported)
- (3) Michigan Bureau of Labor Statistics

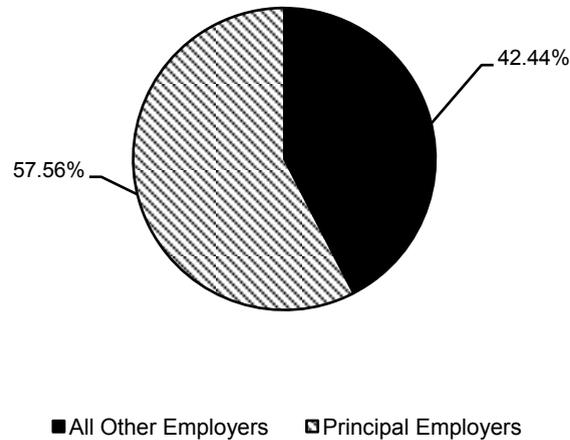
CITY OF HOLLAND
PRINCIPAL EMPLOYERS
FOR THE CURRENT YEAR

Employer	2008		
	Employees	Rank	Percentage of Total City Employment
Johnson Controls Interiors	1,869	1	11.19 %
Haworth Inc	1,854	2	11.10
Holland Community Hospital	1,750	3	10.48
Challenge Mfg Company	850	4	5.09
Tiara Yachts (S2)	781	5	4.68
Hope College	770	6	4.61
Holland Public Schools	575	7	3.44
City of Holland	410	8	2.46
ARC Holland Real Estate - Freedom Village Retirement	401	9	2.40
USF Holland Inc	353	10	2.11
	<u>9,613</u>		<u>57.56</u>

Sources:

Michigan Department of Labor & Ecomic Growth
City of Holland Assessor's Office
Principal Employers

2008 Principal Employers



Note: Employment Information from 9 years ago is unavailable.

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									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General government										
Management services	4.65	5.20	4.60	4.60	4.65	3.55	3.65	3.65	3.20	3.20
Fiscal services	14.00	14.00	14.00	15.00	14.90	14.90	14.90	13.90	14.35	14.35
City clerk	3.15	4.08	3.88	3.88	3.88	3.88	3.00	3.00	3.25	3.25
Human resources	2.35	2.35	2.35	2.35	2.35	2.25	2.25	2.25	2.25	2.25
Building	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Cemetery	4.70	4.25	4.25	4.25	4.25	4.15	4.15	4.15	4.15	4.15
Planning	2.70	2.70	2.70	3.05	2.90	2.40	3.50	3.50	3.30	3.10
Technology	5.00	5.00	6.00	6.00	6.00	5.00	5.00	5.00	4.00	4.00
Public safety										
Police	73.80	73.80	73.80	76.00	76.00	75.00	74.50	74.50	74.50	74.50
Fire	59.00	59.00	59.00	59.00	59.00	58.00	58.00	58.00	58.00	58.00
Environmental health & inspections	9.00	9.80	11.80	11.80	11.90	11.90	11.50	11.50	11.20	10.20
Public works										
Streets	22.15	22.15	22.15	22.15	19.40	20.04	19.74	19.74	19.74	19.82
Engineering	0.00	0.00	0.00	0.00	2.90	2.90	2.90	2.90	2.90	2.90
Transit	1.60	2.70	2.60	2.60	2.25	2.43	0.98	0.83	1.58	2.75
Centralized vehicle maintenance	7.70	7.40	7.65	7.65	7.65	6.90	8.78	8.93	8.93	8.93
Welfare and social services										
Ourstreet / Human relations	4.55	4.55	4.60	5.80	5.80	6.00	5.05	5.05	3.80	3.80
Economic development assistance	1.85	1.85	1.85	1.50	1.85	1.85	2.10	2.30	2.80	2.00
Downtown development	2.15	2.15	2.15	2.15	2.15	2.15	2.05	2.05	2.05	2.15
Culture and recreation										
Recreation	5.80	5.60	5.60	5.60	5.60	5.60	4.60	4.60	4.60	4.60
Parks	15.80	14.80	15.60	15.60	15.75	14.75	14.65	13.65	13.65	14.65
Civic Center	2.30	2.50	2.50	2.50	2.50	2.50	1.75	1.75	1.75	1.65
Board of Public Works Utilities	171.50	172.50	174.50	178.00	182.00	182.00	182.00	182.00	180.00	185.00
Total	414.75	417.38	422.58	430.48	434.68	429.15	426.05	424.25	421.00	426.25

Source: City of Holland Finance Office Fiscal Year 2008 Budget (Approved Positions)

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

Function	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Cemetery										
Burials	311	297	286	295	298	283	260	257	292	213
Police										
Physical arrests	2,678	2,828	2,902	2,871	3,084	3,096	2,972	2,933	3,186	3,496
Parking violations	7,410	6,254	8,760	7,769	6,930	4,581	5,678	5,187	6,120	5,533
Traffic violations	12,522	10,352	9,827	9,442	10,524	8,430	7,946	7,436	7,235	6,762
Fire										
Emergency responses	2,601	2,587	2,731	2,538	2,511	2,597	2,562	2,670	2,786	2,913
Fires	264	274	270	164	188	212	118	129	98	146
Medical Emergencies	1,692	1,619	1,633	1,599	1,661	1,742	1,644	1,752	1,916	1,959
Inspections	1,380	1,101	992	407	49	75	112	129	71	109
Public works										
Street resurfacing (miles)	6.9	7.9	9.5	6.6	6.4	6.7	6.5	6.8	2.2	11.4
Street cut permits	374	304	343	356	285	282	371	327	307	336
Community & neighborhood services										
Number of construction permits:										
Industrial & commercial	136	163	127	108	98	132	110	116	96	96
Residential	697	683	724	787	825	709	631	603	550	552
Institutional & municipal		25	21	31	24	35	30	33	35	27
Value of construction permits (thousands of dollars)										
Industrial & commercial	16,216	23,192	21,949	22,316	13,717	27,518	12,687	25,759	67,243	15,116
Residential	9,780	9,952	9,936	12,711	25,661	16,517	17,574	15,435	10,598	8,754
Institutional & municipal		10,318	7,500	29,114	20,786	35,235	44,336	19,096	7,681	27,180
Culture and recreation										
Program participants	19,091	18,508	15,472	16,531	16,817	16,067	17,795	20,784	26,386	28,115
Pool attendance	11,777	13,582	14,633	10,661	11,639	11,106	11,500	13,317	11,214	10,998

<u>Function</u>	<u>Fiscal Year</u>									
	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Water										
Service connections	11,903	12,317	12,790	12,927	13,039	13,209	13,162	13,139	13,190	13,155
Average daily consumption (thousands of gallons)	13,554	12,756	12,079	12,876	13,336	12,161	13,260	13,387	12,428	12,459
Wastewater										
Service connections	11,418	11,671	11,744	11,861	12,024	12,097	12,107	12,143	12,196	12,169
Average daily consumption (thousands of gallons)	7,929	8,375	8,867	8,950	8,345	9,071	8,941	8,839	7,578	7,448

Source: Various city departments

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

Function	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
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	24	20	20	17	18	18	18	18	18	19
Fire Stations	3	3	3	3	3	3	3	3	3	3
Public works										
Streets (miles)	145.01	151.15	151.15	151.15	151.7	157.1	159.3	148.6	154.5	148.8
Streetlights	2,184	2,234	4,224	4,354	4,383	4,435	4,495	4,632	4,643	4,742
Culture and recreation										
Park acreage	371	423.2	423.8	423.8	423.8	448	448	448	448	460
Parks	19	20	21	21	21	24	24	24	24	24
Baseball/softball diamonds	8	8	8	8	9	9	9	9	9	9
Soccer fields	9	9	9	9	9	9	9	9	9	9
Swimming pools	1	1	1	1	1	1	1	1	1	1
Tennis courts	20	20	20	21	21	21	21	21	21	21
Stadiums	1	1	1	1	1	1	1	1	1	1
Nature centers	1	1	1	1	1	1	1	1	1	1
Tourist attractions	1	1	1	1	1	1	1	1	1	1
Community centers	1	1	1	1	1	1	1	1	1	1
Water										
Water mains (miles)	216.40	216.53	220.24	221.51	221.88	221.09	226.45	229.54	232.44	233.08
Fire hydrants	2,032	2,071	2,071	2,081	2,112	2,110	2,166	2,195	2,256	2,250
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)	166.10	158.31	161.47	164.70	164.74	165.49	177.46	182.52	183.16	182.81
Storm sewers (miles)	133.0	134.0	134.0	134.0	134.0	134.0	131.9	155.0	155.0	155.0
Maximum daily capacity of plant (thousands of gallons)	16,000	16,000	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.