CITY OF HOLLAND

HOLLAND, MICHIGAN

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2007

Prepared by:

Finance Office

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CITY OF HOLLAND

CITY OF HOLLAND

TABLE OF CONTENTS

Exhibit	INTRODUCTORY SECTION:	Page
	Title Page	i
	Table of Contents	iii-vi
	Letter of Transmittal	vii-xxvi
	Principal City Officials	xxvii
	Certificate of Achievement	xxviii
	Organization Chart	xxix
	FINANCIAL SECTION	
	Independent Auditors' Report	1-2
	Management's Discussion and Analysis	3-14
	Basic Financial Statements:	
	Government-wide Financial Statements:	
	Statement of Net Assets	15
	Statement of Activities	16-17
	Fund Financial Statements:	
	Balance Sheet – Governmental Funds	18
	Reconciliation of Fund Balances on the Balance Sheet for Governmental Funds to the Net Assets of Governmental Activities on the Statement of Net Assets	19
	Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	20
	Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	21
	Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget (Modified Accrual Basis) and Actual - General Fund	22
	Statement of Net Assets – Proprietary Funds	24-25
	Statement of Revenues, Expenses, and Changes in Net Assets – Proprietary Funds	26-27
	Statement of Cash Flows – Proprietary Funds	28-31
	Statement of Net Assets – Agency Funds	32
	Notes to Financial Statements	33-63
	Supplemental Information – Combining and Individual Fund Financial Statements and Schedules	
	General Fund	
A-1	Balance Sheet	69
A-2	Schedule of Revenues – Budget (Modified Accrual Basis) and Actual	70
A-3	Schedule of Expenditures – Budget (Modified Accrual Basis) and Actual	71-72
A-4	Schedule of Transfers– Budget (Modified Accrual Basis) and Actual	73

(Continued)

CITY OF HOLLAND

TABLE OF CONTENTS (CONTINUED)

Exhibit		Page
	Supplemental Information – Combining and Individual Fund Financial Statements and Schedules (Continued)	
	Nonmajor Governmental Funds	
B-1	Combining Balance Sheet	90-97
B-2	Combining Statement of Revenues, Expenditures and Changes in Fund Balances	98-105
	Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (Modified Accrual Basis) and Actual:	
B-3	Major Street Fund	106
B-4	Local Street Fund	107
B-5	Allegan County Road Tax Fund	108
B-6	Street Improvements Reserve Fund	109
B-7	Downtown Parking System Fund	110
B-8	Downtown Snowmelt Fund	111
B-9	Principal Shopping District Fund	112
B-10	Contested Assessments Fund	113
B-11	CATV – Public Access TV Fund	114
B-12	Revolving Cash Assistance Fund	115
B-13	Specified Donations Fund	116
B-14	Dangerous Structures Fund	117
B-15	Employees Benefit Fund	118
B-16	Property Acquisition Fund	119
B-17	Underground Storage Tank Financial Assurance Fund	120
B-18	Airport Donations Fund	121
B-19	Police Criminal Justice Training Fund	122
B-20	Police Community Relations Fund	123
B-21	Anti-Drug Abuse WEMET Grants Fund	124
B-22	Office of Highway Safety Planning (OHSP) Grant Fund	125
B-23	Law Enforcement Block Grants Fund	126
B-24	Homeland Security Grant Fund	127
B-25	MCOLES Accident Investigation Grant Fund	128
B-26	District Library Taxation Fund	129
B-27	Bicentennial Celebration Fund	130
B-28	MSHDA Grants Fund	131
B-29	CDBG Grants Fund	132
B-30	IMLS Learning Opportunity Nature Grand Fund	133
B-31	Neighborhood Impact Program (NIP) Grant Fund	134
B-32	Budget Stabilization Fund	135
B-33	Cemetery Perpetual Care Fund	136

(Continued)

CITY OF HOLLAND

TABLE OF CONTENTS (CONTINUED)

Exhibit		Page
	Supplemental Information – Combining and Individual Fund Financial Statements and Schedules (Continued)	
	Nonmajor Enterprise Funds	
C-1	Combining Statement of Net Assets	140-141
C-2	Combining Statement of Revenues, Expenses and Changes in Fund Net Assets	142-143
C-3	Combining Statement of Cash Flows	144-147
	Internal Service Funds	
D-1	Combining Statement of Net Assets	154-156
D-2	Combining Statement of Revenues, Expenses and Changes in Net Assets	158-160
D-3	Combining Statement of Cash Flows	162-164
	Fiduciary Funds	
E-1	Combining Balance Sheet	166
E-2	Agency Funds:	
	Combining Statement of Changes in Assets and Liabilities	167-168
	Component Units	
	Downtown Development Authority:	
F-1	Balance Sheet	171
F-2	Reconciliation of Fund Balances on the Balance Sheet for the Downtown Development Authority to Net Assets of Governmental Activities on the Statement of Net Assets	172
F-3	Statement of Revenues, Expenditures and Changes in Fund Balances	173
F-4	Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of the Downtown Development Authority to the Statement of Activities	174
F-5	Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (Modified Accrual Basis) and Actual - Downtown Development Authority	175
	Brownfield Redevelopment Authority	
G-1	Balance Sheet	176
G-2	Statement of Revenues, Expenditures and Changes in Fund Balances	177
G-3	Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (Modified Accrual Basis) and Actual - Brownfield Redevelopment Authority	178

(Continued)

CITY OF HOLLAND

TABLE OF CONTENTS (CONTINUED)

Exhibit	Statistical Section (Unaudited)	Page
	Statistical Section Table of Contents	179
	Financial Trends Information	
H-1	Net Assets by Component	181
H-2	Changes in Net Assets	182-183
H-3	Fund Balances for Governmental Funds	184
H-4	Changes in Fund Balances for Governmental Funds	185-186
	Revenue Capacity Information	
I-1	Actual Value of Taxable Property	187
I-2	Direct and Overlapping Property Tax Rates	188-189
I-3	Principal Property Tax Payers	190
I-4	Property Tax Levies and Collections	191
	Debt Capacity Information	
J-1	Ratios of Outstanding Debt by Type	192-193
J-2	Ratios of General Bonded Debt Outstanding	194
J-3	Direct and Overlapping Governmental Activities Debt	195
J-4	Legal Debt Margin Information	196-197
J-5	Pledged-Revenue Coverage	198-200
	Demographic and Economic Information	
K-1	Demographic and Economic Statistics	201
K-2	Principal Employers	202
	Operating Information	
L-1	Full-time Equivalent City Government Employees by Function	203
L-2	Operating Indicators by Function	204-205
L-3	Capital Asset Statistics by Function	206

(Concluded)

CITY OF HOLLAND

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December 10, 2007

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, 2007, is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with 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 eighth 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 19.5% 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 2006 population estimate is 34,245, representing a 2.3% decrease. At June 30, 2007 the City included an area of 17.35 square miles, 148.57 miles of major and local streets and 11.20 miles of state trunkline highways. Holland is situated within the rapidly urbanizing metro tri-plex of Holland, greater Grand Rapids and Muskegon with a total population of over one million.

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

PROFILE OF THE GOVERNMENT

(Continued from Previous Page)

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

The City provides the full range of municipal services normally associated with a municipality including police and fire, environmental health, housing and building inspections, animal control, street construction and maintenance, planning & zoning, recreation programs, several municipal parks, cemetery facilities, an out-of-doors farmers market and various other cultural activities. The City also operates business-type activities for an electric and fiber optics utility, sanitary sewer utility, water supply utility, residential refuse/recycling curbside pickup program, a municipal airport facility, a combination fixed route and personalized bus/van transportation service, 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.

The City enjoys a well-diversified property tax base mix of residential (49.5%), commercial (23.8%), industrial (26.1%), 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 407 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	96
Utility Clerical	Service Employees International Union AFL-CIO, Local 568	15
Police Officers	Fraternal Order of Police, Holland Police Officers Division	59
Firefighters	International Association of Firefighters, Local 759	26
Non-Union	None	211

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 peak of the downturn. Approximately 39% of the City of Holland's tax base is in Allegan County and 61% is in Ottawa County.

Comparative Unemployment Rates

Annual Average	City of Holland	Holland/Grand Haven Metro Area	County of Ottawa	County of Allegan	State of Michigan	United States
2007 to date	7.5	5.7	5.7	6.4	7.2	4.5
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
2003	**7.8**	**5.9**	**5.9**	**6.6**	**7.1**	**6.0**
2002	7.0	5.4	5.4	5.6	6.2	5.8
2001	5.3	4.1	4.1	4.2	5.2	4.7
2000	3.5	2.7	2.6	2.8	3.7	4.0

ECONOMIC CONDITIONS OF THE COMMUNITY

(Continued from Previous Page)

The unemployment figures should be reviewed in tandem with the labor force figures which indicates positive growth since the low point in 2002. Ottawa County continues to experience an increase in population and diversified labor force. Between 2002 and 2006 total employment (labor force) in Ottawa County has grown by 8,920 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

	Employed	Unemployed	Labor Force / % Change	
2007	17,156	1,377	18,533	-0.55%
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 2007 publication stated that "employment conditions in the region will likely remain flat in the coming months". The publication further alluded to the region's struggling construction industry with construction employment falling by 0.9% during the quarter and contracts for new dwelling units dropping by 26.5%. The Holland economy is repositioning and stabilizing into lower average annual growth as the expectation instead of the paradigm that the economy will drastically "turn around" in the near future. In 2006 approximately 36.1% of the Ottawa County private sector employed population worked in diversified manufacturing with those in the auto supply areas being most noticeably impacted by the statewide economic decline. Becca Dernberger of Manpower, a regional job placement agency, notes that they are seeing a general recruiting shortfall in the area and hiring appears to be on the upswing. A September 2007 local Manpower publication referenced "a notable milestone, service employers in the West (Michigan) are more optimistic about hiring than they have been in more than 25 years of survey data".

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 leaving the overall Holland JCI workforce at 1,289, while Plastech now employs 1,035. 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 largest employer, posted $1.48 billion in sales (7% growth) for 2006 as the company has transitioned into a multinational business with much activity in the Asian and Indian markets. Locally in Holland, Haworth added approximately 100 employees over the last year, predicts no layoffs for the coming year and continues to experience ongoing hiring. Their $40 million Holland world headquarters reconstruction and $47 million equipment and machinery expansion, which began in 2006 and is scheduled for 2008 completion, 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.

ECONOMIC CONDITIONS OF THE COMMUNITY

(Continued from Previous Page)

The new facility will earn Haworth a LEED Gold certification with its greenroof and three story glass atrium as being just two of approximately 50 criteria that must be met to earn this certification. In 2008, Haworth will be celebrating its 60th anniversary and is committed to being a leader in the design and construction of more sustainable buildings and workspaces. Haworth has 1,878 employees.

Holland Community Hospital added 140 new employees in 2007 and currently employees 1,740. They recently 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. Over the next two years the inpatient behavioral health services department will be relocated and improved after which time about 80% of the hospital will have been completely renovated. The hospital anticipates adding 30-35 additional employees per year for several years to come.

Holland's Norsk Hydro, a supplier of lightweight aluminum products, recently announced welcome news that it will not sell, but instead will maintain the Holland plant, which employs 200 workers. Expansion hirings at Challenge Manufacturing (150) and S-2 Yachts (150) are underway as part of approved Act 328 tax abatements and facility expansions. Following a $12 million building expansion at S-2 Yachts, installation of an additional $6 million of equipment and machinery is underway. The most recent Manpower Inc. survey of major employers in the greater Holland area indicates stable employment expected for the first quarter of 2007 and that the areas of design, engineering and technology are those showing increases.

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. The first phase of the 63 condominium units in the *Baker Lofts* Brownfield project, the converted former Baker Furniture factory, is 91% sold and the 37 unit second phase was completed in September 2007 and is 28% sold. *Menards* (home improvement retailer) has demolished and cleared the old GE factory site and completed the construction of their new 162,340 square foot building (plus 40,608 sq. ft. unheated overhang area) in October 2007.

Ground was broken last summer on the 47,000 square foot four-story $8 million *Plaza Center East* downtown office and retail building with projected completion in the summer of 2008 for this Brownfield project. The City will issue $3.5 million in bonds and capture Brownfield taxes to construct a 262 space two-story *parking structure* along 7th Street in the spring of 2008 to serve the expanding downtown development. *Scrap Yard Lofts*, a $3.8 million downtown Holland residential and commercial condominium Brownfield project, including 26-30 residential lofts, will vastly improve a four-story dilapidated building which has been vacant for decades. Phase one construction of *Scrap Yard Lofts* is expected to commence in early 2008 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. Manufacturing employment dropped 26% and accounted for 73% of the job losses through 2005. Auto and light truck production in Michigan declined 20.5% with the State's three largest employers being GM, Ford and Daimler Chrysler. Mitch Stapley of Fifth Third Asset Management predicts that the struggles of Ford and GM will overshadow the Midwest economy for at least the next two years. As State revenues plummeted and expenditures for healthcare costs and corrections skyrocketed, the State workforce declined by 12.7%. The State has been challenged with School Aid Funding issues, erosion of the Rainy Day Fund reserves and use of one-time revenue resources to balance the budget. The State recently replaced the Single Business Tax with the new Michigan Business Tax when it approved a balanced budget for 2008 following an unprecedented four hour state shut-down. Legislators continue to grapple with a lack of consensus on solutions to dealing with Michigan's economic downturn and may revisit the details of the 2008 budget.

ECONOMIC CONDITIONS OF THE COMMUNITY

(Continued from Previous Page)

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 21.9% from the 2001 highest levels and the City has struggled to maintain services without any increase to the overall City property tax rate, but management 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 the same overall level of sales tax distributions for FY2008 as received for FY2007, but there is a looming possibility of potential mid-year reductions which requires the City to maintain a tight rein on spending.

Based on 2007 industrial facilities tax abatements granted by the City of Holland, 257 new jobs are anticipated to be created along with $35.2 million of new related construction and machinery. In 2006, Ottawa County was the second highest county in the State of Michiganin terms of number of tax abatements issued. 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 ababements 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). The following table identifies the 2007 industrial tax abatements issued by the City.

Company	Development	Planned Investment	Projected Job Growth
Haworth Inc.	Office Furniture	$20,000,000	100
Jireh Metal Products	Metal Stampings	$3,146,404	12
Coastal Container Corp.	Corrugated Shipping Containers	$3,050,022	75
Wolverine Power Products	Metal Stampings	$1,800,000	5
Nuvar Inc.	Office Furniture & Accessories	$1,535,229	18
Metal Standard Corp.	Metal Fabrication of Subassemblies	$1,430,420	4
Holland Awning Company	Cumtomized Fabric Products	$1,200,000	20
Nelson Steel Products	Custom Steel Fabrication	$1,075,000	8
Formed Solutions	Custom Plastic Parts	$507,500	2
Magna Donnelly	Auto Industry Components	$481,000	0
Holland Supply	Mortuary & Cemetary Equipment	$448,692	3
Hamilton Machine & Mold	Plastic Pipes & Pipe Fittings	$225,000	10
		$34,899,267	257

Building permit construction values increased overall by 41.9% from FY2006 ($60.3 million) to FY2007 ($85.5 million). Industrial and commercial building permit construction values increased 161%, residential decreased 31.3% and institutional/municipal decreased by 59.8%.

ECONOMIC CONDITIONS OF THE COMMUNITY

(Continued from Previous Page)

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. The October 2006 issue of Money magazine listed Holland among the top five retirement places in the United States. Reasons cited were a nice downtown, boating, reasonable cost of living, moderate housing prices, good medical facilities and Hope College. 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.

Construction on a new $5.1 million 77 bed nursing home facility on East 16th Street is almost completed with plans to employ more than 100 people. The first phase of a new $8 million 62 unit independent living retirement condominium community off Hastings Avenue is planned for 2008. 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.

Institution	Enrollment (Degree Seeking)
Hope College	3,135
Grand Valley State University (Meijer Campus)	544
Davenport University	636
Total	4,315

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. Construction is complete on the large Macatawa Bank development, with extended snowmelt, also in the eastern entrance area of the downtown. City Flats, a boutique hotel located on the northwest corner of 7th and College Avenue, is scheduled to be finished by the end of the 2007. It will offer 56 distinctly different rooms, a lobby bar and lounge, and restaurant on the top floor. The City Flats Hotel has been designed to earn a 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 would be the first in the Midwest. 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 96% 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)*.

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 March 2006)	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, 2006	@ June 30, 2007	Increase (Decrease)
General Fund	$ 2,542,624	$ 2,586,287	$ 43,663
Special Revenue	4,749,858	4,803,471	53,613
Debt Service Funds	941,569	905,740	(35,829)
Capital Projects Funds	1,558,260	1,743,562	185,302
Permanent Trust Funds	1,626,945	1,633,126	6,181
Totals	$ 11,419,256	$ 11,672,186	$ 252,930

Additional Comments Concerning Certain Fund Balances

- The *General Fund – Fund Balance* of $2,586,287 at June 30, 2007 was originally budgeted to decrease by $134,580 in the ensuing FY2007-08. A further reduction to fund balance is estimated at $36,157 to cover reappropriated FY2006-07 purchase order obligations carried forward. Fund balance estimates are also lowered by $37,774 for currently known State revenue sharing revised estimates. Further mid-year reductions in State revenue sharing could lower the currently *estimated* June 30, 2008 fund balance of $2,377,777, but savings from unfilled vacant positions and budgeted items placed on hold will most likely offset any revenue reductions. The State budget act just approved guarantees no further cuts, which would require additional legislation and is not anticipated.
- The increase in the *Fund Balance* of the *Capital Projects Funds* resulted from unexpended contributions in the Kollen Park Renovation project. Overall expenditure activity, excluding interfund transfers, in the *Capital Projects Funds* decreased significantly by $7.04 million. This was due in large part to the large Highway M40 and River/Michigan, 28th to 15th, Turnback projects being completed.
- The Budget Stabilization Fund (in the Special Revenue Funds section) ended the fiscal year with an *Undesignated Fund Balance* of $1,494,656; which at 7.1% is less (by $598,116) than the internally-established guideline targeted at 10% of the ensuing fiscal year General Fund budget, or $2,092,772. Across both the Budget Stabilization and General Funds an adequate 19.5% balance of the ensuing FY2007-08 budget exists.

CAPITAL PROJECTS

Expenditures in the *Capital Projects Funds,* excluding interfund transfers, totaled $5,997,706 for FY2007 as compared to $13,039,942 for FY2006. More significant projects with expenditures exceeding $50,000 during the fiscal year included:

INFRASTRUCTURE PROJECTS	
River Avenue, 15th Street to the River Avenue Bridge	$ 1,803,117
River Avenue Vehicular and Pedestrian Bridges (City Share Only)	1,384,962
Highway M40, Interstate I-196 Overpass to South City Limit	572,485
East 8th Street, Ferris to Country Club	531,330
Washington Avenue Tunnel, Road Relocation, and Property Acquisition	442,458
40th Street, East of Waverly	356,770
Guardrail Safety Project	277,796
Sidewalk Improvements	77,759
MUNICIPAL CAPITAL PROJECTS	
Ourstreet Improvements Projects	$ 76,061
Wellness Trail (Hospital Vicinity)	62,034

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 with to establish all infrastructure capital assets not previously capitalized including roads, bridges, tunnels, drainage structures, traffic signals and sidewalks. In addition, City staff researched and established retrospective easements. Depreciation of governmental activity capital assets is recognized under GASB 34. Inclusion of infrastructure and easements, along with related annual maintenance, brings the City into full compliance with GASB34 regarding capital assets.

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	FY2007 Revenues	FY2007 Expenses	Working Capital * @ June 30, 2006	Working Capital * @ June 30, 2007
Technology Services:				
Computer Services	$ 550,448	$ 481,935	$ 155,743	$ 247,990
Photocopy Services	31,443	38,808	100,574	84,108
Postage Services	21,638	23,012	7,512	7,381
Communication Services	100,239	105,298	7,475	6,706
Total Technology Services	703,768	649,053	271,304	346,185
Equipment Services:				
Fuel Dispensing	661,737	658,286	49,285	55,281
Centralized Vehicle/Equip.	2,319,592	1,971,578	2,344,056	2,020,780
Fire Vehicle	6,425	100,896	440,844	19,923
Total Equipment Services	2,987,754	2,730,760	2,834,185	2,095,984
Other:				
Compensated Absences	55,572	55,572	-0-	-0-
Insurance Services:				
- Workers Compensation	201,431	236,336	543,840	508,935
- Disability Income	108,934	72,679	71,050	107,305
- Health and Dental	4,263,010	3,913,753	1,961,813	2,311,070
- Vehicle	266,611	174,779	170,663	193,182
- Property	55,347	61,863	568,498	561,982
- Liability	160,774	147,449	224,074	237,399
Total Insurance Services	5,056,107	4,606,859	3,539,938	3,919,873
Totals	$ 8,803,201	$ 8,042,244	$ 6,645,427	$ 6,362,042

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

EMPLOYEES' RETIREMENT PLAN

MICHIGAN MUNICIPAL EMPLOYEES RETIREMENT SYSTEM – Defined Benefit Plan

The City is a participant member of the *Michigan Municipal Employees' Retirement System* (*MERS*) that covers all full-time employees and certain part-time employees whose employment position meets certain criteria. Total employer-paid premium for fiscal year 2006-07 was $2,088,653.

The most recent actuarial valuation, dated December 31, 2006, indicates that the City's valuation assets (stated at market value) provide 82% funding (employer portion only), based upon actuarial determined accrued liabilities of $95,229,440, valuation assets of $77,806,202, and unfunded accrued liabilities of $17,423,238.

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 94 employees participate (68-General City, 26-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 2006-07 was $312,360.

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 2006-07 were in certificates of deposit, U.S. Treasury Notes and U.S. Instrumentalities.

Yields on investments held at June 30, 2007 in the *Cash & Investments Pool* ranged from 2.30% to 5.78%. For the fiscal year, the annualized average interest rate earned in the pool was 5.280%, as compared to 3.585% 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.

CASH AND INVESTMENT MANAGEMENT

(Continued from Previous Page)

If investments had not been valued at market the annualized average interest rate would have been 4.762%.

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

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).

	INVESTMENTS EARNINGS			
	Fiscal Year		Year-to-Year Change	
Fund Type	2005-2006	2006-2007	Amount	Percentage
General Fund	$ 391,900	$ 586,597	$ 194,697	49.7%
Permanent	69,014	88,930	19,916	28.9
Special Revenue	114,146	129,312	15,166	13.3
Debt Service	52,299	78,559	26,260	50.2
Capital Projects	115,849	78,814	(37,035)	- 32.0
Enterprise	2,138,700	3,953,403	1,814,703	84.9
Internal Service	222,745	321,300	98,555	44.2
Component Units	80,189	115,739	35,550	44.3
Total	$ 3,184,842	$ 5,352,654	$ 2,167,812	68.1%

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 -	$ 330,574
– Public Officials Liability	100,000	- 0 -	70,189
– Law Enforcement Liability	100,000	- 0 -	42,283
– Property Damage / Destruction	100,000	- 0 -	456,660
Employee Workers Compensation	-0-	- 0 -	227,799
Employee Health & Dental Plan	75,000	3,171,013	367,414
Employee Disability Income Plan	48,000	68,734	27,785
Employee Life and AD&D Plans			
– Full-time Employee Plan	- 0 -	- 0 -	52,658
– Part-Paid Firefighters Plan	- 0 -	- 0 -	488
– Auxiliary Police Officers Plan	- 0 -	- 0 -	351
Crime & Dishonesty	25,000	- 0 -	8,457
Foreign Travel	- 0 -	- 0 -	2,500
Vehicle:			
– Vehicle Damage / Destruction	100%	28,300	- 0 -
– Liability	- 0 -	- 0 -	185,227
Pollution Liability	250,000	- 0 -	106,637
Boiler & Machinery	Varies	- 0 -	155,325
Municipal Airport:			
– General Liability	1,000	- 0 -	4,170
– Public Officials Liability	100,000	- 0 -	14,376
– Property Damage / Destruction	2,500	- 0 -	8,286
Total Premiums	– – – – – –	$ 3,268,047	$ 2,061,179

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.

Award or Accreditation	Granting Agency	Department
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
Tree City USA Award (since 1981)	National Arbor Day Foundation	Leisure & Cultural Services
Civic Construction Award of Excellence (2005)	Associated Buliders and Contractors Association of West Michigan	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
1st 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.
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.
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 ten separate projects approved at fiscal year close and two additional projects approved 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 $3.5 million Brownfield parking structure project, referenced above in the Economic Conditions section, should considerably enhance the already vibrant downtown commercial area. Four major personal property tax abatements under Act 328 have been approved for Challenge Manufacturing (two - automotive), Haworth, Inc. (office furniture) and S2 Yachts (fiberglass boats), 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.

  - At the City's request, a major turnback of several state trunkline roadways in the central-city area was accomplished in September 2004. The City received $3.5 million from the State towards the total reconstruction of many of these roadways consistent with the level of quality determined by the City's standards. An additional $1.9 million in federal funds were granted towards a total $8.7 million corridor project including Michigan, River and Pine Avenues. These roadways lead into or traverse the downtown area and the River Avenue Bridge (see project description below). The first phase, including total reconstruction of Michigan/River Avenues, from 28th to 15th Street, was completed at the close of FY2005-06. The second phase which includes River Avenue, from 15th to the River Avenue Bridge, and Pine Avenue, from 7th Street to the Bridge, was completed at the close of FY2006-07. The downtown segments of the River Avenue improvements include many streetscape beautification and landscaping enhancements as well as extending downtown snowmelted brick pathways between 7th and 12th Streets to City Hall and the Herrick District Library. Construction is now underway to extend the 8th Street roadway snowmelt system eastward to Columbia Avenue to accommodate the expanding eastward downtown development.

  - Total replacement of the River Avenue Bridge, which is the main artery connecting the City and Holland Township, was completed at the close of FY2006-07. This was a $7.5 million major multi-jurisdictional project which includes two adjacent pedestrian bridges with viewing overlooks to Lake Macatawa and the Black River wetlands area. Decorative lighting and roadway approach enhancements serve to further improve this vital northerly entrance to the City and gateway to the downtown area.

  - Two major projects just getting underway in FY2006-07 include the $1.08 million 40th Street, East of Waverly, project and the $1.7 million East 8th Street, Paw Paw to Country Club, project. The 40th Street project, mainly serving industrial use, includes $405,000 Transportation Economic Development (TED) state funding. The East 8th Street project, serving residential use, includes $800,000 in combined state and advance construct federal funding.

- Electric Utility:
  - New Intake cooling water traveling screens were installed at the James De Young plant to reduce fouling of the generating unit condensers.
  - New air compressors were installed at the James De Young plant to reduce annual maintenance costs and provide additional reliability to the instrument control air system.
  - Upgrades were performed on the data acquisition and reporting software for the air emissions from the James De Young plant.
  - An application requesting issuance of an air permit for a new clean coal electric generating unit at the James De Young plant was submitted.
  - A coal blend containing 20% sub-bituminous coal was successfully burned resulting in further savings to Holland Board of Public Works electric customers.

- Wastewater Utility:
  - The River Avenue (North of 15th Street) sewer main replacement project was completed.
  - A new drain system was installed at the wastewater treatment plant designed to prevent the possibility that wastewater and sludge spills would run off the plant site into Lake Macatawa. The new system will route possible spills on the asphalted parking areas and driveways back into the wastewater treatment process for further treatment.
  - A wastewater reuse pipeline was installed in River Avenue from the wastewater treatment plant to 13th Street. The purpose of the 16" pipeline is to distribute treated wastewater for uses such as irrigation and cooling. The pipeline was installed to coincide with the River Avenue roadway project. It can be utilized in the future when improvements of the processes at the wastewater treatment plant are completed that will produce a higher wastewater effluent quality for reuse purposes.
  - A study of biosolids processing and disposal options continues, which includes various dewatering equipment alternatives and disposal methods such as landfill disposal, land application and incineration.

- Water Utility:
  - The River Avenue (North of 15th Street) water main replacement project was completed.
  - The water main in 40th Street from Waverly Avenue east was completed in conjunction with a road replacement project.
  - The direction drilling project to install a 30" transmission water main across Lake Macatawa from Graafschap Road to Division Avenue remained incomplete due to the watermain being stuck 40 feet below the ground and 200 feet short of its intended location. Contractors have tried numerous methods to access the watermain, including the construction of a shaft, grouting of the soil, and marine construction. Dewatering of the groundwater around the shaft is being attempted to access the watermain to make the connection.
  - Security upgrades were installed at the pump stations and reservoirs.
  - An emergency valve of the water treatment plant intake pipeline in Lake Michigan was completed.

(Continued from Previous Page)

- Health Insurance:
  - > Self funded health insurance rates for upcoming calendar year 2008 have come in 5% higher than 2007 rates. This is offset by the police and fire unions switching to the less expensive PPO-10 base plan and a required employee contribution. This union plan change will actually return approximately $100,000 to the General Fund FY2007-08 adopted budget. Also for 2008 the base health insurance plan for non-union employees will continue to require an employee 5% contribution for those employees who meet the wellness/fitness requirement and 25% employee contribution for those not meeting the requirement.

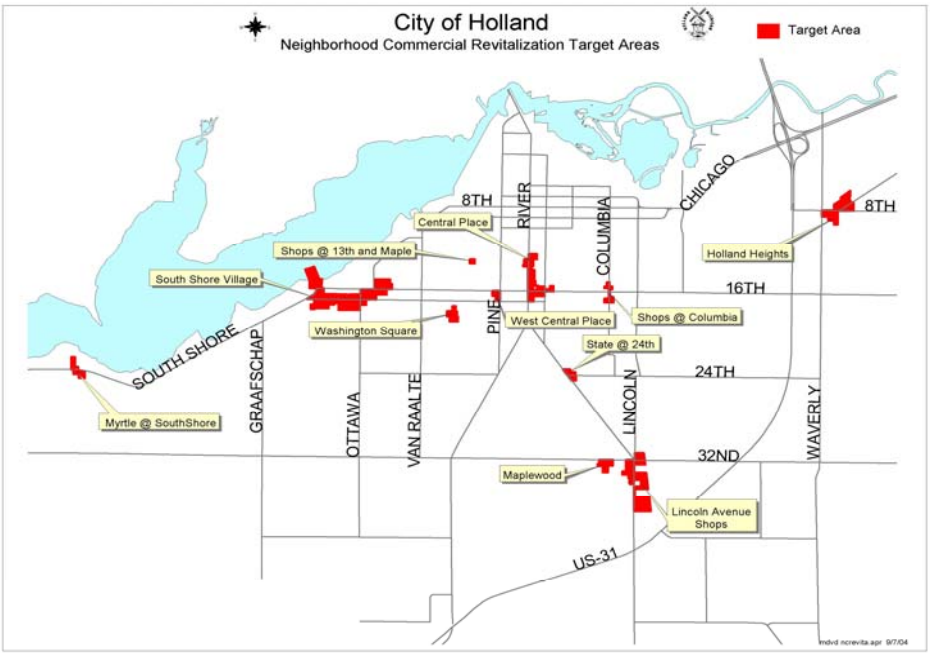
- Tulip City Municipal Airport:
  - > The runway extension and adjacent roadway tunnel completed in 2005 brought the total runway length to 6,262 feet allowing non-stop overseas flights for larger planes. Larger planes are making good use of the expanded infrastructure and economic development is being positively impacted. Multiple local commercial users have upgraded to larger aircraft.
  - > A $650,000 security and animal control fencing project was completed this year. Approved as part of a $2.2 million 2008 project are east end runway and taxiway improvements, a Medium Intensity Approach Lighting System (MALSR) for Runway 26 and blast pads for both ends of the runway. Federal and state funding will cover 97.5% of these improvements. Additional projects anticipated within the next two years include a $1.6 million rehabilitation of the existing apron and $3.1 million for property acquisition and site prep for a new terminal.
  - > On January 18, 2007 the City adopted a resolution approving the formation of the West Michigan Airport Authority 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. A May or August 2008 regional vote is anticipated to allow up to 0.10 of a mill which would raise approximately $365,000 annually area wide. Until such time as a millage vote is approved, the Authority continues to operate during the "Interim Period" as a City fund.

- Municipal Projects:
  - > The five phase $7.1 million multi-year Kollen Park improvement project, aided by extensive state grant funding, is in full swing with Phases II and III bids awarded and construction currently getting underway on this $4.0 million portion of the project. 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.
  - > The $250,000 Pilgrim Home Cemetery columbarium project was completed during FY2006-07 to provide approximately 1,400 indoor niches for cremains. This project converts the former chapel building and will significantly expand the cemetery capacity.
  - > A state grant provided 80% of the funding for the $62,000 Walking & Wellness Trail in the core part of the community through a cooperative effort of the City, Holland Hospital, Evergreen Commons Senior Center and Ottawa County.

- Neighborhood Improvements:

  > Significant attention continues to be given to maintaining and improving neighborhoods. Across the Ourstreet Program and the MSHDA and CDBG grants $442,000 was expended in FY2006-07 towards lower income home improvements, ownership down payment assistance and neighborhood commercial improvements. In addition these funds leveraged an additional $228,000 in owner share matching contributions. Improvements in the older central City neighborhoods, the neighborhood liaison program and community policing programs are having a positive impact on the youth gang activity which peaked in the late 1990's. The FY2007-08 budget includes $223,000 for the Ourstreet Program, $359,000 for CDBG neighborhood improvements and a new $150,000 MSHDA grant.

  > The City has identified twelve neighborhood commercial districts identified in the map below. Local, non-chain, small businesses predominate in these target areas. Funds are made available under the CDBG grants and the Municipal Capital Improvement Fund for improvements and planning leadership.



  > Plans and momentum for the Columbia Art District are taking shape as another neighborhood commercial district gets an improvement nudge from the City. A public hearing was recently held to enable creation of a Corridor Improvement Authority under P.A. 280 (CIAA) for this district. The CIAA legislation offers tools and benefits intended to enhance commercial centers and there is only one other CIAA in Michigan at this time (Sterling Heights). The Holland Area Arts Council and Hope College's Martha Miller Center, Maas Center, and DeWitt Theater to the north and a movie production company to the south form a natural corridor of art and cultural places and activities.

- Public Transit System:
  - > The City's Dial-A-Ride program became the Macatawa Area Public Transit System (MAX) on January 17, 2000 when the City of Zeeland and Holland Charter Township joined the City of Holland under a cooperative service agreement.
  - > On July 1, 2006 the Macatawa Area Express (MAX) Transportation Authority was officially formed by the City of Holland and Holland Charter Township. The City of Zeeland declined to join the separate authority, but rather contract with the authority for transit services. On November 7, 2006 voters approved a tax increase for the separate transportation authority of up to 0.4 mills for five years.
  - > Effective July 1, 2007 the MAX Authority levied their first tax millage and officially separated from the City as a financial entity. This is the last City financial report which will include the MAX as a City fund. The City of Holland will continue to serve as the contracted fiscal agent for the authority. A stand alone database has been established for the MAX Authority to accommodate separated accounting, financial report, investing and banking.
  - > Millage Rate History:

FY1999-00	0.1500 mills
FY2000-01	0.1500 mills
FY2001-02	0.2500 mills
FY2002-03	0.2234 mills
FY2003-04	0.2000 mills
FY2004-05	0.1000 mills
FY2005-06	0.1000 mills
FY2006-07	0.1473 mills
FY2007-08	Separate Authority 0.3500 mills

  - > The authority has increased the number of routes and moved their administrative offices into the City owned Padnos Transportation Center (renovated depot) as a transfer center. Recently completed renovations pictured below to the transfer center and parking area cost $1.2 million.

  - > Planning is underway for a new $2.3 million transit facility and construction may begin as soon as 2008.

- Emergency Services Activity
  - > A new $485,000 rescue pumper and $47,000 EMS unit were placed in service at the Waverly fire station this year. These units replace two older vehicles and allow the department to more closely match the responding resources with the needs of the incident.

- Fiscal Services:
  - > The City received the GFOA Distinguished Budget Presentation Award for the fifth time in October 2007 based upon the submission of the FY2007-08 budget document. Additional enhancements to the budget document are made annually based upon GFOA reviewer comments and the City anticipates continued participation in this award program.
  - > Capital asset records amounting to approximately $15.6 million were added to the database for FY2006-07 not including capital assets remaining in CIP or utility funds assets. $6.3 million in combined state and federal grants were managed and accounted for, which does not include $5.9 million state revenue sharing of sales tax , liquor tax and gas and weight tax.
  - > The public is accessing the free internet viewing capability in record numbers for property and land records, assessing comparables, current tax billing, special assessment and building records. In calendar 2006 internet records were viewed 55,885 times and the annualized estimate based on the first 9 months of 2007 is projected at 70,018 viewings. Aerial property views, parcel footprints and residential blueprint diagrams are also available to the public on the internet.
  - > The City has recently approved a contract for preparation of 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 next audit report will bring the City into early compliance as a Phase II government.

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 Public Transportation System 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, 2006. 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, 2007

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	Victor Orozco
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

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

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 (Interim)	Jodi Syens
Director of Human Resources	Gary Rahn
Human Relations Director	Alberto Serrano
Property Assessing Administrator	David VanderHeide

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, 2006

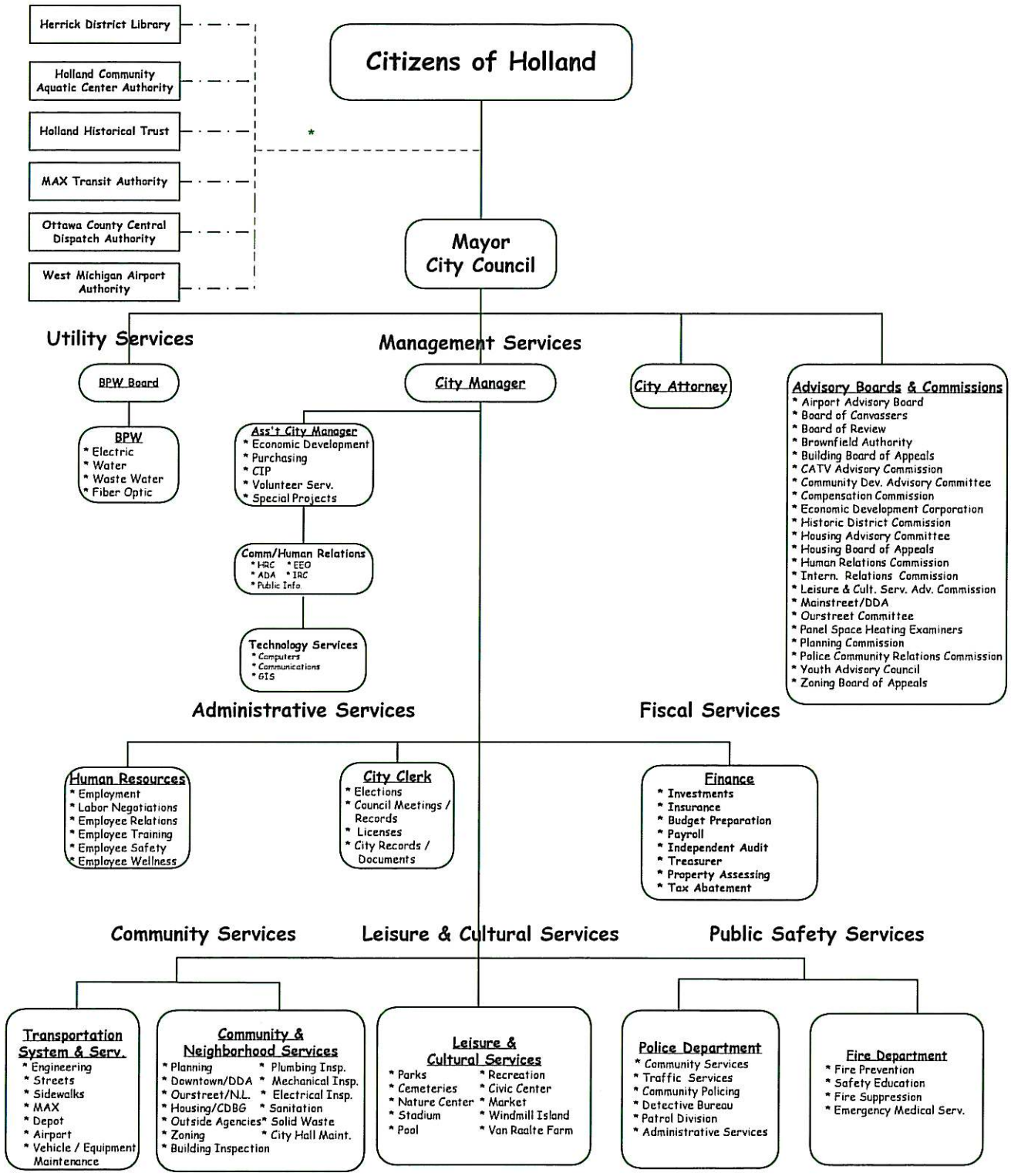
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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

President

Executive Director

City of Holland

Organizational Chart



* The City Council makes appointments to these Districts and Authorities

Rev April 2007

CITY OF HOLLAND

INDEPENDENT AUDITORS' REPORT

December 7, 2007

Honorable Mayor and City Council
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, as of and for the year ended June 30, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the City of 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, 2007, 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 7, 2007, on our consideration of the City of Holland's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3-14 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'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.

Rehmann Robson

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, 2007. We encourage readers to consider the information presented here in conjunction with additional information that is furnished in our transmittal letter, the financial statements and notes to the financial statements.

Financial Highlights

The City had many capital investment projects in process including:

- A $8,700,000 downtown street corridor reconstruction project including Michigan, River and Pine Avenues
- A $2,800,000 bridge and pedestrian walkway replacement project which was part of a $7,500,000 major multi-jurisdictional effort
- A $4,700,000 major upgrade to Highway M-40 in conjunction with MDOT
- Final condemnation on the $1,100,000 Piers property purchase portion of the $17,700,000 airport tunnel and road relocation project completed.
- $650,000 airport security and animal control fencing project.
- $247,000 columbarium at Pilgrim Home Cemetery was completed.
- The City's utility funds expended a total of $6,632,310 in capital purchases and projects
- $4,000,000 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 $352,202,448 (net assets). Of this amount, $111,435,204 was unrestricted net assets and may be used to meet the City's ongoing obligations to citizens and creditors.

The City's total net assets increased by $13,519,237.

As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of $11,672,186, an increase of $252,930 in comparison with the prior year.

At the end of the current fiscal year, unreserved and undesignated fund balance for the General Fund was $2,575,413 or 12.6% of total General Fund expenditures (including transfers).

Overview of the Financial Statements

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

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

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

Both of the government-wide financial statements distinguish functions of the City of Holland that are principally supported by taxes and intergovernmental revenues *(governmental activities)* from other functions that are intended to recover all or a significant portion of their costs through user fees and charges *(business-type activities).* The governmental activities of the City of Holland include general government, public safety, public works, welfare and social services, and culture and recreation. 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, 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 this service predominantly benefits governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

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

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

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

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

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 33-63 of this report. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes. Combining and individual fund statements and schedules can be found on pages 69-177 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 $352,202,448 at the close of the most recent fiscal year.

City of Holland's Net Assets

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Assets						
Current and other assets	$ 29,819,650	$ 30,412,579	$ 117,763,344	$103,109,648	$147,582,994	$133,522,227
Capital assets, net	115,271,416	113,464,444	160,068,256	166,351,786	275,339,672	279,816,230
Total assets	145,091,066	143,877,023	277,831,600	269,461,434	422,922,666	413,338,457
Liabilities						
Long-term liabilities	30,086,210	32,403,518	25,649,302	29,037,942	55,735,512	61,441,460
Other liabilities	4,098,644	3,712,572	10,886,062	9,501,214	14,984,706	13,213,786
Total liabilities	34,184,854	36,116,090	36,535,364	38,539,156	70,720,218	74,655,246
Net assets						
Invested in capital assets, net of related debt	85,215,206	81,090,926	134,418,954	137,313,844	219,634,160	218,404,770
Restricted	6,836,980	6,500,729	14,296,104	13,845,345	21,133,084	20,346,074
Unrestricted	18,854,026	20,169,278	92,581,178	79,763,089	111,435,204	99,932,367
Total net assets	$110,906,212	$107,760,933	$241,296,236	$230,922,278	$352,202,448	$338,683,211

The largest portion of the City of Holland net assets (62%) 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 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 (6%) represents resources that are subject to external restrictions on how they may be used. The remaining (32%) balance ($111,435,204) may be used to meet the government's ongoing obligations to citizens and creditors.

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

Statement of Activities

The City's net assets increased by $13,519,237 during the current fiscal year. This growth is due primarily to capital grants received from the state and federal governments (approximately $6.2 million) and the excess of operating revenues over expenses.

Governmental activities

Governmental activities increased the City of Holland's net assets by $3,145,279, thereby accounting for 23% 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 $5,969,801. This is made-up primarily of a $887,000 grant for airport tunnel construction, a $393,000 grant associated with the Highway M40, I-196 to south City limit, Project, $383,000 for various roadway projects, $121,000 for the Kollen Park improvements project and $1,044,000 grant for downtown roadway projects.

Business-type activities

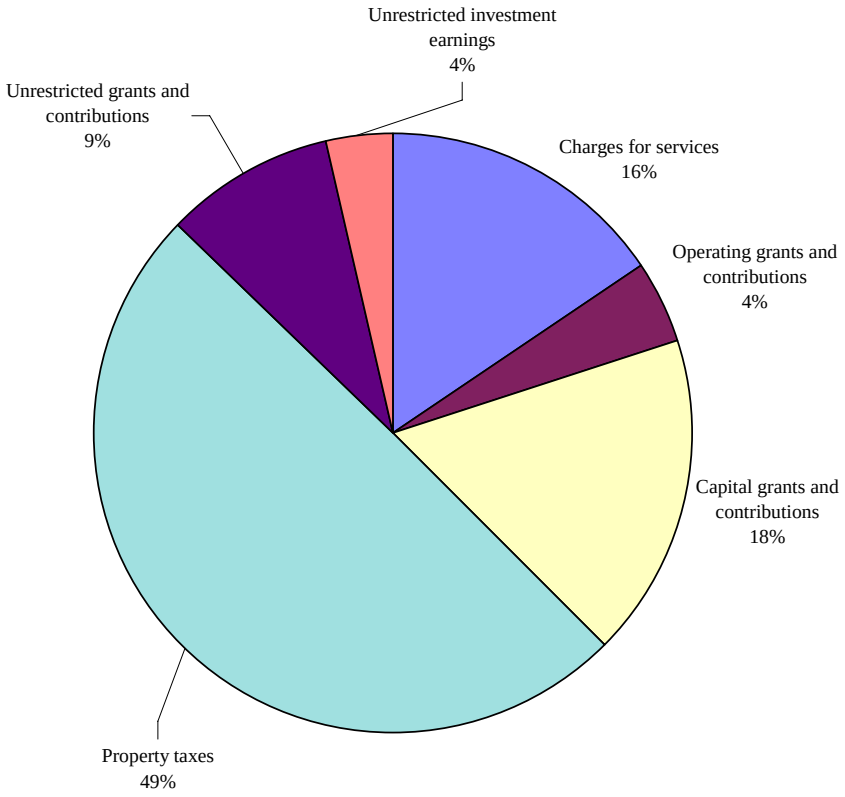
Business-type activities increased the City of Holland's net assets by $10,373,958 thereby accounting for 77% of the total growth in the net assets of the City of Holland. Key elements of this increase are as follows.

Approximately $835,000 in capital grants were received by the enterprise funds. This included $87,000 for various airport projects, $129,000 for a MAX Transit bus, dispatch software and other transfer center items, and $617,000 for utility fund capital contributions.

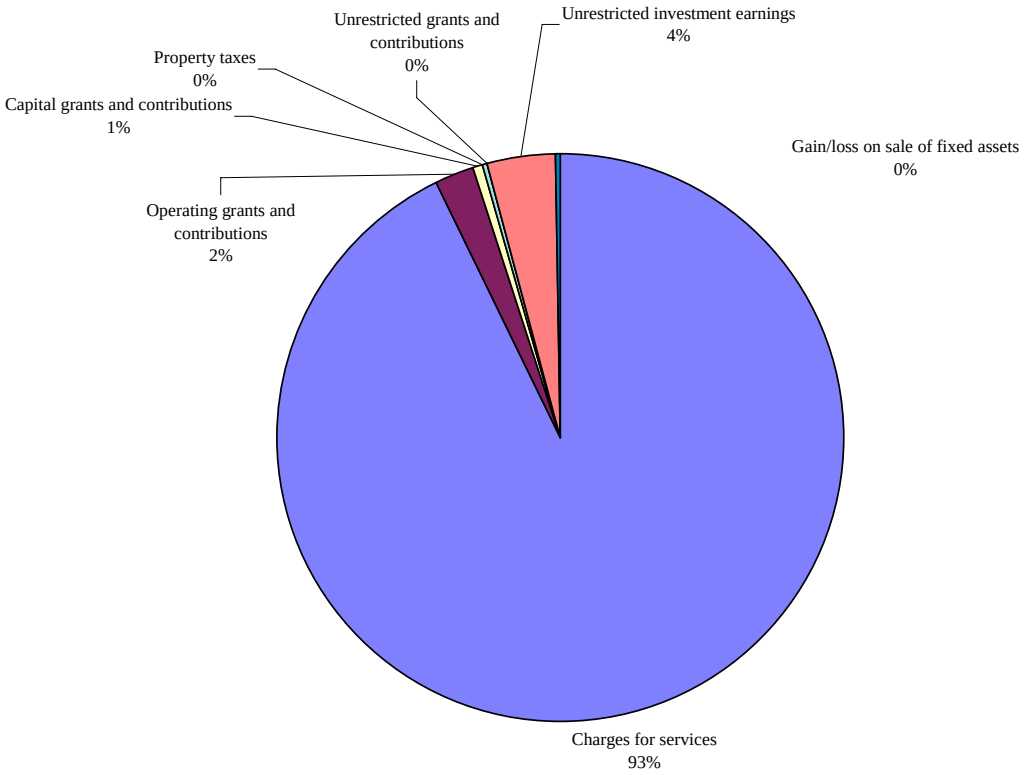
City of Holland's Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Revenues						
Program revenues:						
Charges for services	$ 5,278,501	$ 5,283,181	$ 96,533,965	$ 93,456,223	$ 101,812,466	$ 98,739,404
Operating grants and contributions	1,471,960	1,727,564	2,075,992	2,172,593	3,547,952	3,900,157
Capital grants and contributions	5,969,801	7,028,471	834,580	3,513,337	6,804,381	10,541,808
General revenues:						
Property taxes	16,771,182	16,368,318	171,058	113,079	16,942,240	16,481,397
Intergovernmental	3,133,796	3,229,886	-	-	3,133,796	3,229,886
Unrestricted investment earnings	1,222,007	909,619	3,953,403	2,138,700	5,175,410	3,048,319
Gain/loss on sale of fixed assets	-	-	(382,469)	2,143	(382,469)	2,143
Total revenues	33,847,247	34,547,039	103,186,529	101,396,075	137,033,776	135,943,114
Expenses						
General government	6,066,996	8,643,952	-	-	6,249,186	8,643,952
Public safety	11,584,857	10,738,962	-	-	11,584,857	10,738,962
Public works	6,996,667	4,382,884	-	-	6,996,667	4,382,884
Culture and recreation	6,000,698	6,060,666	-	-	5,818,508	6,060,666
Welfare and social services	1,310,221	1,372,729	-	-	1,310,221	1,372,729
Interest on long-term debt	1,277,812	1,394,338	-	-	1,277,812	1,394,338
Electric utility	-	-	70,982,822	76,883,149	70,982,822	76,883,149
Wastewater utility	-	-	7,692,405	7,708,629	7,692,405	7,708,629
Water utility	-	-	5,662,012	5,542,208	5,662,012	5,542,208
Other enterprise activities	-	-	5,940,049	5,533,235	5,940,049	5,533,235
Total expenses	33,237,251	32,593,531	90,277,288	95,667,221	123,514,539	128,260,752
Change in net assets before transfers	609,996	1,953,508	12,909,241	5,728,854	13,519,237	7,682,362
Transfers	2,535,283	2,041,365	(2,535,283)	(2,041,365)	-	-
Change in net assets	3,145,279	3,994,873	10,373,958	3,687,489	13,519,237	7,682,362
Net assets, beginning of year	107,760,933	103,766,060	230,922,278	227,234,789	338,683,211	331,000,849
Net assets, end of year	$110,906,212	$107,760,933	$241,296,236	$230,922,278	$352,202,448	$338,683,211

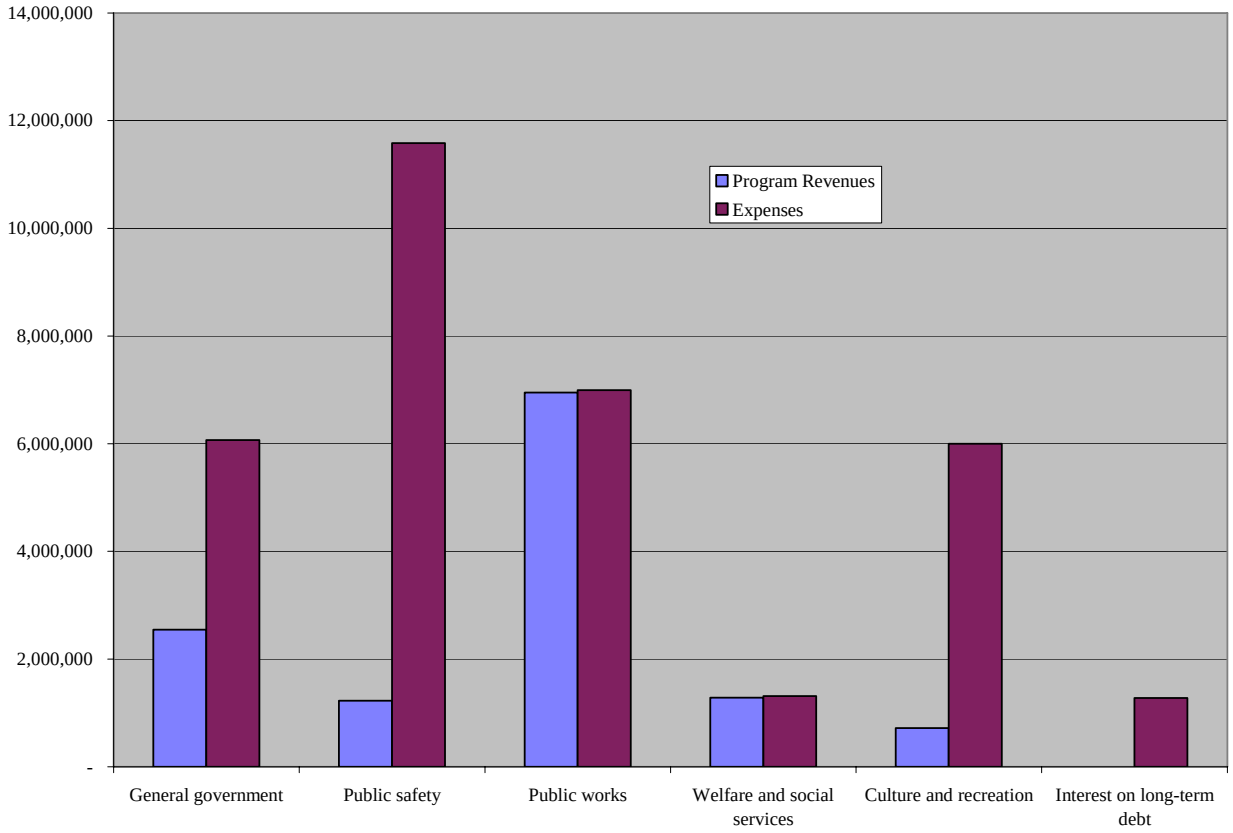
Revenues by Source - Governmental Activities



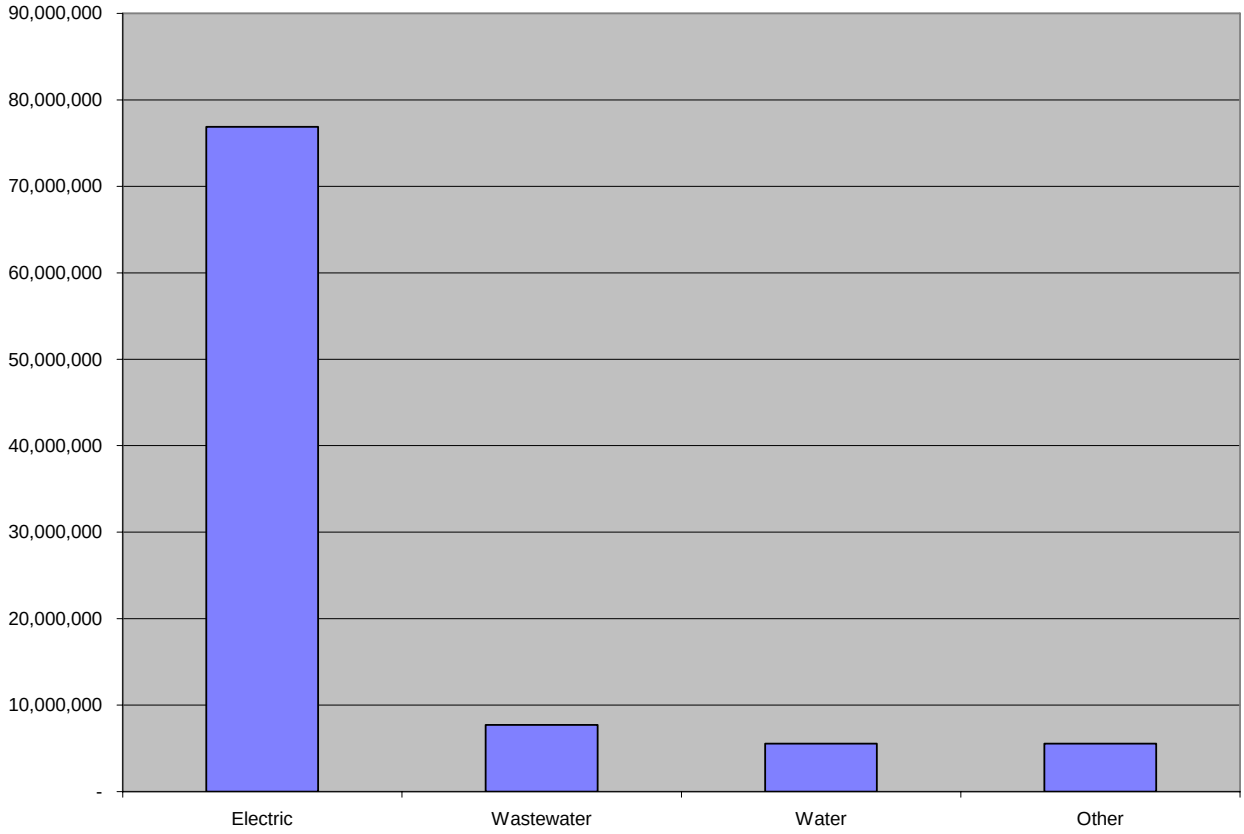
Revenues by Source – Business-type Activities



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 General Fund experienced an increase in fund balance of $43,663 or only a 1.7% change.

The fund balance of the Building Authority Debt Service fund was reduced by $1,229 intentionally when the rental payment on the 2006 bond issue was reduced to make use of accumulated fund balance. The 2006 bond issue payments are reimbursed, in the form of lease payments, to the City by the Herrick District Library. The proceeds from the bond issue were used for improvements to Library buildings.

The $404,751 fund balance of the Infrastructure Projects Fund is no longer reported as a separate major fund and is included in the Other Governmental Funds column.

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.

The Electric Utility Fund $9.8 million 7% increase in net assets for fiscal year 2007 is largely due to rate increases that were implemented to cover production costs and capital expenditures. This enterprise fund must maintain appropriate reserves to meet the ongoing services to ratepayers. Reserve balances also enable favorable ratings from rating agencies when bond issues become necessary to fund large capital expenditures.

The Wastewater Utility Fund benefited from the increase in interest rates recognizing a $1.0 million 2.1% increase in net assets. The investment portfolio earned a higher rate of return than in recent years. The operating income was negative, but the shortfall was covered by the investment revenue.

Net assets in the Water Utility Fund increased by $768,384 or a 3.1% increase. The Water Utility is highly affected by the weather. The dry, hot summer increases the revenues due to increased sprinkling usage. The variable cost of providing the additional water is less than the related revenues.

General Fund Budgetary Highlights

The original revenue budget was $20,394,704 and as amended was $20,510,730 which represented an increase of $116,026. The original expenditure budget was $20,686,423 and as amended was $20,610,700 which represented a decrease of $75,723.

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 $35,604, 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 favorable by $15,386. Actual state shared revenues fell $37,618 short of the amended budget.

Overall, the amended budgeted expenditures were $75,723 higher than the original budgets. Actual expenditures came in $297,255 less than the original budget and $221,532 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 $11.8 million in additional infrastructure, buildings and equipment during the year to service city residents and visitors.

City of Holland Capital Assets
(net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Land	$ 12,580,676	$ 12,580,675	$ 13,122,711	$ 11,929,709	$ 25,703,387	$ 24,510,384
Construction in process	5,613,109	9,522,532	7,489,440	8,360,527	13,102,549	17,883,059
Buildings, equipment, and infrastructure, net	97,077,631	91,361,237	139,456,105	146,061,550	236,533,736	237,422,787
Total	**$115,271,416**	**$113,464,444**	**$160,068,256**	**$166,351,786**	**$275,339,672**	**$279,816,230**

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, 2007.

City of Holland Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Bonds	$29,939,037	$ 32,249,500	$26,266,000	$29,796,500	$56,205,037	$62,046,000
Premium (discount) on bonds payable	1,571	1,676	(150,038)	(177,117)	(148,467)	(175,441)
Unamortized refunding costs	(311,398)	(332,158)	(511,660)	(639,441)	(823,058)	(971,599)
Other debt	457,000	484,500	45,000	58,000	502,000	542,500
Total	**$30,086,210**	**$ 32,403,518**	**$25,649,302**	**$29,037,942**	**$55,735,512**	**$61,441,460**

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 $117,120,687.

Additional information on the City of Holland long-term debt can be found in note 5 on pages 52-57 of this report.

Economic Factors and Next Year's Budgets and Rates

The economic outlook for the City's future includes expected very modest growth as significant infrastructure projects, including an upgrade to the airport, an expanded mass transit system, an upgrade to the major connector bridge to Holland Township and to major downtown arterial roadways, enhanced Eastern and Western Gateways to the City, several park improvement projects, an expanded hospital and sports fieldhouse and several development projects catering to senior citizens in the private sector and vibrant Brownfield Redevelopment projects, increase the area's appeal to residents and businesses. The unemployment rate within the City has declined by 3.8% from the high in 2003 and the labor force with the City has increased by 5.1% from the low of 2002 which are both positive trends.

It is hoped that any significant property tax appeals can be offset by growth in the overall tax base. 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 lowered by 0.15 mills to 13.85 mills for the ensuing FY2008 (fiscal year ended 6/30/08) budget. The taxable value base for FY2008 is rising by 3.44%. The General Fund budget for FY2008 projects a $134,580 use of fund balance to arrive at an end of year projected fund balance of $2,544,980, or 12.2% of FY2008 budgeted expenditures.

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, MICHIGAN

STATEMENT OF NET ASSETS

JUNE 30, 2007

	PRIMARY GOVERNMENT			COMPONENT UNITS		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	DOWNTOWN DEVELOPMENT AUTHORITY	HOLLAND HISTORICAL TRUST	BROWNFIELD REDEVELOPMENT AUTHORITY
Assets						
Cash and pooled investments	$ 18,777,459	$ 22,570,174	$ 41,347,633	$ 168,286	$ 74,416	$ 108,836
Investments	-	51,153,270	51,153,270	-	624,787	-
Receivables						
Accounts	291,501	11,523,707	11,815,208	-	-	-
Pledges	-	-	-	-	193,909	-
Taxes and special assessments	9,193	300,669	309,862	128	-	-
Interest	362,290	603,572	965,862	-	-	-
Leases	818,756	-	818,756	-	-	-
Other governments	2,309,818	111,447	2,421,265	-	-	-
Internal balances	(191,876)	191,876	-	-	-	-
Prepaid items and other assets	247,322	204,747	452,069	200	-	-
Inventory	51,731	9,763,521	9,815,252	-	1,756	-
Net pension asset	1,074,056	-	1,074,056	-	-	-
Restricted assets						
Cash and pooled investments	-	12,513,374	12,513,374	-	-	-
Investments	-	8,815,212	8,815,212	-	-	-
Accrued interest	-	11,775	11,775	-	-	-
Long-term assets						
Special assessments receivable	1,551,759	-	1,551,759	-	-	-
Leases receivable	4,400,000	-	4,400,000	-	-	-
Unamortized bond issuance costs	117,641	-	117,641	-	-	-
Capital assets						
Land	12,580,676	13,122,711	25,703,387	-	60,000	-
Construction in progress	5,613,109	7,489,440	13,102,549	-	21,175	-
Depreciable capital assets, net of depreciation	97,077,631	139,456,105	236,533,736	138,388	2,133,100	-
Total assets	145,091,066	277,831,600	422,922,666	307,002	3,109,143	108,836
Liabilities						
Line of credit	-	-	-	-	150,000	-
Accounts payable	1,036,299	9,467,183	10,503,482	9,769	12,660	-
Accounts payable - claims	303,300	-	303,300	-	-	-
Accrued payroll and benefits	670,424	215,324	885,748	1,018	16,645	-
Due to other governments	4,710	-	4,710	-	-	-
Accrued interest payable	275,434	15,697	291,131	-	-	-
Unearned revenue	88,284	176,211	264,495	-	-	-
Deposits	109,411	33,790	143,201	-	-	-
Noncurrent liabilities:						
Accrued interest payable from restricted assets	-	420,038	420,038	-	-	-
Estimated environmental clean-up costs						
Due within one year	15,000	-	15,000	-	-	-
Due in more than one year	15,000	-	15,000	-	-	-
Accrued compensated absences						
Due within one year	880,000	278,000	1,158,000	-	-	-
Due in more than one year	730,782	279,819	1,010,601	-	-	-
Bonds and loans payable						
Due within one year from restricted assets	-	3,460,000	3,460,000	-	-	-
Due within one year	2,442,963	535,500	2,978,463	-	-	-
Due in more than one year	27,613,247	21,653,802	49,267,049	-	-	-
Total liabilities	34,184,854	36,535,364	70,720,218	10,787	179,305	-
Net assets						
Invested in capital assets, net of related debt	85,215,206	134,418,954	219,634,160	138,388	2,064,275	-
Restricted:						
Nonexpendable:						
Cemetery endowment corpus	1,365,692	-	1,365,692	-	-	-
Expendable for:						
Cemetery maintenance	267,434	-	267,434	-	-	-
Street construction and maintenance	2,398,306	-	2,398,306	-	-	-
Debt service	630,304	-	630,304	-	-	-
Capital projects and by agreement	2,175,244	14,296,104	16,471,348	-	411,335	-
Unrestricted	18,854,026	92,581,178	111,435,204	157,827	454,228	108,836
Total net assets	$ 110,906,212	$ 241,296,236	$ 352,202,448	$ 296,215	$ 2,929,838	$ 108,836

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

CITY OF HOLLAND, MICHIGAN

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2007

Functions / Programs	EXPENSES	PROGRAM REVENUES: CHARGES FOR SERVICES	PROGRAM REVENUES: OPERATING GRANTS AND CONTRIBUTIONS	PROGRAM REVENUES: CAPITAL GRANTS AND CONTRIBUTIONS	NET (EXPENSE) REVENUE
Primary government					
Governmental activities:					
General government	$ 6,066,996	$ 2,475,575	$ 71,770	$ -	$ (3,519,651)
Public safety	11,584,857	988,690	237,619	-	(10,358,548)
Public works	6,996,667	468,243	601,703	5,879,569	(47,152)
Culture and recreation	6,000,698	1,122,695	68,084	90,232	(4,719,687)
Welfare and social services	1,310,221	223,298	492,784	-	(594,139)
Interest on debt	1,277,812	-	-	-	(1,277,812)
Total governmental activities	33,237,251	5,278,501	1,471,960	5,969,801	(20,516,989)
Business-type activities:					
Electric utility	70,982,822	81,276,323	-	-	10,293,501
Wastewater utility	7,692,405	7,315,443	-	451,661	74,699
Water utility	5,662,012	5,668,249	-	165,608	171,845
Other enterprise activities	5,940,049	2,273,950	2,075,992	217,311	(1,372,796)
Total business-type activities	90,277,288	96,533,965	2,075,992	834,580	9,167,249
Total primary government	$ 123,514,539	$ 101,812,466	$ 3,547,952	$ 6,804,381	$ (11,349,740)
Component units					
Downtown Development Authority	$ 205,860	$ 790	$ 16,877	$ -	$ (188,193)
Holland Historical Trust	1,284,077	160,415	-	-	(1,123,662)
Brownfield Redevelopment Authority	213,562	-	-	-	(213,562)
Total component units	$ 1,703,499	$ 161,205	$ 16,877	$ -	$ (1,525,417)

(Continued)

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

CITY OF HOLLAND, MICHIGAN

STATEMENT OF ACTIVITIES (CONCLUDED)

YEAR ENDED JUNE 30, 2007

	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	$ (20,516,989)	$ 9,167,249	$ (11,349,740)	$ (188,193)	$ (1,123,662)	$ (213,562)
General revenues:						
Property taxes	16,771,182	171,058	16,942,240	170,299	-	287,463
Intergovernmental - unrestricted	3,133,796	-	3,133,796	-	1,059,409	-
Investment earnings - unrestricted	1,222,007	3,953,403	5,175,410	12,090	95,546	8,103
Loss on sale of capital assets	-	(382,469)	(382,469)	-	-	-
Transfers - internal activities	2,535,283	(2,535,283)	-	-	-	-
Total general revenues and transfers	23,662,268	1,206,709	24,868,977	182,389	1,154,955	295,566
Change in net assets	3,145,279	10,373,958	13,519,237	(5,804)	31,293	82,004
Net assets, beginning of year	107,760,933	230,922,278	338,683,211	302,019	2,898,545	26,832
Net assets, end of year	$ 110,906,212	$ 241,296,236	$ 352,202,448	$ 296,215	$ 2,929,838	$ 108,836

(Concluded)

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

CITY OF HOLLAND, MICHIGAN

BALANCE SHEET
GOVERNMENTAL FUNDS

JUNE 30, 2007

	GENERAL FUND	BUILDING AUTHORITY DEBT SERVICE	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS				
Cash and pooled investments	$ 2,672,754	$ 9,528	$ 8,094,255	$ 10,776,537
Receivables:				
Accounts	129,559	-	97,229	226,788
Taxes	7,105	-	2,088	9,193
Interest	362,290	-	-	362,290
Leases	-	5,218,756	-	5,218,756
Other governments	561,850	-	1,747,968	2,309,818
Due from other funds	1,476	-	1,459,168	1,460,644
Special assessments receivable	-	-	1,551,759	1,551,759
Prepaid items	10,874	-	1,241	12,115
Total assets	$ 3,745,908	$ 5,228,284	$ 12,953,708	$ 21,927,900
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Accounts payable	$ 349,150	$ -	$ 619,413	$ 968,563
Accrued payroll and benefits	618,815	-	37,740	656,555
Due to other funds	82,245	-	1,577,946	1,660,191
Due to other governments	-	-	4,710	4,710
Deposits	109,411	-	-	109,411
Deferred revenue	-	5,218,756	1,637,528	6,856,284
Total liabilities	1,159,621	5,218,756	3,877,337	10,255,714
FUND BALANCES:				
Reserved for:				
Prepaid items	10,874	-	1,241	12,115
Permanent fund corpus	-	-	1,365,692	1,365,692
Permanent fund expendable	-	-	267,434	267,434
Unreserved reported in:				
General fund	2,575,413	-	-	2,575,413
Special revenue funds	-	-	4,803,171	4,803,171
Debt service funds	-	9,528	896,212	905,740
Capital projects	-	-	1,742,621	1,742,621
Total fund balances	2,586,287	9,528	9,076,371	11,672,186
Total liabilities and fund balances	$ 3,745,908	$ 5,228,284	$ 12,953,708	$ 21,927,900

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, 2007

Fund balances - total governmental funds	$ 11,672,186
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	110,363,565
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	11,269,893
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	1,074,056
Add - deferred revenue on lease from library	5,218,756
Add - deferred revenue from special assessments	1,551,759
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	(30,366,037)
Deduct - estimated environmental clean-up costs	(30,000)
Deduct - unamortized premium on bonds payable	(1,571)
Add - unamortized deferred refunding costs	311,398
Add - unamortized bond issuance costs	117,641
Deduct - accrued interest on bonds payable	(275,434)
Net assets of governmental activities	$ 110,906,212

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

CITY OF HOLLAND, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2007

	GENERAL FUND	BUILDING AUTHORITY DEBT SERVICE	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:				
Special assessments	$ -	$ -	$ 682,982	$ 682,982
Property taxes	11,711,821	-	5,059,361	16,771,182
Licenses and permits	556,324	-	-	556,324
Intergovernmental	3,182,202	-	7,220,617	10,402,819
Charges for services	1,020,662	-	153,777	1,174,439
Fines and fees	216,529	-	228,677	445,206
Contributions from private sector	-	-	408,474	408,474
Interest and rents	808,014	2,696,186	505,504	4,009,704
Miscellaneous	9,267	4	1,113	10,384
Total revenues	17,504,819	2,696,190	14,260,505	34,461,514
EXPENDITURES:				
Current				
General government	3,626,904	-	2,166,623	5,793,527
Public safety	10,806,799	-	467,593	11,274,392
Public works	1,224,902	-	2,535,210	3,760,112
Welfare and social services	594,782	-	709,541	1,304,323
Culture and recreation	3,425,382	-	1,730,802	5,156,184
Other	151,255	-	-	151,255
Debt service				
Principal retirement	-	1,600,000	722,963	2,322,963
Interest and fiscal charges	-	1,097,420	176,290	1,273,710
Capital outlay	-	-	6,056,550	6,056,550
Total expenditures	19,830,024	2,697,420	14,565,572	37,093,016
Excess (deficiency) of revenues over expenditures	(2,325,205)	(1,230)	(305,067)	(2,631,502)
OTHER FINANCING SOURCES (USES):				
Transfers in	2,928,008	1	5,938,477	8,866,486
Transfers out	(559,140)	-	(5,422,914)	(5,982,054)
Total other financing sources (uses)	2,368,868	1	515,563	2,884,432
NET CHANGE IN FUND BALANCES	43,663	(1,229)	210,496	252,930
FUND BALANCES - Beginning of year	2,542,624	10,757	8,865,875	11,419,256
FUND BALANCES - End of year	$ 2,586,287	$ 9,528	$ 9,076,371	$ 11,672,186

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

YEAR ENDED JUNE 30, 2007

Net change in fund balances - total governmental funds	$	252,930
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 - capital outlay		5,399,446
Deduct - depreciation expense		(4,018,495)
Deduct - net book value of disposed of capital assets		(269,172)
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		2,322,963
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		411,808
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		(21,693)
Deduct - current year change in special assessments receivable		(171,425)
Deduct - library lease payment		(764,142)
Add - decrease in accrued interest on bonds payable		16,557
Change in net assets of governmental activities	$	3,145,279

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

YEAR ENDED JUNE 30, 2007

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Property taxes	$ 11,687,614	$ 11,696,435	$ 11,711,821	$ 15,386
Licenses and permits	543,700	566,310	556,324	(9,986)
Intergovernmental	3,289,100	3,215,584	3,182,202	(33,382)
Charges for services	1,098,020	1,034,760	1,020,662	(14,098)
Fines and fees	250,000	225,000	216,529	(8,471)
Interest and rents	617,301	833,851	808,014	(25,837)
Miscellaneous	8,569	10,025	9,267	(758)
Total revenues	17,494,304	17,581,965	17,504,819	(77,146)
EXPENDITURES:				
Current:				
General government	3,744,006	3,668,533	3,626,904	(41,629)
Public safety	10,546,652	10,847,980	10,806,799	(41,181)
Public works	1,239,989	1,268,935	1,224,902	(44,033)
Welfare and social services	677,355	613,994	594,782	(19,212)
Culture and recreation	3,463,453	3,492,249	3,425,382	(66,867)
Other	566,000	172,004	151,255	(20,749)
Total expenditures	20,237,455	20,063,695	19,830,024	(233,671)
Deficiency of revenues under expenditures	(2,743,151)	(2,481,730)	(2,325,205)	156,525
OTHER FINANCING SOURCES (USES):				
Transfers in	2,900,400	2,928,765	2,928,008	(757)
Transfers out	(448,968)	(547,005)	(559,140)	(12,135)
Total other financing sources (uses)	2,451,432	2,381,760	2,368,868	(12,892)
NET CHANGES IN FUND BALANCES	(291,719)	(99,970)	43,663	143,633
FUND BALANCES - Beginning of year	2,542,624	2,542,624	2,542,624	-
FUND BALANCES- End of year	$ 2,250,905	$ 2,442,654	$ 2,586,287	$ 143,633

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

CITY OF HOLLAND

CITY OF HOLLAND, MICHIGAN

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS

JUNE 30, 2007

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			
	ELECTRIC UTILITY	WASTEWATER UTILITY	WATER UTILITY	OTHER ENTERPRISE FUNDS
ASSETS				
CURRENT ASSETS:				
Cash and pooled investments	$ 17,897,040	$ 2,505,816	$ 1,444,754	$ 722,564
Investments	34,798,990	15,354,280	1,000,000	-
Receivables:				
Accounts	9,330,855	1,047,741	933,933	211,178
Taxes and special assessments	-	166,028	134,551	90
interest	482,318	111,921	9,333	-
Other governments	-	-	-	111,447
Due from other funds	317,641	50,299	23,428	154,792
Prepaid items	194,281	5,503	4,963	-
Inventories	9,572,270	32,149	159,102	-
Total current assets	72,593,395	19,273,737	3,710,064	1,200,071
NONCURRENT ASSETS:				
Restricted assets				
Cash and pooled investments	2,949,819	680,888	8,011,522	871,145
Investments	5,576,384	1,487,300	1,751,528	-
Accrued interest	-	11,775	-	-
Capital assets:				
Land	4,810,124	260,673	1,699,555	6,352,359
Construction in progress	1,086,661	200,065	5,056,547	1,146,167
Capital assets being depreciated	206,917,900	64,206,782	42,765,853	19,424,510
Accumulated depreciation	(134,375,247)	(32,710,450)	(16,390,545)	(10,382,698)
Total capital assets	78,439,438	31,957,070	33,131,410	16,540,338
Total noncurrent assets	86,965,641	34,137,033	42,894,460	17,411,483
Total assets	159,559,036	53,410,770	46,604,524	18,611,554
LIABILITIES				
CURRENT LIABILITIES:				
Accounts payable	7,249,649	221,260	1,741,668	254,606
Accrued payroll and benefits	271,739	111,733	83,216	26,636
Accrued interest payable	-	15,697	-	-
Accrued interest payable from restricted assets	35,165	-	384,873	-
Due to other funds	15,097	31,106	216,019	92,062
Deposits	-	-	-	33,790
Deferred revenue	161,372	-	-	14,839
Bonds and lease purchases payable - current	-	521,500	-	14,000
Bonds payable from restricted assets - current	2,705,000	-	755,000	-
Total current liabilities	10,438,022	901,296	3,180,776	435,933
NONCURRENT LIABILITIES:				
Accrued compensated absences	154,792	69,416	48,170	7,441
Bonds payable and lease purchases payable	-	3,480,884	18,141,918	31,000
Total noncurrent liabilities	154,792	3,550,300	18,190,088	38,441
Total liabilities	10,592,814	4,451,596	21,370,864	474,374
NET ASSETS:				
Invested in capital assets, net of related debt	75,734,438	27,954,686	14,234,492	16,495,338
Restricted for capital projects and by agreement	4,380,184	2,179,963	6,864,812	871,145
Unrestricted	68,851,600	18,824,525	4,134,356	770,697
Total net assets	$ 148,966,222	$ 48,959,174	$ 25,233,660	$ 18,137,180

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

TOTAL ENTERPRISE FUNDS	GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS
$ 22,570,174	$ 8,000,922
51,153,270	-
11,523,707	64,713
300,669	-
603,572	-
111,447	-
546,160	9,348
204,747	235,207
9,763,521	51,731
96,777,267	8,361,921
12,513,374	-
8,815,212	-
11,775	-
13,122,711	-
7,489,440	-
333,315,045	10,356,869
(193,858,940)	(5,449,018)
160,068,256	4,907,851
181,408,617	4,907,851
278,185,884	13,269,772
9,467,183	371,036
493,324	893,869
15,697	-
420,038	-
354,284	1,677
33,790	-
176,211	2,515
535,500	-
3,460,000	-
14,956,027	1,269,097
279,819	730,782
21,653,802	-
21,933,621	730,782
36,889,648	1,999,879
134,418,954	4,907,851
14,296,104	-
92,581,178	6,362,042
$ 241,296,236	$ 11,269,893

CITY OF HOLLAND, MICHIGAN

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

YEAR ENDED JUNE 30, 2007

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			
	ELECTRIC UTILITY	WASTEWATER UTILITY	WATER UTILITY	OTHER ENTERPRISE FUNDS
OPERATING REVENUES				
Admissions and fares	$ -	$ -	$ -	$ 226,650
Use fees and charges for services	78,920,288	5,084,481	5,177,208	1,801,550
Rentals	-	-	-	245,750
Miscellaneous	2,356,035	2,230,962	491,041	-
Total operating revenues	81,276,323	7,315,443	5,668,249	2,273,950
OPERATING EXPENSES:				
Personnel services	5,177,710	1,677,689	1,183,518	631,062
Other current expenses	56,709,432	3,974,686	2,450,829	4,084,372
Depreciation	8,970,714	1,801,985	1,188,357	1,220,080
Total operating expenses	70,857,856	7,454,360	4,822,704	5,935,514
OPERATING INCOME (LOSS)	10,418,467	(138,917)	845,545	(3,661,564)
NONOPERATING REVENUES (EXPENSES):				
Property taxes	-	-	-	171,058
Federal and/or state grants	-	-	-	2,290,338
Miscellaneous private donations	-	-	-	2,965
Investment earnings	2,358,884	941,303	593,204	60,012
Interest expense	(124,966)	(237,951)	(839,308)	(4,535)
Gain (loss) on disposal of capital assets	12,987	(94)	3,335	(398,791)
Total nonoperating revenues (expenses)	2,246,905	703,258	(242,769)	2,121,047
INCOME(LOSS) - Before transfers and contributions	12,665,372	564,341	602,776	(1,540,517)
TRANSFERS AND CONTRIBUTIONS				
Capital contributions	-	451,661	165,608	-
Transfers in	-	-	-	309,117
Transfers out	(2,840,400)	-	-	(4,000)
CHANGES IN NET ASSETS	9,824,972	1,016,002	768,384	(1,235,400)
NET ASSETS - Beginning of year	139,141,250	47,943,172	24,465,276	19,372,580
NET ASSETS - End of year	$ 148,966,222	$ 48,959,174	$ 25,233,660	$ 18,137,180

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

TOTAL ENTERPRISE FUNDS	GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS
$ 226,650	$ -
90,983,527	6,348,795
245,750	1,845,665
5,078,038	227,628
96,533,965	8,422,088
8,669,979	1,005,299
67,219,319	6,367,243
13,181,136	657,924
89,070,434	8,030,466
7,463,531	391,622
171,058	-
2,290,338	-
2,965	-
3,953,403	321,300
(1,206,760)	-
(382,563)	48,035
4,828,441	369,335
12,291,972	760,957
617,269	-
309,117	100,000
(2,844,400)	(449,149)
10,373,958	411,808
230,922,278	10,858,085
$ 241,296,236	$ 11,269,893

CITY OF HOLLAND, MICHIGAN

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2007

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			
	ELECTRIC UTILITY	WASTEWATER UTILITY	WATER UTILITY	OTHER ENTERPRISE FUNDS
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers and users	$ 80,350,850	$ 7,073,400	$ 5,487,354	$ 2,239,916
Receipts from internal services provided	-	-	-	-
Payments to suppliers	(56,487,605)	(4,263,572)	(1,199,879)	(4,035,964)
Payments to employees	(5,177,710)	(1,677,689)	(1,183,518)	(620,880)
Net cash provided by (used in) operating activities	18,685,535	1,132,139	3,103,957	(2,416,928)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Principal paid on long-term debt	(2,555,000)	(500,500)	(475,000)	(13,000)
Interest paid on long-term debt	(100,041)	(208,390)	(781,505)	(4,535)
Proceeds from sales of capital assets	16,969	73	6,515	-
Purchase of capital assets	(2,585,062)	(782,579)	(3,264,669)	(454,651)
Capital contributions received	-	306,896	93,608	-
Net cash used in capital and related financing activities	(5,223,134)	(1,184,500)	(4,421,051)	(472,186)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Property taxes	-	-	-	171,014
Federal and/or state grants	-	-	-	3,282,522
Miscellaneous private donations	-	-	-	2,965
Intergovernmental payments	(2,840,400)	-	-	(845,124)
Intergovernmental receipts	-	-	-	396,448
Net cash provided by (used in) noncapital financing activities	(2,840,400)	-	-	3,007,825
CASH FLOWS FROM INVESTING ACTIVITIES:				
Proceeds from sales of investments	36,791,952	16,545,470	2,665,929	-
Purchase of investments	(40,375,374)	(16,841,580)	(2,751,528)	-
Investment earnings	2,120,930	889,746	592,287	60,012
Net cash provided by (used in) investing activities	(1,462,492)	593,636	506,688	60,012
NET INCREASE (DECREASE) IN CASH AND POOLED INVESTMENTS	9,159,509	541,275	(810,406)	178,723
CASH AND POOLED INVESTMENTS - Beginning of year	11,687,350	2,645,429	10,266,682	1,414,986
CASH AND POOLED INVESTMENTS - End of year	$ 20,846,859	$ 3,186,704	$ 9,456,276	$ 1,593,709
STATEMENT OF NET ASSETS CLASSIFICATIONS OF CASH AND POOLED INVESTMENTS:				
Current assets	$ 17,897,040	$ 2,505,816	$ 1,444,754	$ 722,564
Restricted assets	2,949,819	680,888	8,011,522	871,145
TOTAL STATEMENT OF NET ASSETS CLASSIFICATION	$ 20,846,859	$ 3,186,704	$ 9,456,276	$ 1,593,709

TOTAL ENTERPRISE FUNDS	GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS
$ 95,151,520	$ -
-	8,401,523
(65,987,020)	(6,478,108)
(8,659,797)	(956,914)
20,504,703	966,501
(3,543,500)	-
(1,094,471)	-
23,557	112,171
(7,086,961)	(1,417,252)
400,504	-
(11,300,871)	(1,305,081)
171,014	-
3,282,522	-
2,965	-
(3,685,524)	100,000
396,448	(449,149)
167,425	(349,149)
56,003,351	-
(59,968,482)	-
3,662,975	321,300
(302,156)	321,300
9,069,101	(366,429)
26,014,447	8,367,351
$ 35,083,548	$ 8,000,922
$ 22,570,174	$ 8,000,922
12,513,374	-
$ 35,083,548	$ 8,000,922

(Continued)

CITY OF HOLLAND, MICHIGAN

STATEMENT OF CASH FLOWS (CONCLUDED)
PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2007

	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)	$ 10,418,467	$ (138,917)	$ 845,545	$ (3,661,564)
Adjustment to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	8,970,714	1,801,985	1,188,357	1,220,080
Changes in operating assets and liabilities:				
Accounts receivable	(836,623)	(96,094)	(182,863)	(31,745)
Inventories	81,812	8,877	(1,566)	-
Prepaid items	(63,077)	(110)	106	-
Due from other funds	(88,850)	(145,949)	1,968	-
Accounts payable	215,441	(90,154)	1,240,831	48,408
Claims payable	-	-	-	-
Accrued payroll and benefits	8,039	17,344	6,803	10,182
Due to other funds	6,798	(224,843)	4,776	-
Unearned revenue	(27,186)	-	-	-
Other accrued liabilities	-	-	-	(2,289)
Net cash provided by (used in) operating activities	$ 18,685,535	$ 1,132,139	$ 3,103,957	$ (2,416,928)
Noncash investing, capital and financing activities				
Increase in fair value of investments	$ 289,623	$ 290,110	$ -	$ -

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

BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS	GOVERNMENTAL ACTIVITIES
TOTAL	INTERNAL SERVICE FUNDS
$ 7,463,531	$ 391,622
13,181,136	657,924
(1,147,325)	(3,044)
89,123	21,174
(63,081)	(159,823)
(232,831)	145
1,414,526	(24,354)
-	53,300
42,368	48,385
(213,269)	(17,255)
(27,186)	(1,573)
(2,289)	-
$ 20,504,703	$ 966,501
$ 579,733	$ -

(Concluded)

CITY OF HOLLAND, MICHIGAN

STATEMENT OF NET ASSETS
AGENCY FUNDS

JUNE 30, 2007

ASSETS		
CURRENT ASSETS:		
Cash and pooled investments	$	135,940
Accounts receivable		372
Total assets	$	136,312
LIABILITIES		
LIABILITIES:		
Accounts payable	$	78,694
Other accrued liabilities and deposits		18,634
Due to other governments		38,984
Total liabilities	$	136,312

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Blended Component Unit

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

Discretely Presented Component Units

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

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

Holland Historical Trust – The Holland Historical Trust is a not-for-profit corporation organized under Section 501(c)(3) of the internal revenue code for the purpose of operating the Holland Museum, the Cappon House, and the Settlers House. 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.

Economic Development Corporation – The Economic Development Corporation 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.

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.

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. The City reports the following agency funds:

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

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

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

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

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

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

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

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

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

Budgets and Budgetary Accounting

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

- The City Manager is responsible for submitting the proposed operating budget for the following fiscal year to the City Council. The City Council, during its review, holds a public hearing to obtain taxpayer comments. The budget is legally enacted by resolution of the Council.

- The City financial officer is authorized to transfer budget amounts between accounts within the same department of any fund upon written request by a department or division head and approval by the City Manager. Transfers between departments or any revisions that alter total appropriations of any fund must be approved by the City Council. Budgeted appropriations lapse each year; however, appropriations for continuing projects and programs which the City intends to complete are included in the budget of the ensuing year.

- Budgeted amounts are as originally adopted or as amended by the City Council during the year. The budgets have been prepared in accordance with generally accepted accounting principles. Supplemental appropriations were necessary during the year.

- The budget has been adopted on a department level basis; expenditures at this level in excess of amounts budgeted are a violation of Michigan law.

- Annual budgets are legally adopted for the General Fund, Special Revenue and Permanent Funds as required by the Uniform Budgeting Act (P.A. 621 of 1978) of the State of Michigan.

- Informal annual budgets are also adopted for the debt service, enterprise and internal service funds, and component units.

- Informal budgets are adopted for the Capital Projects Funds on a "multi-year" inception-to-completion basis.

Cash and Pooled Investments

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

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 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.

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

Inventories

Inventories recorded in the Enterprise and Internal Service Funds and in the Holland Historical Trust (a component unit) are expended 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:

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

Restricted Assets

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

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

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

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:

	Unearned	Unavailable	Total
Governmental activities			
Governmental funds			
Long-term lease receivable	$ -	$5,218,756	$5,218,756
Special assessments receivable			
Special assessment debt	-	1,306,022	1,306,022
Infrastructure projects	-	5,523	5,523
Miscellaneous governmental functions	-	240,214	240,214
Grant drawdowns in excess of amounts expended			
Culture and community improvement	28,829	-	28,829
Municipal facilities and land Improvement rights	55,535	-	55,535
Public safety grants	1,405	-	1,405
Total governmental funds	85,769	$6,770,515	$6,856,284
Internal service funds	2,515		
Total governmental activities	**$ 88,284**		

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 $ 1,171,206,872, 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	9.5188		
Street Development and Improvement	1.0000		
Sidewalk Development and Improvement	0.0500		
Municipal Capital Projects	0.0142		
Debt Service General Obligation	1.9586		
	12.5416	16.1346	(1)
		17.5000	(City Charter)
Dial-A-Ride/MAX	.1473	.6000	(1)
		.6000	(2)
Library Support/Debt Service	1.3111	1.3111	(1)
		1.5000	(3)

(1) Formula limitation required by 1978 State Constitutional amendment.

(2) Voter-approved limitation dated May 3, 2005.

(3) 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.

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 2007, 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.

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.

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 $3,394,000 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 and MAX (Macatawa Area Express) buses, with small deductibles for damages. Damages to all other forms of property are established with a $100,000 deductible per incident. Retentions for general and public liability risks are currently $100,000 per incident.

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

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

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

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, 2007, expenditures exceeded appropriations at the legal level of budgetary control in the following funds:

	Total Appropriations	Amount of Expenditure	Budget Variance
General Fund:			
Legal Services	$ 193,100	$ 196,882	$ 3,782
Personnel	356,541	376,591	20,050
City Hall and Grounds	229,084	229,575	491
Civic Center	250,804	252,721	1,917
Transfers out	547,005	559,140	12,135
Downtown Snowmelt Fund:			
Public works	150,615	169,044	18,429
Contested Assessments Fund:			
General government	126,100	140,845	14,745
Budget Stabilization Fund:			
General government	72,000	72,833	833

Compliance with the Single Audit Act

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

3. DEPOSITS AND INVESTMENTS

The City's reporting entity deposits and investments as of June 30, 2007 are included on the statement of net assets under the following classifications:

	June 30, 2007				
	Governmental Activities	Business-type Activities	Component Units	Agency Funds	Total
Cash and pooled Investments	$ 16,447,256	$ 22,570,174	$ 351,538	$ 135,940	$ 39,504,908
Investments	-	51,153,270	624,787	-	51,778,057
Restricted assets					
Cash and pooled Investments	2,330,203	12,513,374	-	-	14,843,577
Investments	-	8,815,212	-	-	8,815,212
	$ 18,777,456	**$ 95,052,030**	**$ 976,325**	**$ 135,940**	**$ 114,941,754**

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

Petty cash	$ 11,005
Deposits	38,506,771
Investments	76,423,978
	$114,941,754

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					
FNMA	$ 2,082,276	3.800%	01/18/2008	S&P AAA	Non-Callable
FNMA	889,875	4.000 %	05/20/2008	S&P AAA	Quarterly
FHLB	1,190,628	4.410%	05/23/2008	S&P AAA	Quarterly
FNMA	1,190,256	4.500%	08/04/2008	S&P AAA	Non-Callable
FNMA	496,095	4.540%	08/01/2008	S&P AAA	Semi-annually
FNMA	980,000	4.000%	02/26/2009	S&P AAA	Semi-annually
FNMA	1,502,340	5.500%	06/30/2009	S&P AAA	Once only call 6/30/08
FFCB	1,493,910	5.000%	09/21/2009	S&P AAA	Non-callable
FNMA	1,496,250	5.300%	09/29/2009	S&P AAA	Once only call 9/29/08
FHLB	986,880	4.850%	08/10/2010	S&P AAA	Quarterly beginning 8/10/07
FHLMC	791,552	5.000%	09/07/2010	S&P AAA	Semi-annually
Fifth Third Money Market Fund	85	5.200%	n/a	S&P AAA	n/a
Fifth Third Money Market Fund	1,690,994	5.500%	n/a	S&P AA	n/a
Total City of Holland	**$ 14,791,141**				
Holland Board of Public Works					
FHLB	$ 984,400	3.250%	04/14/2008	S&P AAA	Anytime
FHLB	1,961,000	3.050%	05/28/2008	S&P AAA	Anytime
FHLB	1,973,000	2.500%	12/26/2007	S&P AAA	Semi-annually
FHLB	1,973,000	2.500%	12/26/2007	S&P AAA	Semi-annually
FHLB	1,974,600	2.700%	12/28/2007	S&P AAA	Anytime
FHLB	1,998,600	5.220%	11/21/2007	S&P AAA	Anytime
FHLB	1,995,800	5.300%	11/21/2008	S&P AAA	Quarterly
FHLB	974,800	5.260%	12/29/2008	S&P AAA	Quarterly
FHLB	998,000	5.250%	01/30/2009	S&P AAA	Anytime
FHLMC	997,600	5.350%	02/06/2009	S&P AAA	Quarterly
FHLB	998,600	5.300%	03/05/2008	S&P AAA	Anytime
FHLB	998,600	5.300%	12/12/2008	S&P AAA	Anytime
FHLB	1,972,500	2.500%	12/26/2007	S&P AAA	Semi-annually
FHLB	997,500	5.250%	12/15/2008	S&P AAA	Quarterly
FNLB	1,996,260	5.280%	12/29/2008	S&P AAA	Quarterly
FHLB	999,380	5.400%	01/30/2009	S&P AAA	Quarterly
FHLB	997,810	5.300%	05/21/2009	S&P AAA	11/21/07
FNLB	997,190	5.250%	05/15/2009	S&P AAA	11/15/07

Investment	Balance	Interest Rate	Maturity Date	Rating	Callable
FNMA	$ 999,060	5.400%	01/26/2009	S&P AAA	Quarterly
FFCB	1,972,500	3.170%	02/21/2008	S&P AAA	Quarterly
FNMA	2,917,500	3.200%	11/28/2008	S&P AAA	Anytime
FHLMC	969,470	3.110%	12/30/2008	S&P AAA	Quarterly
FHLB	996,560	5.100%	04/30/2009	S&P AAA	4/30/08
FHLMC	996,840	5.300%	09/14/2009	S&P AAA	Quarterly
Fifth Third Local Units of Gov. Fund	9,654	Varies Daily	N/A	Unrated	
Fifth Third Money Market	4	4.940%	N/A	Unrated	
Money Market Mutual Funds	500,000	N/A	N/A	Unrated	
MPPA Trust Pool	4,180,184	N/A	Various	Unrated	
Repurchase agreements	21,677,638	N/A	N/A	Unrated	
Total Holland Board of Public Works	**$ 61,008,050**				
Holland Historical Trust					
Money Market Mutual Fund	$ 16,396	n/a	n/a	Various	n/a
Bond Mutual Funds	163,212	n/a	n/a	Various	n/a
Equity Mutual Funds	439,051	n/a	n/a	n/a	n/a
Holland/Zeeland Area Community Fund	6,128	n/a	n/a	Unrated	n/a
Total Holland Historical Trust	**$ 624,787**				
Total	**$ 76,423,978**				

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

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

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned. State law does not require and the City's investment policy does not have specific limits in excess of state law pertaining to custodial credit risk. As of year-end, $38,362,353 of the bank balance of $39,347,745 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 $76,423,978 of investments held at year-end, the City has a custodial credit risk exposure of $70,036,929 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, 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.

4. CAPITAL ASSETS

	Balance July 1, 2006	Increases	Decreases	Balance June 30, 2007
Primary government				
Governmental activities				
Capital assets, not being depreciated:				
Land	$ 12,580,675	$ 1	$ -	$ 12,580,676
Construction in progress	9,522,532	4,929,947	8,839,370	5,613,109
Total capital assets, not being depreciated	22,103,207	4,929,948	8,839,370	18,193,785
Capital assets, being depreciated:				
Land improvements	15,018,895	268,866	11,880	15,275,881
Buildings	32,601,776	127,607	-	32,729,383
Machinery and equipment	10,394,918	748,686	297,763	10,845,841
Vehicles	5,921,748	961,624	456,576	6,426,796
Infrastructure	70,498,813	8,619,337	246,831	78,871,319
Total capital assets, being depreciated	134,436,150	10,726,120	1,013,050	144,149,220
Less accumulated depreciation for:				
Land improvements	5,894,807	684,837	9,890	6,569,754
Buildings	6,207,755	915,331	-	7,123,086
Machinery and equipment	5,164,623	680,425	255,517	5,589,531
Vehicles	3,184,920	412,494	403,790	3,193,624
Infrastructure	22,622,808	1,983,332	10,546	24,595,594
Total accumulated depreciation	43,074,913	4,676,419	679,743	47,071,589
Net capital assets, being depreciated	91,361,237	6,049,701	333,307	97,077,631
Net governmental activities capital assets	$113,464,444	$10,979,649	$9,172,677	$115,271,416

	Balance July 1, 2006	Increases	Decreases	Balance June 30, 2007
Business-type activities				
Capital assets, not being depreciated:				
Land	$ 11,929,709	$ 1,193,002	$ -	$ 13,122,711
Construction in progress	8,360,527	4,184,079	5,055,166	7,489,440
Total capital assets, not being depreciated	20,290,236	5,377,081	5,055,166	20,612,151
Capital assets, being depreciated:				
Land improvements	7,585,850	3,387,079	8,920	10,964,010
Buildings	4,156,397	1,304	549,189	3,608,513
Machinery and equipment	312,679,960	3,365,021	408,939	315,565,151
Office Equipment/ Furniture	91,803	413	-	92,216
Vehicles	2,856,626	228,529	-	3,085,155
Total capital assets, being depreciated	327,299,747	6,982,346	967,048	333,315,045
Less accumulated depreciation for:				
Land improvements	5,070,896	571,041	2,719	5,639,218
Buildings	1,869,258	137,964	159,419	1,847,803
Machinery and equipment	172,850,927	12,085,112	398,255	184,537,784
Office Equipment/ Furniture	68,342	3,336	-	71,678
Vehicles	1,378,774	383,638	-	1,762,457
Total accumulated depreciation	181,238,197	13,181,136	560,393	193,858,940
Net capital assets, being depreciated	146,061,550	(6,198,790)	406,655	139,456,105
Net business-type activities capital assets	$ 166,351,786	$ (821,709)	$ 5,461,821	$ 160,068,256

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

Governmental activities	
General government	$ 266,949
Public safety	634,918
Public works	2,447,653
Culture and recreation	665,682
Welfare and social services	3,293
Internal service activities	657,924
Total depreciation expense - governmental activities	**$ 4,676,419**
Business-type activities	
Electric utility	$ 8,970,714
Wastewater utility	1,801,985
Water utility	1,188,357
Refuse and recycling	63,719
Windmill island	69,860
Depot operations	75,941
Airport	554,552
Macatawa Area Public Transit System	456,008
Total depreciation expense - business type activities	**$13,181,136**

Discretely Presented Component Units

	Balance July 1, 2006	Increases	Decreases	Balance June 30, 2007
Downtown Development Authority:				
Capital assets, being depreciated				
Land improvements	$ 208,216	$ -	$ -	$ 208,216
Machinery and equipment	6,790	-	-	6,790
Total capital assets, being depreciated	215,006	-	-	215,006
Less accumulated depreciation for:				
Land improvements	64,579	10,568	-	75,147
Machinery and equipment	1,104	367	-	1,471
Total accumulated depreciation	65,683	10,935	-	76,618
Net capital assets	$ 149,323	$ (10,935)	$ -	$ 138,388

	Balance July 1, 2006	Increases	Decreases	Balance June 30, 2007
Holland Historical Trust:				
Capital assets, not being depreciated				
Land	$ 60,000	$ -	$ -	$ 60,000
Construction in progress	521,789	468,717	969,331	21,175
	581,789	468,717	969,331	81,175
Capital assets, being depreciated				
Buildings and improvements	1,535,466	969,331	-	2,504,797
Land improvements	20,617	-	-	20,617
Furniture and equipment	135,064	11,000	-	146,064
Total capital assets, being depreciated	1,691,147	980,331	-	2,671,478
Less accumulated depreciation for:			-	
Buildings and improvements	342,114	78,460	-	420,574
Land improvements	9,626	1,346	-	10,972
Furniture and equipment	100,491	6,341	-	106,832
Total accumulated depreciation	452,231	86,147	-	538,378
Net capital assets, being depreciated	1,238,916	894,184	-	2,133,100
Total capital assets	$ 1,820,705	$ 1,362,901	$ -	$ 2,214,275

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 7.125% at June 30, 2007). The line expires on October 25, 2008. There were outstanding borrowings on the line of $150,000 as of June 30, 2007. As a condition of granting of credit line, the Trust pledges to maintain deposit accounts with the creditor bank.

6. LONG-TERM DEBT

Long-term debt at June 30, 2007 is comprised of the following individual bond issues, notes payable and lease obligations:

	Balance July 1, 2006	Additions	Deletions	Balance June 30, 2007	Due Within One Year
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%.	$ 1,025,000	$ -	$ 325,000	$ 700,000	$ 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%.	11,525,000	-	525,000	11,000,000	580,000
$525,000 1992A Utility Improvement Bonds, due in one annual installment of $10,000 in May 2007, interest at 7.00%.	10,000	-	10,000	-	-
$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%.	1,500,000	-	475,000	1,025,000	500,000
$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%.	135,000	-	30,000	105,000	25,000
$425,000 1998 Special Assessment Bonds due in annual installments of $25,000 to $35,000, through 2012; interest at 4.00% to 5.05%.	150,000	-	30,000	120,000	20,000
$350,000 2000 Special Assessment Bonds due in annual installments of $25,000 through 2014; interest at 5.80% to 5.85%.	200,000	-	25,000	175,000	25,000

	Balance July 1, 2006	Additions	Deletions	Balance June 30, 2007	Due Within One Year
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%.	$ 939,500	$ -	$ 70,463	$ 869,037	$ 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%.	590,000	-	60,000	530,000	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%.	4,920,000	-	435,000	4,485,000	435,000
$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%.	3,845,000	-	290,000	3,555,000	315,000
$352,000 2004 Land Contract; due in one installment of $352,000 in 2009 non-interest bearing.	352,000	-	-	352,000	-
$175,000 2003 Land contract due in annual installments of $12,500 through 2013; interest at 5.00%.	87,500	-	12,500	75,000	12,500
$7,255,000 2006 Building Authority Refunding Bonds, due in annual installments of $25,000 to $1,880,000 through 2022; interest rates of 3.50% to 4.00%.	7,255,000	-	25,000	7,230,000	25,000

	Balance July 1, 2006	Additions	Deletions	Balance June 30, 2007	Due Within One Year
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%.	$ 155,000	$ -	$ 10,000	$ 145,000	$ 10,000
Total Installment Debt	**32,689,000**	**-**	**2,322,963**	**30,366,037**	**2,427,963**
Estimated environmental clean-up costs	45,000	-	15,000	30,000	15,000
Premium on Bonds Payable	1,676	-	105	1,571	-
Unamortized Refunding Costs	(332,158)	-	(20,760)	(311,398)	-
Accrued Compensated Absences	1,560,450	931,541	881,209	1,610,782	880,000
Total Governmental Activities	**$ 33,963,968**	**$ 931,541**	**$3,198,517**	**$ 31,696,992**	**$ 3,322,963**
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%.	$ 5,260,000	$ -	$ 2,555,000	$ 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%.	4,721,500	-	500,500	4,221,000	521,500
$980,000 1997 Water Supply System Revenue Bonds, due in one annual installment of $505,000 on July 1, 2007; interest at 4.90%.	980,000	-	475,000	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	-
$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	-	-	11,200,000	250,000

	Balance July 1, 2006	Additions	Deletions	Balance June 30, 2007	Due Within One Year
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%.	$ 58,000	$ -	$ 13,000	$ 45,000	$ 14,000
Total Installment Debt	**29,854,500**	**-**	**3,543,500**	**26,311,000**	**3,995,500**
Discount on Bonds Payable	(177,117)	-	(27,079)	(150,038)	-
Unamortized Refunding Costs	(639,441)	-	(127,781)	(511,660)	-
Accrued Compensated Absences	543,515	596,873	582,569	557,819	278,000
Total Business-Type Activities Long-Term Debt	**$ 29,581,457**	**$ 596,873**	**$ 3,971,209**	**$ 26,207,121**	**$4,273,500**

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 flyash and wastewater treatment bio solids. In accordance with Michigan Department of Environmental Quality requirements, funding for closure cost estimates of $111,000 and postclosure cost estimates of $216,450 have been assured with a $100,000 letter of credit and $9,000 held in trust at June 30, 2007. The City has recognized a liability for closure and postclosure 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 73% 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.

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, 2007, the City has cash and investments of $821,303 available in Debt Service Funds for repayment of these bonds. In addition, there is $1,551,759 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, 2007, including unamortized discount and deferred refunding costs, are as follows:

Fiscal	Governmental Activities		Business-type Activities	
Year	Principal	Interest	Principal	Interest
2008	$ 2,427,963	$ 1,153,536	$ 3,995,500	$ 1,350,551
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
2013-2017	10,735,276	2,932,356	6,226,000	2,852,892
2018-2022	8,708,946	904,413	6,015,000	1,687,726
2023-2025	-	-	4,365,000	329,181
Total	**$ 30,366,037**	**$ 8,778,605**	**$ 26,311,000**	**$ 9,497,776**

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.

For Whom	Purpose	Outstanding Principal at June 30, 2007
Thrifty Holland, Inc.	Acquisition, construction and equipping of a retail, grocery and department store	$ 7,300,000

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.

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 #1, which became operational in August 1984, and 26.35% of MPPA's 4.8 % ownership in Consumers Energy's Campbell Unit #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, 2007, the Board recognized expenses totaling $12,670,881 under the terms of the contract which represented $3,006,032 for fixed operating costs, $5,281,703 for debt service and $4,323,146 for the purchase of power. Accounts payable to MPPA totaled $2,356,754 at June 30, 2007. Under the terms of its contracts, the Board must make minimum annual payments equal to its share of debt service and its share of the fixed operating costs of Detroit Edison's Belle River No. 1 and Consumers Energy's Campbell Unit No. 3. The estimated required payments presented below assume no early calls or refinancing of existing revenue bonds and 3.0% annual inflation of fixed operating costs.

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

	Belle River		Campbell		
Year	Debt Service	Fixed Operating	Debt Service	Fixed Operating	Total
2008	$ 4,305,839	$ 2,505,943	$ 1,095,732	$ 652,070	$ 8,559,584
2009	4,305,297	2,581,121	1,095,501	671,633	8,653,552
2010	4,305,373	2,658,555	915,089	691,782	8,570,799
2011	4,306,019	2,738,312	919,622	712,535	8,676,488
2012	4,306,001	2,820,461	922,180	733,911	8,782,553
2013-2017	21,527,945	15,423,437	3,532,092	3,162,523	43,645,997
2018	4,305,962	3,367,778	-	-	7,673,740
	$ 47,362,436	**$ 32,095,607**	**$ 8,480,216**	**$ 6,624,454**	**$ 91,400,190**

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, 2007 were:

	Due from other funds							
	General Fund	Nonmajor Governmental Funds	Electric Utility	Wastewater Utility	Water Utility	Non-Major Enterprise Funds	Internal Service Funds	Total
Due to other funds:								
General Fund	$ -	$ -	$ 66,752	$ 10,570	$ 4,923	$ -	$ -	$ 82,245
Nonmajor Governmental Funds	-	1,207,770	174,809	27,681	12,894	154,792	-	1,577,946
Electric Utility	1,476	4,273	-	-	-	-	9,348	15,097
Wastewater Utility	-	31,106	-	-	-	-	-	31,106
Water Utility	-	216,019	-	-	-	-	-	216,091
Nonmajor Enterprise Funds	-	-	74,719	11,832	5,511	-	-	92,062
Internal Service Funds	-	-	1,361	216	100	-	-	1,677
	$ 1,476	$ 1,459,168	$ 317,641	$ 50,299	$ 23,428	$ 154,792	$ 9,348	$2,016,152

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

	Transfers In					
	General Fund	Building Authority Debt Service Fund	Non-major Governmental Funds	Non-major Enterprise Fund	Internal Service Funds	Total
Transfers out:						
General Fund	$ -	$ -	$ 226,107	$ 233,033	$ 100,000	$ 559,140
Nonmajor Governmental Funds	87,608	1	5,332,534	2,771	-	5,422,914
Electric Utility	2,840,400	-	-	-	-	2,840,400
Nonmajor Enterprise Funds	-	-	-	4,000	-	4,000
Internal Service Funds	-	-	379,836	69,313	-	449,149
	$ 2,928,008	$ 1	$5,938,477	$ 309,117	$ 100,000	$ 9,275,603

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. POSTEMPLOYMENT BENEFITS

In addition to the pension benefits described in Note 11, the City provides postemployment health care benefits, in accordance with union contracts and approved personnel policy for full-time permanent employees, to all employees who retire from the City on or after attaining age 50 or 55 depending on employment contract, but prior to attaining age 65. Currently, 42 retirees meet those eligibility requirements. The City provides a subsidy payment for the retiree health insurance premium charged by the City's Health and Dental Insurance Fund for single person coverage up to $200 per month or two-person coverage up to $450 per month. 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. During the fiscal year, expenditures charged to various funds amounting to $108,745 were recognized representing the City's subsidy toward retirees' premiums, as compared to $99,643 for the year ended June 30, 2007. These premium subsidies are funded on a pay-as-you-go basis.

All retirees and their spouses, including surviving spouses, are eligible for participation in the retiree suffix of the City's Health Insurance Fund by paying the established premiums. The City has deliberately chosen to establish a premium to the retiree group participants at a rate that is less than what is necessary to offset actual claims and administrative costs, resulting in an additional subsidy to retirees. In total, the retiree group premiums were 70% of actual requirements for the year ended June 30, 2007 as compared to 79% for the year ended June 30, 2006. The City is not under commitment to provide the lowered premium rates to retirees.

Postemployment health care benefits are funded on a pay-as-you-go basis. Expenditures for postemployment health care benefits are recognized as retirees report claims and include a provision for estimated claims incurred but not yet reported to the City. The City's Health and Dental Insurance Fund has been in effect since April 1990 and it is planned to continue unless determined at a future time that another form or mechanism for insurance coverage would be more advantageous.

The following chart reflects the premium revenues from the retiree group as compared to actual claim costs for the same year, resulting in the City's annual cost for postemployment health care benefits:

	City Costs				Revenues	
Fiscal Year Ending	Claims	Stop-Loss	Claims Administration	Total	Retiree Premiums	City Subsidy
1998	$ 416,996	$ 21,526	$ 29,465	$ 467,987	$ 223,297	$ 244,690
1999	498,712	26,328	33,068	558,108	260,442	297,666
2000	518,474	28,774	37,026	584,274	297,129	287,145
2001	701,036	32,385	41,504	774,925	337,009	437,921
2002	542,336	35,075	44,250	621,661	374,665	246,996
2003	712,522	45,827	48,367	806,716	452,917	353,799
2004	509,644	55,287	52,930	617,861	509,050	108,811
2005	375,059	61,254	52,593	488,906	441,417	47,489
2006	348,644	47,122	38,104	433,870	342,150	91,720
2007	337,157	37,951	17,189	392,297	275,786	116,511

11. DEFINED BENEFIT PENSION PLAN

Municipal Employees Retirement System of Michigan

The City participates in the Municipal Employees Retirement System of Michigan (MERS), an agent multiple-employer defined 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 9.27% to 12.77% for union employees. For non-union employees, the City is required to contribute a flat rate as listed below.

Employment Division	Amount
General; Non-union	$ 433,812
Police; Non-union	89,136
Fire; Non-union	23,880
Street, Parks, Cemetery; Non-union	84,912
Public Works; Non-union	233,520

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, 2007, the City's actual and required contribution for MERS was $2,088,653. The required contribution was determined as part of the December 31, 2004 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 Commission 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, 2006, the date of the latest actuarial valuation, was 30 years.

Three-Year Trend Information

Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
2005	$1,556,421	99%	$(1,117,880)
2006	1,662,275	99%	(1,095,749)
2007	2,110,346	99%	(1,074,056)

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio Total	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/04	$73,012,079	$88,820,740	$15,808,661	82%	$15,808,661	97%
12/31/05	74,665,205	91,597,609	16,932,404	82%	16,932,404	103%
12/31/06	77,806,202	95,229,440	17,423,238	82%	17,423,238	106%

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

Actuarially determined contribution	$ 2,088,653
Interest on Net Pension Asset	87,661
Adjustment to actuarially determined contribution	(65,968)
Annual pension cost	2,110,346
Contributions made	2,088,653
Decrease in Net Pension Asset	(21,693)
Net pension Asset beginning of year	1,095,749
Net Pension Asset at end of year	**1,074,056**

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 $312,360 and employees contributed $76,893 to the defined contribution plan.

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- July 1, 2005	$ 326,000	$ -	$ -	$ 25,000	$ 61,742	$ -	$ 412,742
Estimated claims and premiums Incurred, including changes In estimates	3,827,271	156,785	35,209	183,354	190,562	76,844	4,470,025
Claims and premiums paid	3,953,271	156,785	35,209	158,354	252,304	76,844	4,632,767
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**

14. COMMITMENTS

At June 30, 2007, the City had the following outstanding commitments:

a. $141,016 for construction of roads, bridges, and tunnels.
b. $698,547 for various electrical utility projects.
c. $329,232 for various water utility projects.
d. $932,059 for various wastewater utility projects.

* * * * * *

CITY OF HOLLAND

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

CITY OF HOLLAND

GENERAL FUND

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

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

Although not a fixed rule, an attempt is made – through the annual budgeting process – to maintain the Net Assets (i.e., fund balance) within a 10% to 15% range of the ensuing year's adopted budget appropriation for this fund.

CITY OF HOLLAND

Exhibit A-1

CITY OF HOLLAND, MICHIGAN

BALANCE SHEET
GENERAL FUND

JUNE 30, 2007

ASSETS

Cash and pooled investments	$	2,672,754
Receivables:		
Accounts		129,559
Taxes		7,105
Interest		362,290
Other governments		561,850
Prepaid items		10,874
Due from other funds		1,476
Total assets	$	3,745,908

LIABILITIES AND FUND BALANCE

LIABILITIES:		
Accounts payable	$	349,150
Accrued payroll and benefits		618,815
Deposits for:		
Advance payments of property taxes not yet due		3,091
Duplicate payments and overpayments of property taxes		72,328
Undistributed service charge in lieu of taxes		32
Nature Center tours		11,959
Fire escrow		21,642
Police Evidence Room		359
Due to other funds		82,245
Total liabilities		1,159,621
FUND BALANCE:		
Reserved for prepaid items		10,874
Unreserved:		
Undesignated		2,575,413
Total fund balance		2,586,287
Total liabilities and fund balance	$	3,745,908

CITY OF HOLLAND, MICHIGAN

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

YEAR ENDED JUNE 30, 2007

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
TAXES:				
Property	$ 11,038,714	$ 11,056,440	$ 11,059,669	$ 3,229
Penalties and interest on delinquent taxes	105,000	94,000	106,627	12,627
Administration fee	527,700	530,077	529,999	(78)
Public service charge in lieu of property tax	14,300	14,300	13,913	(387)
Other miscellaneous tax revenue	1,900	1,618	1,613	(5)
Total taxes	11,687,614	11,696,435	11,711,821	15,386
LICENSES AND PERMITS:				
Business	83,000	83,000	72,387	(10,613)
Nonbusiness	460,700	483,310	483,937	627
Total licenses and permits	543,700	566,310	556,324	(9,986)
INTERGOVERNMENTAL:				
State	3,245,600	3,171,414	3,133,796	(37,618)
Federal	6,500	7,170	7,170	-
Other	37,000	37,000	41,236	4,236
Total intergovernmental	3,289,100	3,215,584	3,182,202	(33,382)
CHARGES FOR SERVICES:				
Fees	484,200	451,413	459,248	7,835
Services rendered	512,520	486,922	483,578	(3,344)
Sales	101,300	96,425	77,836	(18,589)
Total charges for services	1,098,020	1,034,760	1,020,662	(14,098)
FINES AND FEES	250,000	225,000	216,529	(8,471)
INTEREST AND RENTS:				
Investment earnings	421,301	622,201	586,597	(35,604)
Rents	196,000	211,650	221,417	9,767
Total interest and rents	617,301	833,851	808,014	(25,837)
MISCELLANEOUS	8,569	10,025	9,267	(758)
TOTAL REVENUES	$ 17,494,304	$ 17,581,965	$ 17,504,819	$ (77,146)

CITY OF HOLLAND, MICHIGAN

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

YEAR ENDED JUNE 30, 2007

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
GENERAL GOVERNMENT:				
City Council	$ 187,700	$ 179,816	$ 173,437	$ (6,379)
City Manager	314,800	307,269	305,319	(1,950)
Elections	73,930	50,105	49,668	(437)
City Finance	657,000	615,162	612,445	(2,717)
Independent Audit	44,200	44,301	44,100	(201)
City Assessor	470,908	438,759	434,765	(3,994)
Legal Services	193,700	193,100	196,882	3,782
City Clerk	242,100	178,573	177,175	(1,398)
Personnel	263,100	356,541	376,591	20,050
Purchasing	42,200	36,893	36,088	(805)
City Treasurer	199,700	180,149	169,757	(10,392)
City Hall and Grounds	203,900	229,084	229,575	491
Cemetery	515,468	526,559	500,568	(25,991)
Volunteer Services	17,500	17,304	16,121	(1,183)
Planning Commission	317,800	314,918	304,413	(10,505)
Total General Government	3,744,006	3,668,533	3,626,904	(41,629)
PUBLIC SAFETY:				
Police	6,869,503	7,114,244	7,083,288	(30,956)
Fire	2,796,751	2,854,487	2,851,917	(2,570)
Environmental Health/Inspections	420,776	427,807	424,250	(3,557)
Construction Inspections	459,622	451,442	447,344	(4,098)
Total Public Safety	10,546,652	10,847,980	10,806,799	(41,181)
PUBLIC WORKS:				
Streets	1,072,976	1,099,960	1,057,242	(42,718)
Transportation Management/Engineering	167,013	168,975	167,660	(1,315)
Total Public Works	1,239,989	1,268,935	1,224,902	(44,033)
WELFARE AND SOCIAL SERVICES:				
Social Services	157,400	147,875	147,007	(868)
Ourstreet Program	198,055	193,417	188,888	(4,529)
Economic Development Assistance	147,200	141,358	132,471	(8,887)
Human Relations Commission	174,700	131,344	126,416	(4,928)
Total Welfare and Social Services	677,355	613,994	594,782	(19,212)

(Continued)

CITY OF HOLLAND, MICHIGAN

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

YEAR ENDED JUNE 30, 2007

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
CULTURE AND RECREATION:				
Parks	$ 1,491,173	$ 1,461,130	$ 1,432,874	$ (28,256)
Municipal Stadium	82,465	88,980	77,726	(11,254)
Nature Center	218,196	214,696	214,677	(19)
Cultural-Recreational	362,600	362,792	362,392	(400)
Civic Center	225,250	250,804	252,721	1,917
Recreation	924,794	951,314	930,256	(21,058)
Boat Launch	6,250	6,250	1,501	(4,749)
Market	99,025	94,789	92,587	(2,202)
Leisure Services Administration	53,700	61,494	60,648	(846)
Total Culture and Recreation	3,463,453	3,492,249	3,425,382	(66,867)
OTHER APPROPRIATIONS:				
Insurance	136,000	151,258	151,255	(3)
Contingencies	430,000	20,746	-	(20,746)
Total Other Appropriations	566,000	172,004	151,255	(20,749)
TOTAL EXPENDITURES	$ 20,237,455	$ 20,063,695	$ 19,830,024	$ (233,671)

(Concluded)

CITY OF HOLLAND, MICHIGAN

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

YEAR ENDED JUNE 30, 2007

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
TRANSFERS IN:				
Permanent Fund				
Cemetery Trust	$ 60,000	$ 88,365	$ 87,608	$ (757)
Enterprise Fund				
Electric Utility	2,840,400	2,840,400	2,840,400	-
Total transfers in	$ 2,900,400	$ 2,928,765	$ 2,928,008	$ (757)
TRANSFERS OUT:				
Special Revenue Funds				
Miscellaneous Government Functions				
Contested Assessments Defense	$ 50,000	$ 96,400	$ 101,004	$ 4,604
Public Safety Grants Fund				
Anti-Drug Abuse WEMET Grants	114,050	107,100	109,561	2,461
Law Enforcement Block Grant Fund	-	79	79	-
Police Community Relations Fund	5,000	3,155	3,007	(148)
Culture and Community Improvement				
Van Raalte Farm Grant	12,456	12,456	12,456	-
Enterprise Funds				
Windmill Island	143,512	197,000	201,634	4,634
Depot Operations	23,950	30,815	31,399	584
Internal Service Fund				
Equipment Services				
Fire Vehicle	100,000	100,000	100,000	-
Total transfers out	$ 448,968	$ 547,005	$ 559,140	$ 12,135

CITY OF HOLLAND

– – – 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).

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

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

MOTOR VEHICLE HIGHWAY LOCAL STREET FUND

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

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

ALLEGAN COUNTY ROAD TAX FUND

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

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

STREET IMPROVEMENTS RESERVE FUND

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

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

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 are planned for the fiscal year ending June 30, 2008.

DOWNTOWN PRINCIPAL SHOPPING DISTRICT FUND

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

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

CONTESTED ASSESSMENTS DEFENSE FUND

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

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

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

CATV (PUBLIC ACCESS CHANNELS) FUND

In accordance with terms of a licensing agreement with the cable television firm, Comcast, 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.

PROPERTY ACQUISTION 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.

MICH. UNDERGROUND STORAGE TANK FINANCIAL ASSURANCE (MUSTFA)

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

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

At the close of the fiscal year, the estimated long-term liability amount to complete the overall process is estimated at $30,000, 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 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.

POLICE CRIMINAL JUSTICE TRAINING FUND

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

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

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

POLICE COMMUNITY RELATIONS FUND

The Community Relations Unit of the Holland Police Department receives monetary contributions from citizens, churches, business firms, and civic organizations.

Proceeds are entrusted for use in assisting with emergency housing, food, and other special needs of indigent persons as determined by the Community Relations Committee. Other activities may include the coordination of community-wide efforts against alcohol and drug abuse, and promoting certain events for disadvantaged youth of the community.

Because of reduced activity in this fund in more recent years, this fund is closed as of June 30, 2007 and related activities in future years will be assimilated into the General Fund Police Department.

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

The City of Holland is recipient to grant funding from the U.S. Dept of Justice pursuant to provisions of the federal Anti-Drug Abuse Act; and administered by the *State of Michigan – Department of Community Health, Office of Drug Control Policy*. This program is identified by the drug enforcement agency that it supports, referred to as *West Michigan Enforcement Team (WEMET)*. The designated purpose is to financially support efforts of a consortium of area police departments that assign specific police officers 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, 2007 of Estimated Revenues and Appropriations are carried forward to the ensuing fiscal year.

OFFICE OF HIGHWAY SAFETY PLANNING (OHSP) GRANT FUNDS

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

Specific designated purposes and programs vary from one grant and/or one grant period to another, but basically the funding provides overtime wages for police and sheriff officers to target traffic violations, 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, 2007 of Estimated Revenues and Appropriations are carried forward to the ensuing fiscal year.

LAW ENFORCEMENT BLOCK GRANT FUNDS

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

These funds support multi-year revenues and expenditures spanning inception to completion of the grant. However, for annual financial reporting purposes, revenues and expenditures are also recognized by fiscal year. Open budget balances at June 30, 2007 of Estimated Revenues and Appropriations are carried forward to the ensuing fiscal year.

HOMELAND SECURITY GRANT FUND

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

In addition, a direct grant through the *Commercial Equipment Direct Assistance Program (CEDAP)* is included.

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, 2007 of Estimated Revenues and Appropriations are carried forward to the ensuing fiscal year.

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. Open budget balances at June 30, 2007 of Estimated Revenues and Appropriations are carried forward to the ensuing fiscal year.

DISTRICT LIBRARY TAXATION

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

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

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

BI-CENTENNIAL CELEBRATION

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

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

M.S.H.D.A. and N.P.P. HOUSING REHABILITATION GRANT FUNDS

The City of Holland is recipient to multiple grants funding from the *U.S. Dept of Housing and Urban Development* pursuant to provisions of the *U.S. Housing Act of 1937, as amended*; and administered by the *Michigan State Housing Development Authority (MSHDA)*. Along with this federal grant program, the *MSHDA Office of Community Development* provides another closely associated state funded grant, referred to as *Neighborhood Preservation Program (NPP)*. Designated purposes for these grants include financial assistance to correct code deficiencies in rental dwelling units occupied by low-income residents, down payment assistance for low-income homebuyers, and financial assistance offerings to promote activities for neighborhood preservation & improvement.

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, 2007 of Estimated Revenues and Appropriations are carried forward to the ensuing fiscal year.

COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) ENTITLEMENT FUNDS

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

This fund supports multi-year revenues and expenditures spanning inception to completion of the grant. However, for annual financial reporting purposes, revenues and expenditures are also recognized by fiscal year. Open budget balances at June 30, 2007 of Estimated Revenues and Appropriations are carried forward to the ensuing fiscal year.

I.M.L.S. LEARNING OPPORTUNITY GRANT FUND

The City of Holland is recipient to grant funding (referred to as the *I.M.L.S. 2003 Learning Opportunities Grant*) awarded by the *Federal Institute of Museum and Library Services* (a federal agency). The grant period begins December 2003 and ends December 2006. The program provides wages & benefits of two (part-time) employees on intern program, assisting with educational programs at the City's nature preserves: *VanRaalte Farm* and *DeGraaf Nature Center*. The City must provide in-kind services with documented value that is at least equal to the amount of the grant.

This fund supports multi-year revenues and expenditures spanning inception to completion of the grant. However, for annual financial reporting purposes, revenues and expenditures are also recognized by fiscal year. This fund is considered closed and complete at fiscal year end.

NEIGHBORHOOD IMPACT PROGRAM (NIP) FUND

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

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

This fund supports multi-year revenues and expenditures spanning inception to completion of the grant. However, for annual financial reporting purposes, revenues and expenditures are also recognized by fiscal year. Open budget balances at June 30, 2007 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.&R. Land Development, LLC,* for twenty acres of vacant land acquired for development into a municipal park & recreation area (to be located on the City's far southern jurisdictional boundary).
- as "rental payments" to the *City of Holland – Building Authority Debt Service Fund* for annual debt service requirements of the *2002 Building Authority Bond Issue*, *2004 Building Authority Refunding Bond Issue, and the 2006 Building Authority Partial Refunding Bond Issue*.
- as "transfers" to the *Motor Vehicle Highway Major Fund and Local Street Fund*, as a pass-thru method of providing funding to the two street funds for financing annual debt service requirements of the *1996 Street Improvement Bond Issues* (i.e., the two street funds transfer these same amounts to the *Act 175 Street Debt Service Fund*).

ACT 175 STREET DEBT SERVICE FUND

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

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

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 1992A
- 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

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, 2007 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:

CAPITAL PROJECTS DETAIL LISTING
– MUNICIPAL FACILITIES AND LAND IMPROVEMENTS –

CEMETERIES:

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

– Graafschap Cemetery:
  > Irrigation System Enhancements

PARKS, RECREATION, AND LEISURE SERVICES:

– Kollen Park and Boardwalk:
  > Implementation of Phased Renovations & Improvements, Per Master Plan, and Restroom Renovation

– Civic Center:
  > Study of New or Renovated Facility

– Skating Park:
  > Miscellaneous Repairs and Ramp Replacement

– Window-on-the-Waterfront:
  > Design Work and Tree Removal

– Bouws Pool:
  > Miscellaneous Repairs and Enhancements

– Wellness Trail (Hospital Area):
  > Wellness Equipment, Seating and Signage

– Van Raalte Farm:
  > Historical Farmhouse Restoration

– Western Gateway & 8th Street Marketplace:
  > Bollards

CAPITAL PROJECTS DETAIL LISTING
– MUNICIPAL FACILITIES AND LAND IMPROVEMENTS –

PUBLIC SAFETY:

– Police Department:
> Police Station Facility Equipment & Systems Enhancements

– Emergency Preparedness
> Siren System Design

TRANSPORATION SERVICES:

– Street Dept Warehouse / Centralized Motor Pool:
> Paving Expansion at Transportation Services Facility

ALL OTHER MUNICIPAL PROJECTS & 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

CAPITAL PROJECTS DETAIL LISTING
– INFRASTRUCTURE –

STREET DEVELOPMENT AND/OR REDEVELOPMENT PROJECTS:

– Downtown Area Street Projects:
* 8th Street, from Pine Avenue to River Avenue
> street reconstruction, to include snowmelt utility and aesthetic improvements
* Pine Avenue, from 7th Street to River Avenue Bridge
> street reconstruction, to include utilities replacement and addition to snowmelt utility
* 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).

CAPITAL PROJECTS DETAIL LISTING
– INFRASTRUCTURE –

STREET DEVELOPMENT AND/OR REDEVELOPMENT PROJECTS – (continued):

– 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:
> newly constructed tunnel, approaches, roadway re-alignment, and property purchase
(additional note: primary project financing through State's MDOT)

– 2007 Annual Resurfacing Program of Various Streets
> preliminary work

– 32nd Street Resurfacing, from Old Orchard to Lincoln:
> major resurfacing program

– Highway M40, I-196 Overpass South the City Limit:
> street reconstruction and upgrade to three lanes
(additional note: primary project financing through State's MDOT).

– New Street Improvement Projects In Design Phase:

* 40th Street, East of Waverly Road
> street reconstruction 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

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

CAPITAL PROJECTS DETAIL LISTING
– INFRASTRUCTURE –

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
> total reconstruction, to include additional vehicle lanes and approach

– River Avenue West Pedestrian Bridge
> new construction using temporary bridge supports
(additional note: – Joint project with County of Ottawa Road Commission, and includes major financing assistance from Michigan Dept of Transportation)

DRAIN PROJECTS

– Major Drain System Project:
> Watershed / Storm Water Regulation (MACC Project)

– 23rd Street Drain, Central to State:
> replacement of storm sewer

TRAFFIC SIGNALIZATION PROJECTS

– Installation of New Signals or Upgrades to Existing Signals:
> Pine Avenue @ Padnos Railroad Signal
> Pine Avenue @ 7th Street Intersection
> Pine Avenue @ 8th Street Intersection
> Waverly Avenue @ 8th & 16th Streets MDOT closeout

SIDEWALK PROJECTS

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

– Crosswalk Installation:
> joint safety project with private sector

– – – 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, 2007

	SPECIAL REVENUE FUNDS			
	STREET MAINTENANCE AND IMPROVEMENTS			
	MOTOR VEHICLE HIGHWAY		ALLEGAN	STREET
	MAJOR STREET FUND	LOCAL STREET FUND	COUNTY ROAD TAX FUND	IMPROVEMENTS RESERVE FUND
ASSETS				
Cash and pooled investments	$ 563,677	$ -	$ 695,823	$ 911,176
Receivables:				
Accounts	1,270	4,721	-	-
Taxes	-	-	-	-
Interest	-	-	-	-
Leases	-	-	-	-
Other governments	330,889	92,404	-	-
Due from other funds	1,304	2,310	-	-
Special assessments receivable	-	-	-	-
Prepaid items	-	-	-	-
Total assets	$ 897,140	$ 99,435	$ 695,823	$ 911,176
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Accounts payable	$ 31,921	$ 7,599	$ -	$ 147
Accrued payroll and benefits	6,211	10,582	-	-
Due to other funds	69,554	79,254	-	-
Due to other governments	-	-	-	-
Deferred revenue	-	-	-	-
Total liabilities	107,686	97,435	-	147
FUND BALANCES:				
Reserved for:				
Prepaid items	-	-	-	-
Permanent fund corpus	-	-	-	-
Permanent fund expendable	-	-	-	-
Unreserved:				
Undesignated	789,454	2,000	695,823	911,029
Total fund balances	789,454	2,000	695,823	911,029
Total liabilities and fund balances	$ 897,140	$ 99,435	$ 695,823	$ 911,176

SPECIAL REVENUE FUNDS

DOWNTOWN OPERATIONS			MISCELLANEOUS GOVERNMENTAL FUNCTIONS		
DOWNTOWN PARKING SYSTEM FUND	DOWNTOWN SNOWMELT FUND	PRINCIPAL SHOPPING DISTRICT FUND	CONTESTED ASSESSMENTS FUND	CATV - PUBLIC ACCESS TV FUND	REVOLVING CASH ASSISTANCE FUND
$ 54,720	$ 439,900	$ 46,552	$ 1,803	$ 118,244	$ 129,307
-	-	105	-	60,771	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	240,214
-	-	300	-	-	-
$ 54,720	$ 439,900	$ 46,957	$ 1,803	$ 179,015	$ 369,521
$ 709	$ -	$ 3,846	$ 1,803	$ 15,000	$ 5,000
992	-	1,172	-	-	-
10	143,240	10	-	-	-
-	-	-	-	-	-
-	-	-	-	-	240,214
1,711	143,240	5,028	1,803	15,000	245,214
-	-	300	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
53,009	296,660	41,629	-	164,015	124,307
53,009	296,660	41,929	-	164,015	124,307
$ 54,720	$ 439,900	$ 46,957	$ 1,803	$ 179,015	$ 369,521

(Continued)

CITY OF HOLLAND, MICHIGAN

COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2007

	SPECIAL REVENUE FUNDS			
	MISCELLANEOUS GOVERNMENTAL FUNCTIONS			PROPERTY AND IMPROVEMENTS
	SPECIFIED DONATIONS FUND	DANGEROUS STRUCTURES FUND	EMPLOYEES BENEFIT FUND	PROPERTY ACQUISITION FUND
ASSETS				
Cash and pooled investments	$ 23,489	$ -	$ 8,151	$ 149,586
Receivables:				
Accounts	-	5,249	94	-
Taxes	-	-	-	-
Interest	-	-	-	-
Leases	-	-	-	-
Other governments	-	-	-	-
Prepaid items	-	-	-	-
Due from other funds	-	-	-	-
Special assessments receivable	-	-	-	-
Total assets	$ 23,489	$ 5,249	$ 8,245	$ 149,586
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Accounts payable	$ 1,658	$ -	$ 216	$ -
Accrued payroll and benefits	-	-	-	-
Due to other funds	-	4,314	-	-
Due to other governmental units	-	-	-	-
Deferred revenue	-	-	-	-
Total liabilities	1,658	4,314	216	-
FUND BALANCES:				
Reserved for:				
Prepaid items	-	-	-	-
Permanent fund corpus	-	-	-	-
Permanent fund expendable	-	-	-	-
Unreserved:				
Undesignated	21,831	935	8,029	149,586
Total fund balances	21,831	935	8,029	149,586
Total liabilities and fund balances	$ 23,489	$ 5,249	$ 8,245	$ 149,586

SPECIAL REVENUE FUNDS			SPECIAL REVENUE FUNDS		
PROPERTY AND IMPROVEMENTS			PUBLIC SAFETY		
UNDERGROUND STORAGE TANK FINANCIAL ASSURANCE FUND	AIRPORT DONATIONS FUND	POLICE CRIMINAL JUSTICE TRAINING FUND	POLICE COMMUNITY RELATIONS FUND	ANTI-DRUG ABUSE WEMET GRANTS FUND	OHSP GRANTS FUND
$ 782	$ 40,084	$ 2,034	$ 4,479	$ -	$ -
-	-	-	-	114	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	40,492	13,956
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
$ 782	$ 40,084	$ 2,034	$ 4,479	$ 40,606	$ 13,956
$ 782	$ -	$ 640	$ 4,479	$ 1,627	$ 1,064
-	-	-	-	12,628	530
-	-	-	-	26,351	7,652
-	-	-	-	-	4,710
-	-	-	-	-	-
782	-	640	4,479	40,606	13,956
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	40,084	1,394	-	-	-
-	40,084	1,394	-	-	-
$ 782	$ 40,084	$ 2,034	$ 4,479	$ 40,606	$ 13,956

(Continued)

CITY OF HOLLAND, MICHIGAN

COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2007

	SPECIAL REVENUE FUNDS			
	PUBLIC SAFETY			CULTURE AND COMMUNITY IMPROVEMENT
	LAW ENFORCEMENT BLOCK GRANTS FUND	HOMELAND SECURITY GRANT FUND	MCOLES ACCIDENT INVESTIGATION GRANT FUND	DISTRICT LIBRARY TAXATION FUND
ASSETS				
Cash and pooled investments	$ 1,734	$ -	$ -	$ 391
Receivables:				
Accounts	280	-	-	658
Taxes	-	-	-	842
Interest	-	-	-	-
Leases	-	-	-	-
Other governments	280	8,216	-	-
Prepaid items	-	-	-	-
Due from other funds	-	-	-	-
Special assessments receivable	-	-	-	-
Total assets	$ 2,294	$ 8,216	$ -	$ 1,891
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Accounts payable	$ -	$ -	$ -	$ 1,043
Accrued payroll and benefits	-	-	-	-
Due to other funds	560	8,216	-	-
Due to other governmental units	-	-	-	-
Deferred revenue	1,405	-	-	-
Total liabilities	1,965	8,216	-	1,043
FUND BALANCES:				
Reserved for:				
Prepaid items	-	-	-	-
Permanent fund corpus	-	-	-	-
Permanent fund expendable	-	-	-	-
Unreserved:				
Undesignated	329	-	-	848
Total fund balances	329	-	-	848
Total liabilities and fund balances	$ 2,294	$ 8,216	$ -	$ 1,891

SPECIAL REVENUE FUNDS

CULTURE AND COMMUNITY IMPROVEMENT

BICENTENNIAL CELEBRATION FUND	MSHDA GRANTS FUND	CDBG GRANTS FUND	IMLS NATURE GRANT FUND	NIP GRANT FUND	BUDGET STABILIZATION FUND
$ 7,553	$ -	$ 27,453	$ -	$ 3,227	$ 1,498,455
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	159,194	11,266	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
$ 7,553	$ -	$ 186,647	$ 11,266	$ 3,227	$ 1,498,455
$ -	$ -	$ 15,275	$ -	$ -	$ 3,799
-	-	954	-	-	-
-	-	144,816	11,266	-	-
-	-	-	-	-	-
-	-	25,602	-	3,227	-
-	-	186,647	11,266	3,227	3,799
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
7,553	-	-	-	-	1,494,656
7,553	-	-	-	-	1,494,656
$ 7,553	$ -	$ 186,647	$ 11,266	$ 3,227	$ 1,498,455

(Continued)

CITY OF HOLLAND, MICHIGAN

COMBINING BALANCE SHEET (CONCLUDED)
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2007

	DEBT SERVICE FUNDS			CAPITAL PROJECTS FUNDS
	GENERAL OBLIGATION DEBT	ACT 175 STREET DEBT	SPECIAL ASSESSMENT DEBT	FACILITY AND LAND IMPROVEMENTS PROJECTS FUND
ASSETS				
Cash and pooled investments	$ 74,653	$ -	$ 821,303	$ 103,985
Receivables:				
Accounts	-	-	-	15,410
Taxes	1,246	-	-	-
Interest	-	-	-	-
Leases	-	-	-	-
Other governments	-	-	-	99,723
Prepaid items	-	-	-	1,207,770
Due from other funds	-	-	1,306,022	-
Special assessments receivable	-	-	-	-
Total assets	$ 75,899	$ -	$ 2,127,325	$ 1,426,888
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Accounts payable	$ 990	$ -	$ -	$ 17,542
Accrued payroll and benefits	-	-	-	-
Due to other funds	-	-	-	15,000
Due to other governmental units	-	-	-	-
Deferred revenue	-	-	1,306,022	55,535
Total liabilities	990	-	1,306,022	88,077
FUND BALANCES:				
Reserved for:				
Prepaid items	-	-	-	-
Permanent fund corpus	-	-	-	-
Permanent fund expendable	-	-	-	-
Unreserved:				
Undesignated	74,909	-	821,303	1,338,811
Total fund balances	74,909	-	821,303	1,338,811
Total liabilities and fund balances	$ 75,899	$ -	$ 2,127,325	$ 1,426,888

CAPITAL PROJECTS FUNDS	PERMANENT TRUST FUND	
INFRASTRUCTURE PROJECTS	CEMETERY PERPETUAL CARE FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
$ 738,288	$ 1,627,406	$ 8,094,255
2,837	5,720	97,229
-	-	2,088
-	-	-
-	-	-
991,548	-	1,747,968
247,784	-	1,459,168
5,523	-	1,551,759
941	-	1,241
$ 1,986,921	$ 1,633,126	$ 12,953,708
$ 504,273	$ -	$ 619,413
4,671	-	37,740
1,067,703	-	1,577,946
-	-	4,710
5,523	-	1,637,528
1,582,170	-	3,877,337
941	-	1,241
-	1,365,692	1,365,692
-	267,434	267,434
403,810	-	7,442,004
404,751	1,633,126	9,076,371
$ 1,986,921	$ 1,633,126	$ 12,953,708

(Concluded)

Exhibit B-2

CITY OF HOLLAND, MICHIGAN

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

YEAR ENDED JUNE 30, 2007

	SPECIAL REVENUE FUNDS			
	STREET MAINTENANCE AND IMPROVEMENTS			
	MOTOR VEHICLE HIGHWAY		ALLEGAN	STREET
	MAJOR STREET FUND	LOCAL STREET FUND	COUNTY ROAD TAX FUND	IMPROVEMENTS RESERVE FUND
REVENUES:				
Special assessments	$ -	$ -	$ -	$ -
Property taxes	-	-	-	1,160,976
Intergovernmental	2,228,476	562,736	411,489	-
Charges for services	29,988	45,050	-	-
Fines and fees	-	-	-	-
Contributions from private sector	-	-	-	-
Interest and rents	32,174	1,578	10,127	31,560
Miscellaneous	-	-	-	-
Total revenues	2,290,638	609,364	421,616	1,192,536
EXPENDITURES:				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	1,202,629	1,163,537	-	-
Welfare and social services	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	1,202,629	1,163,537	-	-
Excess (deficiency) of revenues over expenditures	1,088,009	(554,173)	421,616	1,192,536
OTHER FINANCING SOURCES (USES):				
Transfers in	703,963	587,410	450,000	-
Transfers out	(2,349,081)	(33,237)	(269,514)	(1,045,316)
Total other financing sources (uses)	(1,645,118)	554,173	180,486	(1,045,316)
NET CHANGE IN FUND BALANCES	(557,109)	-	602,102	147,220
FUND BALANCE - Beginning of year	1,346,563	2,000	93,721	763,809
FUND BALANCE - End of year	$ 789,454	$ 2,000	$ 695,823	$ 911,029

SPECIAL REVENUE FUNDS					
DOWNTOWN OPERATIONS			MISCELLANEOUS GOVERNMENTAL FUNCTIONS		
DOWNTOWN PARKING SYSTEM FUND	DOWNTOWN SNOWMELT FUND	PRINCIPAL SHOPPING DISTRICT FUND	CONTESTED ASSESSMENTS FUND	CATV - PUBLIC ACCESS TV FUND	REVOLVING CASH ASSISTANCE FUND
$ 127,690	$ 91,483	$ 108,344	$ -	$ -	$ 184,608
-	-	-	-	-	-
-	-	-	-	-	-
9,336	-	16,135	-	-	-
-	-	-	-	226,840	-
-	-	43,607	-	-	-
38,022	20,567	1,586	-	4,746	29,590
-	-	-	1,113	-	-
175,048	112,050	169,672	1,113	231,586	214,198
-	-	-	140,845	182,189	-
153,304	-	-	-	-	-
-	169,044	-	-	-	-
-	-	-	-	-	-
-	-	171,473	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,322	-	-	-	-	-
154,626	169,044	171,473	140,845	182,189	-
20,422	(56,994)	(1,801)	(139,732)	49,397	214,198
-	23,300	-	101,004	-	-
(46,981)	-	-	-	-	(226,270)
(46,981)	23,300	-	101,004	-	(226,270)
(26,559)	(33,694)	(1,801)	(38,728)	49,397	(12,072)
79,568	330,354	43,730	38,728	114,618	136,379
$ 53,009	$ 296,660	$ 41,929	$ -	$ 164,015	$ 124,307

(Continued)

CITY OF HOLLAND, MICHIGAN

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

YEAR ENDED JUNE 30, 2007

	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	-	5,249	7,424	550
Fines and fees	-	-	1,837	-
Contributions from private sector	30,534	-	-	-
Interest and rents	-	-	446	8,939
Miscellaneous	-	-	-	-
Total revenues	30,534	5,249	9,707	9,489
EXPENDITURES:				
Current				
General government	28,940	6,820	10,006	10,840
Public safety	-	-	-	-
Public works	-	-	-	-
Welfare and social services	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	8,077	-	-	-
Debt service				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	37,017	6,820	10,006	10,840
Excess (deficiency) of revenues over expenditures	(6,483)	(1,571)	(299)	(1,351)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	(16,875)
Total other financing sources (uses)	-	-	-	(16,875)
NET CHANGE IN FUND BALANCES	(6,483)	(1,571)	(299)	(18,226)
FUND BALANCE - Beginning of year	28,314	2,506	8,328	167,812
FUND BALANCE - End of year	$ 21,831	$ 935	$ 8,029	$ 149,586

SPECIAL REVENUE FUNDS					
PROPERTY AND IMPROVEMENTS		PUBLIC SAFETY			
UNDERGROUND STORAGE TANK FINANCIAL ASSURANCE FUND	AIRPORT DONATIONS FUND	POLICE CRIMINAL JUSTICE TRAINING FUND	POLICE COMMUNITY RELATIONS FUND	ANTI-DRUG ABUSE WEMET GRANTS FUND	OHSP GRANTS FUND
$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-
-	-	13,964	-	117,626	37,262
2,857	-	-	-	-	-
-	-	-	-	-	-
-	-	-	2,650	-	-
-	311	-	428	-	-
-	-	-	-	-	-
2,857	311	13,964	3,078	117,626	37,262
7,693	-	-	-	-	-
-	-	14,656	15,612	227,187	36,198
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	1,064
-	-	-	-	-	-
-	-	-	-	-	-
7,693	-	14,656	15,612	227,187	37,262
(4,836)	311	(692)	(12,534)	(109,561)	-
4,836	43,148	-	3,007	109,561	-
-	(9,576)	-	-	-	-
4,836	33,572	-	3,007	109,561	-
-	33,883	(692)	(9,527)	-	-
-	6,201	2,086	9,527	-	-
$ -	$ 40,084	$ 1,394	$ -	$ -	$ -

(Continued)

CITY OF HOLLAND, MICHIGAN

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

YEAR ENDED JUNE 30, 2007

	SPECIAL REVENUE FUNDS			
	PUBLIC SAFETY			CULTURE AND COMMUNITY IMPROVEMENT
	LAW ENFORCEMENT BLOCK GRANTS FUND	HOMELAND SECURITY GRANT FUND	MCOLES ACCIDENT INVESTIGATION GRANT FUND	DISTRICT LIBRARY TAXATION FUND
REVENUES:				
Special assessments	$ -	$ -	$ -	$ -
Property taxes	-	-	-	1,534,794
Intergovernmental	5,833	48,635	11,649	-
Charges for services	-	-	-	-
Fines and fees	-	-	-	-
Contributions from private sector	3,920	-	-	-
Interest and rents	121	-	-	-
Miscellaneous	-	-	-	-
Total revenues	9,874	48,635	11,649	1,534,794
EXPENDITURES:				
Current				
General government	-	-	-	-
Public safety	-	8,987	11,649	-
Public works	-	-	-	-
Welfare and social services	-	-	-	-
Culture and recreation	-	-	-	1,534,483
Capital outlay	10,055	39,648	-	-
Debt service				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	10,055	48,635	11,649	1,534,483
Excess (deficiency) of revenues over expenditures	(181)	-	-	311
OTHER FINANCING SOURCES (USES):				
Transfers in	79	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	79	-	-	-
NET CHANGE IN FUND BALANCES	(102)	-	-	311
FUND BALANCE - Beginning of year	431	-	-	537
FUND BALANCE - End of year	$ 329	$ -	$ -	$ 848

SPECIAL REVENUE FUNDS					
CULTURE AND COMMUNITY IMPROVEMENT					
BICENTENNIAL CELEBRATION FUND	MSHDA GRANTS FUND	CDBG GRANTS FUND	IMLS NATURE GRANT FUND	NIP GRANT FUND	BUDGET STABILIZATION FUND
$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-
-	28,800	460,258	11,384	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	220,483	-	1,006	-
396	-	-	-	-	-
-	-	-	-	-	-
396	28,800	680,741	11,384	1,006	-
-	-	-	-	-	72,833
-	-	-	-	-	-
-	-	-	-	-	-
-	28,800	680,741	-	-	-
-	-	-	23,840	1,006	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	28,800	680,741	23,840	1,006	72,833
396	-	-	(12,456)	-	(72,833)
-	-	14,080	12,456	-	-
-	-	(14,080)	-	-	-
-	-	-	12,456	-	-
396	-	-	-		(72,833)
7,157	-	-	-	-	1,567,489
$ 7,553	$ -	$ -	$ -	$ -	$ 1,494,656

(Continued)

CITY OF HOLLAND, MICHIGAN

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

YEAR ENDED JUNE 30, 2007

	DEBT SERVCIE FUNDS			CAPITAL PROJECTS FUNDS
	GENERAL OBLIGATION DEBT	ACT 175 STREET DEBT	SPECIAL ASSESSMENT DEBT	FACILITY AND LAND IMPROVEMENTS PROJECTS FUND
REVENUES:				
Special assessments	$ -	$ -	$ 170,305	$ -
Property taxes	2,289,171	-	-	16,423
Intergovernmental	-	-	-	170,944
Charges for services	-	-	-	-
Fines and fees	-	-	-	-
Contributions from private sector	-	-	-	15,232
Interest and rents	27,223	-	129,534	66,013
Miscellaneous	-	-	-	-
Total revenues	2,316,394	-	299,839	268,612
EXPENDITURES:				
Current				
General government	1,706,457	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Welfare and social services	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	349,420
Debt service				
Principal retirement	12,500	475,000	235,463	-
Interest and fiscal charges	4,376	67,200	103,392	-
Total expenditures	1,723,333	542,200	338,855	349,420
Excess (deficiency) of revenues over expenditures	593,061	(542,200)	(39,016)	(80,808)
OTHER FINANCING SOURCES (USES):				
Transfers in	16,875	542,200	-	299,287
Transfers out	(542,201)	-	(63,319)	(153,986)
Total other financing sources (uses)	(525,326)	542,200	(63,319)	145,301
NET CHANGE IN FUND BALANCES	67,735	-	(102,335)	64,493
FUND BALANCE - Beginning of year	7,174	-	923,638	1,274,318
FUND BALANCE - End of year	$ 74,909	$ -	$ 821,303	$ 1,338,811

CAPITAL PROJECTS FUNDS	PERMANENT TRUST	
INFRASTRUCTURE PROJECTS	CEMETERY PERPETUAL CARE FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
$ 552	$ -	$ 682,982
57,997	-	5,059,361
3,111,561	-	7,220,617
788	36,400	153,777
-	-	228,677
91,042	-	408,474
13,213	88,930	505,504
-	-	1,113
3,275,153	125,330	14,260,505
-	-	2,166,623
-	-	467,593
-	-	2,535,210
-	-	709,541
-	-	1,730,802
5,648,286	-	6,056,550
-	-	722,963
-	-	176,290
5,648,286	-	14,565,572
(2,373,133)	125,330	(305,067)
2,987,090	40,181	5,938,477
(493,148)	(159,330)	(5,422,914)
2,493,942	(119,149)	515,563
120,809	6,181	210,496
283,942	1,626,945	8,865,875
$ 404,751	$ 1,633,126	$ 9,076,371

(Concluded)

CITY OF HOLLAND, MICHIGAN

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

MAJOR STREET FUND

YEAR ENDED JUNE 30, 2007

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Special assessments	$ -	$ -	$ -	$ -
Property taxes	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	2,384,200	2,229,703	2,228,476	(1,227)
Charges for services	30,000	27,000	29,988	2,988
Fines and fees	-	-	-	-
Contributions from private sector	-	-	-	-
Investment earnings	31,600	44,000	32,174	(11,826)
Miscellaneous	-	-	-	-
Total revenues	2,445,800	2,300,703	2,290,638	(10,065)
EXPENDITURES:				
Current				
Personal services	581,300	521,370	492,147	(29,223)
Other services and charges	747,700	806,177	710,482	(95,695)
Capital outlay	-	-	-	-
Debt service				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Contingency	108,000	-	-	-
Total expenditures	1,437,000	1,327,547	1,202,629	(124,918)
Excess of revenues over expenditures	1,008,800	973,156	1,088,009	114,853
OTHER FINANCING SOURCES (USES):				
Transfers in	789,963	703,963	703,963	-
Transfers out	(3,325,210)	(2,516,721)	(2,349,081)	(167,640)
Total other financing sources (uses)	(2,535,247)	(1,812,758)	(1,645,118)	(167,640)
NET CHANGE IN FUND BALANCES	(1,526,447)	(839,602)	(557,109)	(52,787)
FUND BALANCE - Beginning of year	1,346,563	1,346,563	1,346,563	-
FUND BALANCE - End of year	$ (179,884)	$ 506,961	$ 789,454	$ (52,787)

CITY OF HOLLAND, MICHIGAN

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

LOCAL STREET FUND

YEAR ENDED JUNE 30, 2007

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Special assessments	$ -	$ -	$ -	$ -
Property taxes	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	600,100	565,026	562,736	(2,290)
Charges for services	42,000	42,000	45,050	3,050
Fines and fees	-	-	-	-
Contributions from private sector	-	-	-	-
Investment earnings	-	-	1,578	1,578
Miscellaneous	-	-	-	-
Total revenues	642,100	607,026	609,364	2,338
EXPENDITURES:				
Current				
Personal services	627,700	606,350	566,633	(39,717)
Other services and charges	619,900	653,433	596,904	(56,529)
Capital outlay	-	-	-	-
Debt service				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Contingency	-	-	-	-
Total expenditures	1,247,600	1,259,783	1,163,537	(96,246)
Excess of revenues over expenditures	(605,500)	(652,757)	(554,173)	98,584
OTHER FINANCING SOURCES (USES):				
Transfers in	638,737	685,994	587,410	(98,584)
Transfers out	(33,237)	(33,237)	(33,237)	-
Total other financing sources (uses)	605,500	652,757	554,173	(98,584)
NET CHANGE IN FUND BALANCES	-	-	-	-
FUND BALANCE - Beginning of year	2,000	2,000	2,000	-
FUND BALANCE - End of year	$ 2,000	$ 2,000	$ 2,000	$ -

CITY OF HOLLAND, MICHIGAN

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

ALLEGAN COUNTY ROAD TAX FUND

YEAR ENDED JUNE 30, 2007

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Special assessments	$ -	$ -	$ -	$ -
Property taxes	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	432,500	414,300	411,489	(2,811)
Charges for services	-	-	-	-
Fines and fees	-	-	-	-
Contributions from private sector	-	-	-	-
Investment earnings	1,500	800	10,127	9,327
Miscellaneous	-	-	-	-
Total revenues	434,000	415,100	421,616	6,516
EXPENDITURES:				
Current				
Personal services	-	-	-	-
Other services and charges	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Contingency	-	-	-	-
Total expenditures	-	-	-	-
Excess of revenues over expenditures	434,000	415,100	421,616	6,516
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	450,000	450,000
Transfers out	(471,918)	(497,735)	(269,514)	228,221
Total other financing sources (uses)	(471,918)	(497,735)	180,486	678,221
NET CHANGE IN FUND BALANCES	(37,918)	(82,635)	602,102	684,737
FUND BALANCE - Beginning of year	93,721	93,721	93,721	-
FUND BALANCE - End of year	$ 55,803	$ 11,086	$ 695,823	$ 684,737

CITY OF HOLLAND, MICHIGAN

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

STREET IMPROVEMENTS RESERVE FUND

YEAR ENDED JUNE 30, 2007

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Special assessments	$ -	$ -	$ -	$ -
Property taxes	1,160,620	1,161,045	1,160,976	(69)
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and fees	-	-	-	-
Contributions from private sector	-	-	-	-
Investment earnings	5,600	24,300	31,560	7,260
Miscellaneous	-	-	-	-
Total revenues	1,166,220	1,185,345	1,192,536	7,191
EXPENDITURES:				
Current				
Personal services	-	-	-	-
Other services and charges	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Contingency	-	-	-	-
Total expenditures	-	-	-	-
Excess of revenues over expenditures	1,166,220	1,185,345	1,192,536	7,191
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	(2,585,362)	(1,944,673)	(1,045,316)	899,357
Total other financing sources (uses)	(2,585,362)	(1,944,673)	(1,045,316)	899,357
NET CHANGE IN FUND BALANCES	(1,419,142)	(759,328)	147,220	906,548
FUND BALANCE - Beginning of year	763,809	763,809	763,809	-
FUND BALANCE - End of year	$ (655,333)	$ 4,481	$ 911,029	$ 906,548

CITY OF HOLLAND, MICHIGAN

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

DOWNTOWN PARKING SYSTEM FUND

YEAR ENDED JUNE 30, 2007

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Special assessments	$ 130,000	$ 127,690	$ 127,690	$ -
Property taxes	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	3,200	8,585	9,336	751
Fines and fees	-	-	-	-
Contributions from private sector	-	-	-	-
Investment earnings	1,200	38,080	38,022	(58)
Miscellaneous	-	-	-	-
Total revenues	134,400	174,355	175,048	693
EXPENDITURES:				
Current				
Personal services	53,900	78,700	76,845	(1,855)
Other services and charges	92,300	81,360	76,459	(4,901)
Capital outlay	-	-	-	-
Debt service				
Principal retirement	-	-	-	-
Interest and fiscal charges	1,400	1,322	1,322	-
Contingency	2,000	-	-	-
Total expenditures	149,600	161,382	154,626	(6,756)
Excess of revenues over expenditures	(15,200)	12,973	20,422	7,449
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	(14,557)	(46,981)	(46,981)	-
Total other financing sources (uses)	(14,557)	(46,981)	(46,981)	-
NET CHANGE IN FUND BALANCES	(29,757)	(34,008)	(26,559)	7,449
FUND BALANCE - Beginning of year	79,568	79,568	79,568	-
FUND BALANCE - End of year	$ 49,811	$ 45,560	$ 53,009	$ 7,449

CITY OF HOLLAND, MICHIGAN

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

DOWNTOWN SNOWMELT FUND

YEAR ENDED JUNE 30, 2007

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Special assessments	$ 90,800	$ 95,631	$ 91,483	$ (4,148)
Property taxes	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and fees	-	-	-	-
Contributions from private sector	-	-	-	-
Investment earnings	11,800	18,300	20,567	2,267
Miscellaneous	-	-	-	-
Total revenues	102,600	113,931	112,050	(1,881)
EXPENDITURES:				
Current				
Personal services	-	-	-	-
Other services and charges	143,850	150,615	169,044	18,429
Capital outlay	-	-	-	-
Debt service				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Contingency	-	-	-	-
Total expenditures	143,850	150,615	169,044	18,429
Excess of revenues over expenditures	(41,250)	(36,684)	(56,994)	(20,310)
OTHER FINANCING SOURCES (USES):				
Transfers in	23,300	23,300	23,300	-
Transfers out	-	-	-	-
Total other financing sources (uses)	23,300	23,300	23,300	-
NET CHANGE IN FUND BALANCES	(17,950)	(13,384)	(33,694)	(20,310)
FUND BALANCE - Beginning of year	330,354	330,354	330,354	-
FUND BALANCE - End of year	$ 312,404	$ 316,970	$ 296,660	$ (20,310)

CITY OF HOLLAND, MICHIGAN

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

PRINCIPAL SHOPPING DISTRICT FUND

YEAR ENDED JUNE 30, 2007

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Special assessments	$ 110,313	$ 108,344	$ 108,344	$ -
Property taxes	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	21,500	19,485	16,135	(3,350)
Fines and fees	-	-	-	-
Contributions from private sector	26,400	38,428	43,607	5,179
Investment earnings	1,487	1,000	1,586	586
Miscellaneous	-	-	-	-
Total revenues	159,700	167,257	169,672	2,415
EXPENDITURES:				
Current				
Personal services	66,500	72,100	72,133	33
Other services and charges	124,725	110,546	99,340	(11,206)
Capital outlay	-	-	-	-
Debt service				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Contingency	2,200	500	-	(500)
Total expenditures	193,425	183,146	171,473	(11,673)
Excess of revenues over expenditures	(33,725)	(15,889)	(1,801)	14,088
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
NET CHANGE IN FUND BALANCES	(33,725)	(15,889)	(1,801)	14,088
FUND BALANCE - Beginning of year	43,730	43,730	43,730	-
FUND BALANCE - End of year	$ 10,005	$ 27,841	$ 41,929	$ 14,088

CITY OF HOLLAND, MICHIGAN

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

CONTESTED ASSESSMENTS FUND

YEAR ENDED JUNE 30, 2007

	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	-	-	-	-
Investment earnings	-	-	-	-
Miscellaneous	-	1,200	1,113	(87)
Total revenues	-	1,200	1,113	(87)
EXPENDITURES:				
Current				
Personal services	-	-	-	-
Other services and charges	65,000	126,100	140,845	14,745
Capital outlay	-	-	-	-
Debt service				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Contingency	-	-	-	-
Total expenditures	65,000	126,100	140,845	14,745
Excess of revenues over expenditures	(65,000)	(124,900)	(139,732)	(14,832)
OTHER FINANCING SOURCES (USES):				
Transfers in	50,000	96,400	101,004	4,604
Transfers out	-	-	-	-
Total other financing sources (uses)	50,000	96,400	101,004	4,604
NET CHANGE IN FUND BALANCES	(15,000)	(28,500)	(38,728)	(10,228)
FUND BALANCE - Beginning of year	38,728	38,728	38,728	-
FUND BALANCE - End of year	$ 23,728	$ 10,228	$ -	$ (10,228)

CITY OF HOLLAND, MICHIGAN

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

CATV - PUBLIC ACCESS TV FUND

YEAR ENDED JUNE 30, 2007

	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	199,000	198,800	226,840	28,040
Contributions from private sector	-	-	-	-
Investment earnings	1,625	3,500	4,746	1,246
Miscellaneous	-	-	-	-
Total revenues	200,625	202,300	231,586	29,286
EXPENDITURES:				
Current				
Personal services	1,110	1,087	1,629	542
Other services and charges	180,800	180,800	180,560	(240)
Capital outlay	40,400	41,700	-	(41,700)
Debt service				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Contingency	-	-	-	-
Total expenditures	222,310	223,587	182,189	(41,398)
Excess of revenues over expenditures	(21,685)	(21,287)	49,397	70,684
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
NET CHANGE IN FUND BALANCES	(21,685)	(21,287)	49,397	70,684
FUND BALANCE - Beginning of year	114,618	114,618	114,618	-
FUND BALANCE - End of year	$ 92,933	$ 93,331	$ 164,015	$ 70,684

CITY OF HOLLAND, MICHIGAN

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

REVOLVING CASH ASSISTANCE FUND

YEAR ENDED JUNE 30, 2007

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Special assessments	$ 33,118	$ 185,122	$ 184,608	$ (514)
Property taxes	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and fees	-	-	-	-
Contributions from private sector	-	-	-	-
Investment earnings	16,876	27,790	29,590	1,800
Miscellaneous	-	-	-	-
Total revenues	49,994	212,912	214,198	1,286
EXPENDITURES:				
Current				
Personal services	-	-	-	-
Other services and charges	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Contingency	-	-	-	-
Total expenditures	-	-	-	-
Excess of revenues over expenditures	49,994	212,912	214,198	1,286
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	(147,437)	(349,261)	(226,270)	122,991
Total other financing sources (uses)	(147,437)	(349,261)	(226,270)	122,991
NET CHANGE IN FUND BALANCES	(97,443)	(136,349)	(12,072)	124,277
FUND BALANCE - Beginning of year	136,379	136,379	136,379	-
FUND BALANCE - End of year	$ 38,936	$ 30	$ 124,307	$ 124,277

CITY OF HOLLAND, MICHIGAN

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

SPECIFIED DONATIONS FUND

YEAR ENDED JUNE 30, 2007

	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	-	30,399	30,534	135
Investment earnings	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	-	30,399	30,534	135
EXPENDITURES:				
Current				
Personal services	-	-	-	-
Other services and charges	24,631	47,382	28,940	(18,442)
Capital outlay	3,683	11,331	8,077	(3,254)
Debt service				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Contingency	-	-	-	-
Total expenditures	28,314	58,713	37,017	(21,696)
Excess of revenues over expenditures	(28,314)	(28,314)	(6,483)	21,831
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
NET CHANGE IN FUND BALANCES	(28,314)	(28,314)	(6,483)	21,831
FUND BALANCE - Beginning of year	28,314	28,314	28,314	-
FUND BALANCE - End of year	$ -	$ -	$ 21,831	$ 21,831

CITY OF HOLLAND, MICHIGAN

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

DANGEROUS STRUCTURES FUND

YEAR ENDED JUNE 30, 2007

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Special assessments	$ -	$ -	$ -	$ -
Property taxes	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	22,000	5,000	5,249	249
Fines and fees	-	-	-	-
Contributions from private sector	-	-	-	-
Investment earnings	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	22,000	5,000	5,249	249
EXPENDITURES:				
Current				
Personal services	-	-	-	-
Other services and charges	21,950	7,250	6,820	(430)
Capital outlay	-	-	-	-
Debt service				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Contingency	-	-	-	-
Total expenditures	21,950	7,250	6,820	(430)
Excess of revenues over expenditures	50	(2,250)	(1,571)	679
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
NET CHANGE IN FUND BALANCES	50	(2,250)	(1,571)	679
FUND BALANCE - Beginning of year	2,506	2,506	2,506	-
FUND BALANCE - End of year	$ 2,556	$ 256	$ 935	$ 679

CITY OF HOLLAND, MICHIGAN

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

EMPLOYEES BENEFIT FUND

YEAR ENDED JUNE 30, 2007

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Special assessments	$ -	$ -	$ -	$ -
Property taxes	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	7,920	7,281	7,424	143
Fines and fees	1,950	1,900	1,837	(63)
Contributions from private sector	-	-	-	-
Investment earnings	265	413	446	33
Miscellaneous	-	-	-	-
Total revenues	10,135	9,594	9,707	113
EXPENDITURES:				
Current				
Personal services	-	-	-	-
Other services and charges	9,500	10,757	10,006	(751)
Capital outlay	-	-	-	-
Debt service				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Contingency	-	-	-	-
Total expenditures	9,500	10,757	10,006	(751)
Excess of revenues over expenditures	635	(1,163)	(299)	864
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
NET CHANGE IN FUND BALANCES	635	(1,163)	(299)	864
FUND BALANCE - Beginning of year	8,328	8,328	8,328	-
FUND BALANCE - End of year	$ 8,963	$ 7,165	$ 8,029	$ 864

CITY OF HOLLAND, MICHIGAN

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

PROPERTY ACQUISITION FUND

YEAR ENDED JUNE 30, 2007

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Special assessments	$ -	$ -	$ -	$ -
Property taxes	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	150,550	550	(150,000)
Fines and fees	-	-	-	-
Contributions from private sector	-	-	-	-
Investment earnings	5,600	9,200	8,939	(261)
Miscellaneous	-	-	-	-
Total revenues	5,600	159,750	9,489	(150,261)
EXPENDITURES:				
Current				
Personal services	-	-	-	-
Other services and charges	51,200	62,300	10,840	(51,460)
Capital outlay	-	-	-	-
Debt service				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Contingency	-	-	-	-
Total expenditures	51,200	62,300	10,840	(51,460)
Excess of revenues over expenditures	(45,600)	97,450	(1,351)	(98,801)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	(16,875)	(16,875)	(16,875)	-
Total other financing sources (uses)	(16,875)	(16,875)	(16,875)	-
NET CHANGE IN FUND BALANCES	(62,475)	80,575	(18,226)	(98,801)
FUND BALANCE - Beginning of year	167,812	167,812	167,812	-
FUND BALANCE - End of year	$ 105,337	$ 248,387	$ 149,586	$ (98,801)

CITY OF HOLLAND, MICHIGAN

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

UNDERGROUND STORAGE TANK FINANCIAL ASSURANCE FUND

YEAR ENDED JUNE 30, 2007

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Special assessments	$ -	$ -	$ -	$ -
Property taxes	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	2,860	2,857	(3)
Fines and fees	-	-	-	-
Contributions from private sector	-	-	-	-
Investment earnings	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	-	2,860	2,857	(3)
EXPENDITURES:				
Current				
Personal services	-	-	-	-
Other services and charges	8,900	8,160	7,693	(467)
Capital outlay	-	-	-	-
Debt service				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Contingency	-	-	-	-
Total expenditures	8,900	8,160	7,693	(467)
Excess of revenues over expenditures	(8,900)	(5,300)	(4,836)	464
OTHER FINANCING SOURCES (USES):				
Transfers in	8,900	5,300	4,836	(464)
Transfers out	-	-	-	-
Total other financing sources (uses)	8,900	5,300	4,836	(464)
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

YEAR ENDED JUNE 30, 2007

	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	69,300	-	-	-
Investment earnings	125	400	311	(89)
Miscellaneous	-	-	-	-
Total revenues	69,425	400	311	(89)
EXPENDITURES:				
Current				
Personal services	-	-	-	-
Other services and charges	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Contingency	-	-	-	-
Total expenditures	-	-	-	-
Excess of revenues over expenditures	69,425	400	311	(89)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	43,148	43,148
Transfers out	(69,400)	(3,468)	(9,576)	(6,108)
Total other financing sources (uses)	(69,400)	(3,468)	33,572	37,040
NET CHANGE IN FUND BALANCES	25	(3,068)	33,883	36,951
FUND BALANCE - Beginning of year	6,201	6,201	6,201	-
FUND BALANCE - End of year	$ 6,226	$ 3,133	$ 40,084	$ 36,951

CITY OF HOLLAND, MICHIGAN

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

POLICE CRIMINAL JUSTICE TRAINING FUND

YEAR ENDED JUNE 30, 2007

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Special assessments	$ -	$ -	$ -	$ -
Property taxes	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	14,000	14,700	13,964	(736)
Charges for services	-	-	-	-
Fines and fees	-	-	-	-
Contributions from private sector	-	-	-	-
Investment earnings	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	14,000	14,700	13,964	(736)
EXPENDITURES:				
Current				
Personal services	-	-	-	-
Other services and charges	14,000	16,733	14,656	(2,077)
Capital outlay	-	-	-	-
Debt service				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Contingency	-	-	-	-
Total expenditures	14,000	16,733	14,656	(2,077)
Excess of revenues over expenditures	-	(2,033)	(692)	1,341
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
NET CHANGE IN FUND BALANCES	-	(2,033)	(692)	1,341
FUND BALANCE - Beginning of year	2,086	2,086	2,086	-
FUND BALANCE - End of year	$ 2,086	$ 53	$ 1,394	$ 1,341

CITY OF HOLLAND, MICHIGAN

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

POLICE COMMUNITY RELATIONS FUND

YEAR ENDED JUNE 30, 2007

	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	200	2,650	2,650	-
Investment earnings	260	418	428	10
Miscellaneous	-	-	-	-
Total revenues	460	3,068	3,078	10
EXPENDITURES:				
Current				
Personal services	-	-	-	-
Other services and charges	14,500	15,650	15,612	(38)
Capital outlay	-	-	-	-
Debt service				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Contingency	-	-	-	-
Total expenditures	14,500	15,650	15,612	(38)
Excess of revenues over expenditures	(14,040)	(12,582)	(12,534)	48
OTHER FINANCING SOURCES (USES):				
Transfers in	5,000	3,155	3,007	(148)
Transfers out	-	-	-	-
Total other financing sources (uses)	5,000	3,155	3,007	(148)
NET CHANGE IN FUND BALANCES	(9,040)	(9,427)	(9,527)	(100)
FUND BALANCE - Beginning of year	9,527	9,527	9,527	-
FUND BALANCE - End of year	$ 487	$ 100	$ -	$ (100)

CITY OF HOLLAND, MICHIGAN

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

ANTI-DRUG ABUSE WEMET GRANTS FUND

YEAR ENDED JUNE 30, 2007

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Special assessments	$ -	$ -	$ -	$ -
Property taxes	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	35,790	157,088	117,626	(39,462)
Charges for services	-	-	-	-
Fines and fees	-	-	-	-
Contributions from private sector	-	-	-	-
Investment earnings	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	35,790	157,088	117,626	(39,462)
EXPENDITURES:				
Current				
Personal services	71,579	305,887	227,187	(78,700)
Other services and charges	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Contingency	-	-	-	-
Total expenditures	71,579	305,887	227,187	(78,700)
Excess of revenues over expenditures	(35,789)	(148,799)	(109,561)	39,238
OTHER FINANCING SOURCES (USES):				
Transfers in	35,789	148,799	109,561	(39,238)
Transfers out	-	-	-	-
Total other financing sources (uses)	35,789	148,799	109,561	(39,238)
NET CHANGE IN FUND BALANCES	-	-	-	-
FUND BALANCE - Beginning of year	-	-	-	-
FUND BALANCE - End of year	$ -	$ -	$ -	$ -

CITY OF HOLLAND, MICHIGAN

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

OFFICE OF HIGHWAY SAFETY PLANNING (OHSP) GRANT FUND

YEAR ENDED JUNE 30, 2007

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Special assessments	$ -	$ -	$ -	$ -
Property taxes	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	10,946	77,244	37,262	(39,982)
Charges for services	-	-	-	-
Fines and fees	-	-	-	-
Contributions from private sector	-	-	-	-
Investment earnings	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	10,946	77,244	37,262	(39,982)
EXPENDITURES:				
Current				
Personal services	9,717	73,882	35,448	(38,434)
Other services and charges	1,229	2,195	750	(1,445)
Capital outlay	-	1,167	1,064	(103)
Debt service				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Contingency	-	-	-	-
Total expenditures	10,946	77,244	37,262	(39,982)
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 GRANTS FUND

YEAR ENDED JUNE 30, 2007

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Special assessments	$ -	$ -	$ -	$ -
Property taxes	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	3,318	8,343	5,833	(2,510)
Charges for services	-	-	-	-
Fines and fees	-	-	-	-
Contributions from private sector	-	5,025	3,920	(1,105)
Investment earnings	-	-	121	121
Miscellaneous	-	-	-	-
Total revenues	3,318	13,368	9,874	(3,494)
EXPENDITURES:				
Current				
Personal services	-	-	-	-
Other services and charges	-	-	-	-
Capital outlay	3,829	13,879	10,055	(3,824)
Debt service				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Contingency	-	-	-	-
Total expenditures	3,829	13,879	10,055	(3,824)
Excess of revenues over expenditures	(511)	(511)	(181)	330
OTHER FINANCING SOURCES (USES):				
Transfers in	80	80	79	(1)
Transfers out	-	-	-	-
Total other financing sources (uses)	80	80	79	(1)
NET CHANGE IN FUND BALANCES	(431)	(431)	(102)	329
FUND BALANCE - Beginning of year	431	431	431	-
FUND BALANCE - End of year	$ -	$ -	$ 329	$ 329

CITY OF HOLLAND, MICHIGAN

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

HOMELAND SECURITY GRANT FUND

YEAR ENDED JUNE 30, 2007

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Special assessments	$ -	$ -	$ -	$ -
Property taxes	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	-	56,698	48,635	(8,063)
Charges for services	-	-	-	-
Fines and fees	-	-	-	-
Contributions from private sector	-	-	-	-
Investment earnings	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	-	56,698	48,635	(8,063)
EXPENDITURES:				
Current				
Personal services	-	-	-	-
Other services and charges	-	17,426	8,987	(8,439)
Capital outlay	-	39,272	39,648	376
Debt service				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Contingency	-	-	-	-
Total expenditures	-	56,698	48,635	(8,063)
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

MCOLES ACCIDENT INVESTIGATION GRANT FUND

YEAR ENDED JUNE 30, 2007

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Special assessments	$ -	$ -	$ -	$ -
Property taxes	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	17,623	17,623	11,649	(5,974)
Charges for services	-	-	-	-
Fines and fees	-	-	-	-
Contributions from private sector	-	-	-	-
Investment earnings	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	17,623	17,623	11,649	(5,974)
EXPENDITURES:				
Current				
Personal services	-	-	-	-
Other services and charges	17,623	17,623	11,649	(5,974)
Capital outlay	-	-	-	-
Debt service				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Contingency	-	-	-	-
Total expenditures	17,623	17,623	11,649	(5,974)
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

YEAR ENDED JUNE 30, 2007

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Special assessments	$ -	$ -	$ -	$ -
Property taxes	1,524,438	1,536,034	1,534,794	(1,240)
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and fees	-	-	-	-
Contributions from private sector	-	-	-	-
Investment earnings	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	1,524,438	1,536,034	1,534,794	(1,240)
EXPENDITURES:				
Current				
Personal services	-	-	-	-
Other services and charges	1,524,438	1,536,571	1,534,483	(2,088)
Capital outlay	-	-	-	-
Debt service				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Contingency	-	-	-	-
Total expenditures	1,524,438	1,536,571	1,534,483	(2,088)
Excess of revenues over expenditures	-	(537)	311	848
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
NET CHANGE IN FUND BALANCES	-	(537)	311	848
FUND BALANCE - Beginning of year	537	537	537	-
FUND BALANCE - End of year	$ 537	$ -	$ 848	$ 848

CITY OF HOLLAND, MICHIGAN

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

BICENTENNIAL CELEBRATION FUND

YEAR ENDED JUNE 30, 2007

	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	-	-	-	-
Investment earnings	300	400	396	(4)
Miscellaneous	-	-	-	-
Total revenues	300	400	396	(4)
EXPENDITURES:				
Current				
Personal services	-	-	-	-
Other services and charges	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Contingency	-	-	-	-
Total expenditures	-	-	-	-
Excess of revenues over expenditures	300	400	396	(4)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
NET CHANGE IN FUND BALANCES	300	400	396	(4)
FUND BALANCE - Beginning of year	7,157	7,157	7,157	-
FUND BALANCE - End of year	$ 7,457	$ 7,557	$ 7,553	$ (4)

CITY OF HOLLAND, MICHIGAN

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

MSHDA GRANTS FUND

YEAR ENDED JUNE 30, 2007

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Special assessments	$ -	$ -	$ -	$ -
Property taxes	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	202,176	202,176	28,800	(173,376)
Charges for services	-	-	-	-
Fines and fees	-	-	-	-
Contributions from private sector	-	-	-	-
Investment earnings	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	202,176	202,176	28,800	(173,376)
EXPENDITURES:				
Current				
Personal services	55,177	55,177	2,124	(53,053)
Other services and charges	146,999	146,999	26,676	(120,323)
Capital outlay	-	-	-	-
Debt service				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Contingency	-	-	-	-
Total expenditures	202,176	202,176	28,800	(173,376)
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

CDBG GRANTS FUND

YEAR ENDED JUNE 30, 2007

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Special assessments	$ -	$ -	$ -	$ -
Property taxes	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	590,204	936,571	460,258	(476,313)
Charges for services	-	-	-	-
Fines and fees	-	-	-	-
Contributions from private sector	49,745	246,093	220,483	(25,610)
Investment earnings	-	-	-	-
Miscellaneous	(1,047)	-	-	-
Total revenues	638,902	1,182,664	680,741	(501,923)
EXPENDITURES:				
Current				
Personal services	100,161	183,689	56,273	(127,416)
Other services and charges	538,741	998,975	624,468	(374,507)
Capital outlay	-	-	-	-
Debt service				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Contingency	-	-	-	-
Total expenditures	638,902	1,182,664	680,741	(501,923)
Excess of revenues over expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES):				
Transfers in	14,080	16,914	14,080	(2,834)
Transfers out	(14,080)	(16,914)	(14,080)	2,834
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

IMLS LEARNING OPPORTUNITY NATURE GRANT FUND

YEAR ENDED JUNE 30, 2007

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Special assessments	$ -	$ -	$ -	$ -
Property taxes	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	11,560	11,560	11,384	(176)
Charges for services	-	-	-	-
Fines and fees	-	-	-	-
Contributions from private sector	-	-	-	-
Investment earnings	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	11,560	11,560	11,384	(176)
EXPENDITURES:				
Current				
Personal services	19,365	21,275	21,274	(1)
Other services and charges	4,651	2,741	2,566	(175)
Capital outlay	-	-	-	-
Debt service				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Contingency	-	-	-	-
Total expenditures	24,016	24,016	23,840	(176)
Excess of revenues over expenditures	(12,456)	(12,456)	(12,456)	-
OTHER FINANCING SOURCES (USES):				
Transfers in	12,456	12,456	12,456	-
Transfers out	-	-	-	-
Total other financing sources (uses)	12,456	12,456	12,456	-
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

YEAR ENDED JUNE 30, 2007

	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	50	2,154	1,006	(1,148)
Investment earnings	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	50	2,154	1,006	(1,148)
EXPENDITURES:				
Current				
Personal services	50	2,154	1,006	(1,148)
Other services and charges	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Contingency	-	-	-	-
Total expenditures	50	2,154	1,006	(1,148)
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

YEAR ENDED JUNE 30, 2007

	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	-	-	-	-
Investment earnings	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	-	-	-	-
EXPENDITURES:				
Current				
Personal services	-	-	-	-
Other services and charges	10,000	72,000	72,833	833
Capital outlay	-	-	-	-
Debt service				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Contingency	-	-	-	-
Total expenditures	10,000	72,000	72,833	833
Excess of revenues over expenditures	(10,000)	(72,000)	(72,833)	(833)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
NET CHANGE IN FUND BALANCES	(10,000)	(72,000)	(72,833)	(833)
FUND BALANCE - Beginning of year	1,872,659	1,567,489	1,567,489	-
FUND BALANCE - End of year	$ 1,872,659	$ 1,495,489	$ 1,494,656	$ (833)

CITY OF HOLLAND, MICHIGAN

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

CEMETERY PERPETUAL CARE FUND

YEAR ENDED JUNE 30, 2007

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Special assessments	$ -	$ -	$ -	$ -
Property taxes	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	40,000	51,000	36,400	(14,600)
Fines and fees	-	-	-	-
Contributions from private sector	-	-	-	-
Investment earnings	61,535	89,687	88,930	(757)
Miscellaneous	-	-	-	-
Total revenues	101,535	140,687	125,330	(15,357)
EXPENDITURES:				
Current				
Personal services	-	-	-	-
Other services and charges	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Contingency	-	-	-	-
Total expenditures	-	-	-	-
Excess of revenues over expenditures	101,535	140,687	125,330	(15,357)
OTHER FINANCING SOURCES (USES):				
Transfers in	7,757	40,181	40,181	-
Transfers out	(156,371)	(185,167)	(159,330)	25,837
Total other financing sources (uses)	(148,614)	(144,986)	(119,149)	25,837
NET CHANGE IN FUND BALANCES	(47,079)	(4,299)	6,181	10,480
FUND BALANCE - Beginning of year	1,626,945	1,626,945	1,626,945	-
FUND BALANCE - End of year	$ 1,579,866	$ 1,622,646	$ 1,633,126	$ 10,480

– – – 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.

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, 2007, the residential customer count for this service is:

- Single-family residences and multi-family housing developments of up to 4-family units = 8,837
- 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 operates 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 (in the ensuing fiscal year the MAX Authority administrative offices will be moving in under a contractual lease arrangement).
- administrative offices - for the local *Tourist Bureau / Tulip Time Festival* (moving out in the ensuing fiscal year).

Financing is received primarily from office and building space rentals, together with transfers from other City funds. Outlay items include general operating, maintenance, and security. No long-term debt exists in this fund.

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

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 1 mill if approved by voters by November 2008. Until the fiscal year in which 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

The City of Holland, together with the neighboring municipalities of Holland Charter Township and City of Zeeland, have entered into a joint agreement to provide public busing transportation services. This system is officially titled the Macatawa Area Express System (“MAX” = short-name).

The MAX serves the citizens of these communities with both a fixed-route bus system, as well as a demand-response personalized system. The system is meant to benefit all local area citizens, but especially seniors, handicapped, and low-income people for whom local mobility would otherwise be impeded or near impossible. Various passenger fare ticket programs are made available that provide both a cost-savings and more efficiency for using the system, especially for routine and frequent users.

Daily administration and operations is contracted to a private-sector firm to perform this function, to include routine management, dispatching, and hiring & supervision of drivers. The program is heavily subsidized by federal & state assistance grants, together with local property taxation. Passenger fares generate a small portion of total revenues. No long-term debt presently exists for this fund.

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 is authorized to levy a tax up to 0.4 mills as approved by the voters 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, as in prior years. Effective July 1, 2007 the Authority becomes an entirely separate entity and will not be included in the City’s financial report. The MAX administrative staff will remain as City of Holland employees, in this separate City fund, with a contractual charge back arrangement to the Authority. Most of the capital assets in the fund, including buses and equipment, will transfer to the Authority, but the dispatch building assets will be retained by the City.

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

CITY OF HOLLAND, MICHIGAN

COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS

JUNE 30, 2007

	REFUSE AND RECYCLING PICKUP	WINDMILL ISLAND	DEPOT OPERATIONS	MUNICIPAL AIRPORT
ASSETS				
CURRENT ASSETS:				
Cash and pooled investments	$ 32,981	$ 76,163	$ 9,680	$ 305,333
Receivables:				
Accounts	153,533	10,180	-	4,600
Taxes and special assessments	-	-	-	-
Other governments	-	-	-	6,355
Due from other funds	154,792	-	-	-
Total current assets	341,306	86,343	9,680	316,288
NONCURRENT ASSETS:				
Restricted assets				
Cash and pooled investments	325,000	-	-	-
Capital assets:				
Land	-	99,809	291,300	5,961,250
Construction in process	-	-	-	1,078,617
Capital assets being depreciated	457,506	2,058,763	1,655,885	11,093,791
Accumulated depreciation	(221,128)	(1,204,289)	(838,380)	(5,969,805)
Total capital assets	236,378	954,283	1,108,805	12,163,853
Total noncurrent assets	561,378	954,283	1,108,805	12,163,853
Total assets	902,684	1,040,626	1,118,485	12,480,141
LIABILITIES				
CURRENT LIABILITIES:				
Accounts payable	78,975	24,610	1,627	10,524
Accrued payroll and benefits	725	21,586	126	-
Due to other funds	87,204	1,616	2,607	-
Deposits	-	33,790	-	-
Deferred revenue	-	-	5,319	2,895
Bonds and lease purchases payable - current	-	-	-	14,000
Total current liabilities	166,904	81,602	9,679	27,419
NONCURRENT LIABILITIES:				
Accrued compensated absences	-	4,741	-	-
Bonds payable and lease purchases payable	-	-	-	31,000
Total noncurrent liabilities	-	4,741	-	31,000
Total liabilities	166,904	86,343	9,679	58,419
NET ASSETS:				
Invested in capital assets, net of related debt	236,378	954,283	1,108,805	12,118,853
Restricted for capital projects and by agreement	325,000	-	-	-
Unrestricted	174,402	-	1	302,869
Total net assets	$ 735,780	$ 954,283	$ 1,108,806	$ 12,421,722

MACATAWA AREA PUBLIC TRANSIT SYSTEM	TOTAL
$ 298,407	$ 722,564
42,865	211,178
90	90
105,092	111,447
-	154,792
446,454	1,200,071
546,145	871,145
-	6,352,359
67,550	1,146,167
4,158,565	19,424,510
(2,149,096)	(10,382,698)
2,077,019	16,540,338
2,623,164	17,411,483
3,069,618	18,611,554
138,870	254,606
4,199	26,636
635	92,062
-	33,790
6,625	14,839
-	14,000
150,329	435,933
2,700	7,441
-	31,000
2,700	38,441
153,029	474,374
2,077,019	16,495,338
546,145	871,145
293,425	770,697
$ 2,916,589	$ 18,137,180

CITY OF HOLLAND, MICHIGAN

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

YEAR ENDED JUNE 30, 2007

	REFUSE AND RECYCLING PICKUP	WINDMILL ISLAND	DEPOT OPERATIONS	MUNICIPAL AIRPORT
OPERATING REVENUES				
Admissions and fares	$ -	$ -	$ -	$ -
Use fees and charges for services	1,226,352	324,004	-	22,536
Rentals	-	76,120	37,720	131,910
Total operating revenues	1,226,352	400,124	37,720	154,446
OPERATING EXPENSES:				
Personal services	123,826	359,033	12,171	-
Other current expenses	1,026,712	222,681	60,947	96,447
Depreciation	63,719	69,860	75,941	554,552
Total operating expenses	1,214,257	651,574	149,059	650,999
OPERATING INCOME (LOSS)	12,095	(251,450)	(111,339)	(496,553)
NONOPERATING REVENUES (EXPENSES):				
Property taxes	-	-	-	-
Federal and/or state grants	-	-	-	87,176
Miscellaneous private donations	2,165	800	-	-
Investment earnings	20,915	3,654	-	14,474
Interest expense	-	-	-	(4,535)
Gain (loss) on disposal of capital assets	(2,873)	-	(395,972)	-
Total nonoperating revenues (expenses)	20,207	4,454	(395,972)	97,115
INCOME (LOSS) - Before transfers	32,302	(246,996)	(507,311)	(399,438)
TRANSFERS				
Transfers in	-	201,634	35,399	2,771
Transfers out	-	-	-	-
Net transfers	-	201,634	35,399	2,771
CHANGES IN NET ASSETS	32,302	(45,362)	(471,912)	(396,667)
NET ASSETS - Beginning of year	703,478	999,645	1,580,718	12,818,389
NET ASSETS - End of year	$ 735,780	$ 954,283	$ 1,108,806	$ 12,421,722

MACATAWA AREA PUBLIC TRANSIT SYSTEM	TOTAL
$ 226,650	$ 226,650
228,658	1,801,550
-	245,750
455,308	2,273,950
136,032	631,062
2,677,585	4,084,372
456,008	1,220,080
3,269,625	5,935,514
(2,814,317)	(3,661,564)
171,058	171,058
2,203,162	2,290,338
-	2,965
20,969	60,012
-	(4,535)
54	(398,791)
2,395,243	2,121,047
(419,074)	(1,540,517)
69,313	309,117
(4,000)	(4,000)
65,313	305,117
(353,761)	(1,235,400)
3,270,350	19,372,580
$ 2,916,589	$ 18,137,180

CITY OF HOLLAND, MICHIGAN

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS

YEAR ENDED JUNE 30, 2007

	REFUSE AND RECYCLING PICKUP	WINDMILL ISLAND	DEPOT OPERATIONS	MUNICIPAL AIRPORT
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers and users	$ 1,223,404	$ 400,237	$ 38,371	$ 154,488
Payments to suppliers	(1,024,088)	(212,820)	(62,917)	(91,685)
Payments to employees	(123,380)	(352,257)	(12,116)	-
Net cash provided by (used in) operating activities	75,936	(164,840)	(36,662)	62,803
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Principal payments on long-term debt	-	-	-	(13,000)
Interest on long-term debt	-	-	-	(4,535)
Purchase of capital assets	(34,100)	(24,498)	-	(96,726)
Net cash used in capital and related financing activities	(34,100)	(24,498)	-	(114,261)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Property taxes	-	-	-	-
Federal and/or state grants	-	-	-	96,273
Miscellaneous private donations	2,165	800	-	-
Intergovernmental payments	(154,792)	-	-	-
Intergovernmental receipts	87,204	201,556	35,701	2,674
Net cash provided by (used in) noncapital financing activities	(65,423)	202,356	35,701	98,947
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment earnings	20,915	3,654	-	14,474
Net cash provided by investing activities	20,915	3,654	-	14,474
NET INCREASE (DECREASE) IN CASH AND POOLED INVESTMENTS	(2,672)	16,672	(961)	61,963
CASH AND POOLED INVESTMENTS - Beginning of year	360,653	59,491	10,641	243,370
CASH AND POOLED INVESTMENTS - End of year	$ 357,981	$ 76,163	$ 9,680	$ 305,333
STATEMENT OF NET ASSETS CLASSIFICATIONS OF CASH AND POOLED INVESTMENTS:				
Current assets	$ 32,981	$ 76,163	$ 9,680	$ 305,333
Restricted assets	325,000	-	-	-
TOTAL STATEMENT OF NET ASSETS CLASSIFICATION	$ 357,981	$ 76,163	$ 9,680	$ 305,333

MACATAWA AREA PUBLIC TRANSIT SYSTEM	TOTAL
$ 423,416	$ 2,239,916
(2,644,454)	(4,035,964)
(133,127)	(620,880)
(2,354,165)	(2,416,928)
-	(13,000)
-	(4,535)
(299,327)	(454,651)
(299,327)	(472,186)
171,014	171,014
3,186,249	3,282,522
-	2,965
(690,332)	(845,124)
69,313	396,448
2,736,244	3,007,825
20,969	60,012
20,969	60,012
103,721	178,723
740,831	1,414,986
$ 844,552	$ 1,593,709
$ 298,407	$ 722,564
546,145	871,145
$ 844,552	$ 1,593,709

(Continued)

CITY OF HOLLAND, MICHIGAN

COMBINING STATEMENT OF CASH FLOWS (CONCLUDED)
NONMAJOR ENTERPRISE FUNDS

YEAR ENDED JUNE 30, 2007

	REFUSE AND RECYCLING PICKUP	WINDMILL ISLAND	DEPOT OPERATIONS	MUNICIPAL AIRPORT
Reconciliation of operating income to net cash provided by (used in) operating activities:				
Operating income (loss)	$ 12,095	$ (251,450)	$ (111,339)	$ (496,553)
Adjustment to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	63,719	69,860	75,941	554,552
Changes in operating assets and liabilities:				
Accounts receivable	(2,948)	498	522	-
Accounts payable	2,624	9,861	(1,970)	4,762
Accrued payroll and benefits	446	6,776	55	-
Deferred revenue	-	(385)	129	42
Net cash used in capital and related financing activities	$ 75,936	$ (164,840)	$ (36,662)	$ 62,803

MACATAWA AREA PUBLIC TRANSIT SYSTEM	TOTAL
$ (2,814,317)	$ (3,661,564)
456,008	1,220,080
(29,817)	(31,745)
33,131	48,408
2,905	10,182
(2,075)	(2,289)
$ (2,354,165)	$ (2,416,928)

(Concluded)

CITY OF HOLLAND

– – – FUND TYPE: INTERNAL SERVICE FUNDS – – –

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

COMPUTER SERVICES FUND

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

Basic functions of the Technology Services Dept include:

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

Established user fee charges to departments include the following elements:

- 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 & maintain an Internet capability, to include the City's website.
  - develop & maintain a G.I.S. system
- annual surcharges (assessed to all user departments) for the purpose of maintaining reserves for future new and/or replacement acquisitions.

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. It has been determined that at the close of the ensuing fiscal year ending June 30, 2008 this fund will be dissolved and merged into the Computer Services Fund for financial reporting.

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

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 *Choice 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 Choice 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*.

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

CENTRALIZED VEHICLE/EQUIPMENT FUND

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

- GENERAL VEHICLE & EQUIPMENT POOL
  - All vehicles & equipment assigned to this pool are fixed assets (minus depreciation) of this fund.
  - Several departments are provided with specifically assigned vehicles and/or equipment. Detailed accounting is maintained for each such vehicle or equipment item. Also included in this pool are a certain number of unassigned vehicles made available for sign-out by any department with a mileage fee assessed. An annual flat-fee 'rental and use charge' is assessed to respective departments for each individual vehicle or equipment item.
    - Vehicles and equipment assigned to this pool (other than signout cars) are assessed an annual flat-fee for:
      - > recovery of fuel costs
      - > recovery of overhead costs for vehicle/equipment maintenance and upkeep
      - > surcharge to accumulate reserve for future replacements of vehicles/equipment.
- STREETS VEHICLE & EQUIPMENT POOL
  - All vehicles & equipment assigned to this pool are fixed assets (minus depreciation) of this fund.
  - State of Michigan Act 51 of 1951 (as amended) requires identifiable accounting for vehicles & equipment dedicated to street maintenance & construction. Detailed accounting is maintained for each such vehicle or equipment item. Michigan Dept of Transportation (MDOT) annually provides a mandatory schedule of hourly 'rental and use' rates applicable to each individual type of vehicle or equipment for actual time of use.
    - Vehicles and equipment assigned to this pool are assessed an established hourly rate for:
      - > recovery of fuel costs
      - > recovery of overhead costs for vehicle/equipment maintenance and upkeep
      - > surcharge to accumulate reserve for future replacements of vehicles/equipment.
- CENTRAL MAINTENANCE ACTIVITY
  - A centralized vehicle & equipment maintenance activity is operated at the City's Transportation Services facility. Various support staff (including several vehicle & equipment mechanics) are permanently assigned to this function.
    - The mechanics staff performs virtually all maintenance service work for the two Vehicle & Equipment Pools described above; and their services are compensated from the fee structures as described above for each of the two pools.
    - In addition, the mechanics perform maintenance services for vehicles & equipment that are not assigned to either of the two pools (such as the MAX Bus Transportation Services System and the City's Fire Emergency Vehicles). Annually an internally-determined hourly rate is established using a 'Cost Allocation Plan' that is acceptable to state & federal agencies providing grant subsidies to the MAX Transportation System. This rate is charged to the appropriate agency for mechanics time to provide repair and maintenance services on vehicles & equipment outside of the two pools described above.

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

FIRE VEHICLES & EQUIPMENT 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.

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 & 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.

VEHICLE DAMAGE & LIABILITY FUND

The City of Holland partially self-insures for the cost of repairs or replacement to its damaged vehicles, other than fire emergency vehicles and *Macatawa Area Express (MAX)* public transportation system buses. 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 and MAX public transportation system buses, 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 & 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 & 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, comp time and related mandatory fringes across the General Fund and Special Revenue Funds

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

CITY OF HOLLAND, MICHIGAN

COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS

JUNE 30, 2007

	TECHNOLOGY SERVICES			
	COMPUTER SERVICES	PHOTOCOPY SERVICES	POSTAGE SERVICES	COMMUNICATION SERVICES
ASSETS				
CURRENT ASSETS:				
Cash and pooled investments	$ 280,985	$ 86,495	$ -	$ 6,790
Accounts receivable	-	-	-	-
Due from other funds	-	-	-	-
Prepaid items	-	-	350	-
Inventories	-	-	8,236	-
Total current assets	280,985	86,495	8,586	6,790
NONCURRENT ASSETS:				
Capital assets:				
Capital assets being depreciated	1,050,280	145,999	13,818	141,205
Accumulated depreciation	(831,966)	(88,937)	(7,090)	(101,623)
Total capital assets	218,314	57,062	6,728	39,582
Total assets	499,299	143,557	15,314	46,372
LIABILITIES				
CURRENT LIABILITIES:				
Accounts payable	3,510	2,387	-	84
Claims payable	-	-	-	-
Accrued payroll and benefits	3,984	-	-	-
Due to other funds	400	-	1,205	-
Deferred revenue	-	-	-	-
Total current liabilities	7,894	2,387	1,205	84
NONCURRENT LIABILITIES:				
Accrued compensated absences	25,101	-	-	-
Total liabilities	32,995	2,387	1,205	84
NET ASSETS:				
Invested in capital assets	218,314	57,062	6,728	39,582
Unrestricted	247,990	84,108	7,381	6,706
Total net assets	$ 466,304	$ 141,170	$ 14,109	$ 46,288

EQUIPMENT SERVICES			INSURANCE SERVICES		
FUEL DISPENSING	CENTRALIZED VEHICLE/ EQUIPMENT	FIRE VEHICLE/ EQUIPMENT	WORKERS COMP	DISABILITY INCOME	HEALTH AND DENTAL
$ 35,781	$ 2,084,902	$ 19,923	$ 483,535	$ 106,696	$ 2,343,845
5,462	172	-	25,693	609	32,777
8,810	101	-	-	-	-
-	-	-	5,000	-	209,857
14,755	28,740	-	-	-	-
64,808	2,113,915	19,923	514,228	107,305	2,586,479
50,906	6,634,822	2,319,839	-	-	-
(34,996)	(3,631,116)	(753,290)	-	-	-
15,910	3,003,706	1,566,549	-	-	-
80,718	5,117,621	1,586,472	514,228	107,305	2,586,479
9,527	22,204	-	5,293	-	22,109
-	-	-	-	-	253,300
-	9,885	-	-	-	-
-	72	-	-	-	-
-	2,515	-	-	-	-
9,527	34,676	-	5,293	-	275,409
-	58,459	-	-	-	-
9,527	93,135	-	5,293	-	275,409
15,910	3,003,706	1,566,549	-	-	-
55,281	2,020,780	19,923	508,935	107,305	2,311,070
$ 71,191	$ 5,024,486	$ 1,586,472	$ 508,935	$ 107,305	$ 2,311,070

(Continued)

CITY OF HOLLAND, MICHIGAN

COMBINING STATEMENT OF NET ASSETS (CONCLUDED)
INTERNAL SERVICE FUNDS

JUNE 30, 2007

	INSURANCE SERVICES				
	VEHICLE	PROPERTY	LIABILITY	COMPENSATED ABSENCES	TOTAL
ASSETS					
CURRENT ASSETS:					
Cash and pooled investments	$ 195,351	$ 561,982	$ 267,415	$ 1,527,222	$ 8,000,922
Accounts receivable	-	-	-	-	64,713
Due from other funds	-	-	437	-	9,348
Prepaid items	-	-	20,000	-	235,207
Inventories	-	-	-	-	51,731
Total current assets	195,351	561,982	287,852	1,527,222	8,361,921
NONCURRENT ASSETS:					
Capital assets:					
Capital assets being depreciated	-	-	-	-	10,356,869
Accumulated depreciation	-	-	-	-	(5,449,018)
Total capital assets	-	-	-	-	4,907,851
Total assets	195,351	561,982	287,852	1,527,222	13,269,772
LIABILITIES					
CURRENT LIABILITIES:					
Accounts payable	2,169	-	453	-	67,736
Claims payable	-	-	50,000	-	303,300
Accrued payroll and benefits	-	-	-	880,000	893,869
Due to other funds	-	-	-	-	1,677
Deferred revenue	-	-	-	-	2,515
Total current liabilities	2,169	-	50,453	880,000	1,269,097
NONCURRENT LIABILITIES:					
Accrued compensated absences	-	-	-	647,222	730,782
Total liabilities	2,169	-	50,453	1,527,222	1,999,879
NET ASSETS:					
Invested in capital assets	-	-	-	-	4,907,851
Unrestricted	193,182	561,982	237,399	-	6,362,042
Total net assets	$ 193,182	$ 561,982	$ 237,399	$ -	$ 11,269,893

(Concluded)

CITY OF HOLLAND

CITY OF HOLLAND, MICHIGAN

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

YEAR ENDED JUNE 30, 2007

	TECHNOLOGY SERVICES			
	COMPUTER SERVICES	PHOTOCOPY SERVICES	POSTAGE SERVICES	COMMUNICATION SERVICES
OPERATING REVENUES:				
Premiums	$ -	$ -	$ -	$ -
Charges for services	540,056	26,729	21,543	100,083
Rentals	-	-	-	-
Miscellaneous	-	-	-	-
Total operating revenues	540,056	26,729	21,543	100,083
OPERATING EXPENSES:				
Personal services	283,382	-	-	-
Other current expenses	111,691	24,779	21,768	99,343
Depreciation expense	79,666	12,811	1,244	5,955
Total operating expenses	474,739	37,590	23,012	105,298
OPERATING INCOME (LOSS)	65,317	(10,861)	(1,469)	(5,215)
NONOPERATING REVENUES (EXPENSES):				
Investment earnings	10,392	4,714	95	156
Gain (loss) on disposal of capital assets	(7,196)	(1,218)	-	-
Total nonoperating revenues (expenses)	3,196	3,496	95	156
INCOME (LOSS) - Before transfers	68,513	(7,365)	(1,374)	(5,059)
TRANSFERS:				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Net transfers	-	-	-	-
CHANGE IN NET ASSETS	68,513	(7,365)	(1,374)	(5,059)
NET ASSETS - Beginning of year	397,791	148,535	15,483	51,347
NET ASSETS - End of year	$ 466,304	$ 141,170	$ 14,109	$ 46,288

EQUIPMENT SERVICES			INSURANCE SERVICES		
FUEL DISPENSING	CENTRALIZED VEHICLE/ EQUIPMENT	FIRE VEHICLE/ EQUIPMENT	WORKERS COMP	DISABILITY INCOME	HEALTH AND DENTAL
$ -	$ -	$ -	$ 129,032	$ 103,673	$ 4,074,443
660,388	294,210	-	-	-	-
-	1,845,665	-	-	-	-
-	-	-	46,450	-	88,586
660,388	2,139,875	-	175,482	103,673	4,163,029
2,153	664,192	-	-	-	-
653,588	849,215	-	236,336	72,679	3,913,753
2,545	458,171	97,532	-	-	-
658,286	1,971,578	97,532	236,336	72,679	3,913,753
2,102	168,297	(97,532)	(60,854)	30,994	249,276
1,349	119,904	6,425	25,949	5,261	99,981
-	59,813	(3,364)	-	-	-
1,349	179,717	3,061	25,949	5,261	99,981
3,451	348,014	(94,471)	(34,905)	36,255	349,257
-	-	100,000	-	-	-
-	(379,836)	-	-	-	-
-	(379,836)	100,000	-	-	-
3,451	(31,822)	5,529	(34,905)	36,255	349,257
67,740	5,056,308	1,580,943	543,840	71,050	1,961,813
$ 71,191	$ 5,024,486	$ 1,586,472	$ 508,935	$ 107,305	$ 2,311,070

(Continued)

CITY OF HOLLAND, MICHIGAN

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

YEAR ENDED JUNE 30, 2007

	INSURANCE SERVICES				
	VEHICLE	PROPERTY	LIABILITY	COMPENSATED ABSENCES	TOTAL
OPERATING REVENUES:					
Premiums	$ 167,781	$ 24,271	$ 151,014	$ -	$ 4,650,214
Charges for services	-	-	-	55,572	1,698,581
Rentals	-	-	-	-	1,845,665
Miscellaneous	90,718	1,874	-	-	227,628
Total operating revenues	258,499	26,145	151,014	55,572	8,422,088
OPERATING EXPENSES:					
Personal services	-	-	-	55,572	1,005,299
Other current expenses	174,779	61,863	147,449	-	6,367,243
Depreciation expense	-	-	-	-	657,924
Total operating expenses	174,779	61,863	147,449	55,572	8,030,466
OPERATING INCOME (LOSS)	83,720	(35,718)	3,565	-	391,622
NONOPERATING REVENUES (EXPENSES):					
Investment earnings	8,112	29,202	9,760	-	321,300
Gain (loss) on disposal of capital assets	-	-	-	-	48,035
Total nonoperating revenues (expenses)	8,112	29,202	9,760	-	369,335
INCOME (LOSS) - Before transfers	91,832	(6,516)	13,325	-	760,957
TRANSFERS:					
Transfers in	-	-	-	-	100,000
Transfers out	(69,313)	-	-	-	(449,149)
Net transfers	(69,313)	-	-	-	(349,149)
CHANGE IN NET ASSETS	22,519	(6,516)	13,325	-	411,808
NET ASSETS - Beginning of year	170,663	568,498	224,074	-	10,858,085
NET ASSETS - End of year	$ 193,182	$ 561,982	$ 237,399	$ -	$ 11,269,893

(Concluded)

CITY OF HOLLAND

CITY OF HOLLAND, MICHIGAN

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS

YEAR ENDED JUNE 30, 2007

	TECHNOLOGY SERVICES			
	COMPUTER SERVICES	PHOTOCOPY SERVICES	POSTAGE SERVICES	COMMUNICATION SERVICES
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from interfund services provided	$ 541,008	$ 26,729	$ 22,748	$ 100,083
Payments to suppliers	(110,743)	(23,393)	(23,031)	(99,259)
Payments to employees	(287,529)	-	-	-
Net cash provided by (used in) operating activities	142,736	3,336	(283)	824
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Proceeds from sale of capital assets	-	-	-	-
Purchase of capital assets	(63,128)	(23,130)	-	(1,665)
Net cash used in capital and related financing activities	(63,128)	(23,130)	-	(1,665)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Intergovernmental receipts	-	-	-	-
Intergovernmental payments	-	-	-	-
Net cash provided by (used in) noncapital financing activities	-	-	-	-
CASH FLOWS FROM INVESTING ACTIVITIES:				
Proceeds from sales of investments	-	-	-	-
Purchase of investments	-	-	-	-
Investment earnings	10,392	4,714	95	156
Interest income on assessments	-	-	-	-
Net cash provided by (used in) investing activities	10,392	4,714	95	156
NET INCREASE (DECREASE) IN CASH AND POOLED INVESTMENTS	90,000	(15,080)	(188)	(685)
CASH AND POOLED INVESTMENTS - Beginning of year	190,985	101,575	188	7,475
CASH AND POOLED INVESTMENTS - End of year	$ 280,985	$ 86,495	$ -	$ 6,790
STATEMENT OF NET ASSETS CLASSIFICATIONS OF CASH AND POOLED INVESTMENTS:				
Current assets	$ 280,985	$ 86,495	$ -	$ 6,790
Restricted assets	-	-	-	-
TOTAL STATEMENT OF NET ASSETS CLASSIFICATION	$ 280,985	$ 86,495	$ -	$ 6,790
Reconciliation of operating income to net cash provided (used) by operating activities				
Operating income (loss)	$ 65,317	$ (10,861)	$ (1,469)	$ (5,215)
Adjustment to reconcile operating income (loss) to net cash provided from operating activities:				
Depreciation	79,666	12,811	1,244	5,955
Changes in operating assets and liabilities:				
Accounts receivable	951	-	-	-
Taxes and special assessments receivable	-	-	-	-
Prepaid items	-	-	-	-
Inventories	-	-	(101)	-
Due from other funds	-	-	(1,162)	-
Accounts payable	948	1,386	-	84
Claims payable	-	-	-	-
Due to other funds	1	-	1,205	-
Accrued payroll and benefits	(4,147)	-	-	-
Deferred revenue	-	-	-	-
Earned employee compensated absences	-	-	-	-
Net cash provided by (used in) operating activities	$ 142,736	$ 3,336	$ (283)	$ 824

EQUIPMENT SERVICES			INSURANCE SERVICES			
FUEL DISPENSING	CENTRALIZED VEHICLE/ EQUIPMENT	FIRE VEHICLE/ EQUIPMENT	WORKERS COMP	DISABILITY INCOME	HEALTH AND DENTAL	VEHICLE
$ 656,283	$ 2,143,870	$ -	$ 150,453	$ 103,697	$ 4,165,909	$ 258,499
(668,983)	(865,484)	-	(232,138)	(72,679)	(3,998,419)	(173,735)
(2,153)	(667,232)	-	-	-	-	-
(14,853)	611,154	-	(81,685)	31,018	167,490	84,764
-	107,521	4,650	-	-	-	-
-	(797,333)	(531,996)	-	-	-	-
-	(689,812)	(527,346)	-	-	-	-
-	-	100,000	-	-	-	-
-	(379,836)	-	-	-	-	(69,313)
-	(379,836)	100,000	-	-	-	(69,313)
-	-	-	-	-	-	-
-	-	-	-	-	-	
1,349	119,904	6,425	25,949	5,261	99,981	8,112
-	-	-	-	-	-	
1,349	119,904	6,425	25,949	5,261	99,981	8,112
(13,504)	(338,590)	(420,921)	(55,736)	36,279	267,471	23,563
49,285	2,423,492	440,844	539,271	70,417	2,076,374	171,788
$ 35,781	$ 2,084,902	$ 19,923	$ 483,535	$ 106,696	$ 2,343,845	$ 195,351
$ 35,781	$ 2,084,902	$ 19,923	$ 483,535	$ 106,696	$ 2,343,845	$ 195,351
-	-	-	-	-	-	-
$ 35,781	$ 2,084,902	$ 19,923	$ 483,535	$ 106,696	$ 2,343,845	$ 195,351
$ 2,102	$ 168,297	$ (97,532)	$ (60,854)	$ 30,994	$ 249,276	$ 83,720
2,545	458,171	97,532	-	-	-	-
14,905	3,225	-	(25,029)	24	2,880	-
-	-	-	-	-	-	-
-	-	-	-	-	(159,823)	-
21,622	(347)	-	-	-	-	-
(596)	2,340	-	-	-	-	-
(37,017)	(15,922)	-	4,198	-	21,857	1,044
-	-	-	-	-	53,300	-
(18,414)	3	-	-	-	-	-
-	(3,040)	-	-	-	-	-
-	(1,573)	-	-	-	-	-
-	-	-	-	-	-	-
$ (14,853)	$ 611,154	$ -	$ (81,685)	$ 31,018	$ 167,490	$ 84,764

CITY OF HOLLAND, MICHIGAN

COMBINING STATEMENT OF CASH FLOWS (CONCLUDED)
INTERNAL SERVICE FUNDS

YEAR ENDED JUNE 30, 2007

	INSURANCE SERVICES			
	PROPERTY	LIABILITY	COMPENSATED ABSENCES	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from interfund services provided	$ 26,145	$ 150,527	$ 55,572	$ 8,401,523
Payments to suppliers	(61,863)	(148,381)	-	(6,478,108)
Payments to employees	-	-	-	(956,914)
Net cash provided by (used in) operating activities	(35,718)	2,146	55,572	966,501
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Proceeds from sale of capital assets	-	-	-	112,171
Purchase of capital assets	-	-	-	(1,417,252)
Net cash used in capital and related financing activities	-	-	-	(1,305,081)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Intergovernmental receipts	-	-	-	100,000
Intergovernmental payments	-	-	-	(449,149)
Net cash provided by (used in) noncapital financing activities	-	-	-	(349,149)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Proceeds from sales of investments	-	-	-	-
Purchase of investments				-
Investment earnings	29,202	9,760	-	321,300
Interest income on assessments				-
Net cash provided by (used in) investing activities	29,202	9,760	-	321,300
NET INCREASE (DECREASE) IN CASH AND POOLED INVESTMENTS	(6,516)	11,906	55,572	(366,429)
CASH AND POOLED INVESTMENTS - Beginning of year	568,498	255,509	1,471,650	8,367,351
CASH AND POOLED INVESTMENTS - End of year	$ 561,982	$ 267,415	$ 1,527,222	$ 8,000,922
STATEMENT OF NET ASSETS CLASSIFICATIONS OF CASH AND POOLED INVESTMENTS:				
Current assets	$ 561,982	$ 267,415	$ 1,527,222	$ 8,000,922
Restricted assets	-	-	-	-
TOTAL STATEMENT OF NET ASSETS CLASSIFICATION	$ 561,982	$ 267,415	$ 1,527,222	$ 8,000,922
Reconciliation of operating income to net cash provided (used) by operating activities				
Operating income (loss)	$ (35,718)	$ 3,565	$ -	$ 391,622
Adjustment to reconcile operating income (loss) to net cash provided from operating activities:				
Depreciation	-	-	-	657,924
Changes in operating assets and liabilities:				
Accounts receivable	-	-	-	(3,044)
Taxes and special assessments receivable	-	-	-	-
Prepaid items	-	-	-	(159,823)
Inventories	-	-	-	21,174
Due from other funds	-	(437)	-	145
Accounts payable	-	(932)	-	(24,354)
Claims payable	-	-	-	53,300
Due to other funds	-	(50)	-	(17,255)
Accrued payroll and benefits	-	-	55,572	48,385
Deferred revenue	-	-	-	(1,573)
Earned employee compensated absences	-	-	-	-
Net cash provided by (used in) operating activities	$ (35,718)	$ 2,146	$ 55,572	$ 966,501

– – – 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, state education, two counties, as well as the City of Holland. Collections of special assessment installments are also recorded in this fund.

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

OUTSIDE AGENCIES COLLECTIONS FUND (an Agency Fund)

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

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

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

EMPLOYEES FLEXIBLE SPENDING PLAN FUND (an Agency Fund)

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

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

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

IMPREST PAYROLL FUND (an Agency Fund)

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

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

Disbursements out of the fund include:

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

CITY OF HOLLAND, MICHIGAN

COMBINING BALANCE SHEET
FIDUCIARY FUNDS

JUNE 30, 2007

	AGENCY FUNDS				
	CURRENT TAX COLLECTIONS	OUTSIDE AGENCIES COLLECTIONS	EMPLOYEES' FLEXIBLE SPENDING PLAN	IMPREST PAYROLL	TOTALS
ASSETS					
Cash and pooled investments	$ -	$ 55,395	$ 18,661	$ 61,884	$ 135,940
Accounts receivable	-	25	347	-	372
Total assets	$ -	$ 55,420	$ 19,008	$ 61,884	$ 136,312
LIABILITIES					
Accounts payable	$ -	$ 51,488	$ 374	$ 26,832	$ 78,694
Due to other governments	-	3,932	-	35,052	38,984
Total liabilities	$ -	$ 55,420	$ 19,008	$ 61,884	$ 136,312

CITY OF HOLLAND, MICHIGAN

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES AGENCY FUNDS

YEAR ENDED JUNE 30, 2007

	BALANCE JULY 1, 2006	ADDITIONS	REDUCTION	BALANCE JUNE 30, 2007
CURRENT TAX COLLECTIONS FUND				
ASSETS				
Cash and pooled investments	$ -	$ 53,178,093	$ 53,178,093	$ -
Accounts receivable	-	838,427	838,427	-
Total assets	$ -	$ 54,016,520	$ 54,016,520	$ -
LIABILITIES				
Due to other funds	$ -	$ 34,813,507	$ 34,813,507	$ -
Due to other governments	-	52,938,209	52,938,209	-
Total liabilities	$ -	$ 87,751,716	$ 87,751,716	$ -
OUTSIDE AGENCIES COLLECTION FUND				
ASSETS				
Cash and pooled investments	$ 49,635	$ 777,282	$ 771,522	$ 55,395
Accounts receivable	-	25	-	25
Total assets	$ 49,635	$ 777,307	$ 771,522	$ 55,420
LIABILITIES				
Accounts payable	$ 44,703	$ 755,182	$ 748,397	$ 51,488
Due to other funds	-	-	-	-
Due to other governments	4,932	3,795	4,795	3,932
Total liabilities	$ 49,635	$ 758,977	$ 753,192	$ 55,420
EMPLOYEES' FLEXIBLE SPENDING PLAN				
ASSETS				
Cash and pooled investments	$ 23,454	$ 226,994	$ 231,787	$ 18,661
Accounts receivable	-	117,309	116,962	347
Total assets	$ 23,454	$ 344,303	$ 348,749	$ 19,008
LIABILITIES				
Accounts payable	$ 702	$ 5,704	$ 6,032	$ 374
Other accrued liabilities and deposits	22,752	240,932	245,050	18,634
Total liabilities	$ 23,454	$ 246,636	$ 251,082	$ 19,008

(Continued)

CITY OF HOLLAND, MICHIGAN

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

YEAR ENDED JUNE 30, 2007

	BALANCE JULY 1, 2006	ADDITIONS	REDUCTION	BALANCE JUNE 30, 2007
IMPREST PAYROLL FUND				
ASSETS				
Cash and pooled investments	$ 83,588	$ 42,576,789	$ 42,598,493	$ 61,884
Account receivable	3,556	57	3,613	-
Total assets	$ 87,144	$ 42,576,846	$ 42,602,106	$ 61,884
LIABILITIES				
Accounts payable	$ 35,404	$ 1,190,483	$ 1,199,055	$ 26,832
Due to other governments	51,740	3,056,396	3,073,084	35,052
Other accrued liabilities and deposits	-	9,692,998	9,692,998	-
Total liabilities	$ 87,144	$ 13,939,877	$ 13,965,137	$ 61,884
TOTALS - ALL FUNDS				
ASSETS				
Cash and pooled investments	$ 156,677	$ 96,759,158	$ 96,779,895	$ 135,940
Accounts receivable	3,556	955,818	959,002	372
Total assets	$ 160,233	$ 97,714,976	$ 97,738,897	$ 136,312
LIABILITIES				
Accounts payable	$ 80,809	$ 1,951,369	$ 1,953,484	$ 78,694
Due to other funds	-	34,813,507	34,813,507	-
Due to other governments	56,672	55,998,400	56,016,088	38,984
Other accrued liabilities and deposits	22,752	9,933,930	9,938,048	18,634
Total liabilities	$ 160,233	$ 102,697,206	$ 102,721,127	$ 136,312

(Concluded)

– – – 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 (to be 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, 2007 ten 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 16th Street (former General Electric location, new Menards)	2002	In Progress
29 East 6th St. (former City landfill location, new residential condos)	2002	Completed
635 East 48th Street (former Lifesavers location, new industrial condos)	2002	Completed
345 East 48th Street (former Textron Micromatics location, new industrial condos including Hudsonville Ice Cream)	2004	In Progress
13 West 4th 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) [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.]	2004	Completed
141 East 8th St. (former muffler shop location, new Macatawa Bank)	2005	Completed
96 West 15th Street (former Holland Public Schools location, new multiple commercial condos)	2006	Not Started
99 East 8th 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

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.

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 three local area historical buildings: Holland Museum, Cappon House and the Settlers House.

Exhibit F-1

CITY OF HOLLAND, MICHIGAN

BALANCE SHEET
DOWNTOWN DEVELOPMENT AUTHORITY

JUNE 30, 2007

ASSETS

CURRENT ASSETS:		
Cash and pooled investments	$	168,286
Taxes receivable		128
Prepaid items		200
Total assets	$	168,614

LIABILITIES AND FUND BALANCE

LIABILITIES:		
Accounts payable	$	9,769
Accrued payroll and benefits		1,018
Total liabilities		10,787
FUND BALANCES:		
Reserved for prepaid items		200
Unreserved:		
Undesignated		157,627
Total fund balance		157,827
Total liabilities and fund balances	$	168,614

Exhibit F-2

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, 2007

Fund balances - total governmental funds	$	157,827
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		138,388
Net assets of governmental activities	$	296,215

Exhibit F-3

CITY OF HOLLAND, MICHIGAN

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

YEAR ENDED JUNE 30, 2007

REVENUES:		
Property taxes	$	170,299
Intergovernmental		4,610
Charges for services		790
Investment earnings		12,090
Contributions and bequests		12,267
Total revenues		200,056
EXPENDITURES:		
Personal services		69,833
Current operating expenditures		125,092
Capital outlay		-
Total expenditures		194,925
NET CHANGE IN FUND BALANCES		5,131
FUND BALANCES - Beginning of year		152,696
FUND BALANCES - End of year	$	157,827

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Exhibit F-4

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

YEAR ENDED JUNE 30, 2007

Net change in fund balances - total governmental funds	$	5,131
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Deduct - depreciation expense		(10,935)
Change in net assets of governmental activities	$	(5,804)

CITY OF HOLLAND, MICHIGAN

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

DOWNTOWN DEVELOPMENT AUTHORITY

YEAR ENDED JUNE 30, 2007

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Property taxes	$ 168,148	$ 170,299	$ 170,299	$ -
Intergovernmental	4,610	4,610	4,610	-
Charges for services	500	500	790	290
Contributions from private sector	5,000	12,267	12,267	-
Investment earnings	7,400	11,300	12,090	790
Total revenues	185,658	198,976	200,056	1,080
EXPENDITURES:				
Personal services	69,200	70,100	69,833	(267)
Other services and charges	114,100	145,124	125,092	(20,032)
Contingency	5,000	992	-	(992)
Capital outlay	-	-	-	-
Total expenditures	188,300	216,216	194,925	(21,291)
NET CHANGE IN FUND BALANCES	(2,642)	(17,240)	5,131	22,371
FUND BALANCES - Beginning of year	152,696	152,696	152,696	-
FUND BALANCES - End of year	$ 150,054	$ 135,456	$ 157,827	$ 22,371

Exhibit G-1

CITY OF HOLLAND, MICHIGAN

BALANCE SHEET
BROWNFIELD REDEVELOPMENT AUTHORITY

JUNE 30, 2007

ASSETS

CURRENT ASSETS:		
Cash and pooled investments	$	108,836

LIABILITIES AND FUND BALANCES

FUND BALANCES:		
Unreserved:		
Undesignated		108,836
Total fund balances	$	108,836

Exhibit G-2

CITY OF HOLLAND, MICHIGAN

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

YEAR ENDED JUNE 30, 2007

REVENUES:		
Property taxes	$	287,463
Investment earnings		8,103
Total revenues		295,566
EXPENDITURES:		
Current operating expenditures		213,562
NET CHANGE IN FUND BALANCE		82,004
FUND BALANCE - Beginning of year		26,832
FUND BALANCE - End of year	$	108,836

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CITY OF HOLLAND, MICHIGAN

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

BROWNFIELD REDEVELOPMENT AUTHORITY

YEAR ENDED JUNE 30, 2007

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Property taxes	$ 279,353	$ 287,463	$ 287,463	$ -
Investment earnings	-	5,091	8,103	3,012
Total revenues	279,353	292,554	295,566	3,012
EXPENDITURES:				
Other services and charges	304,769	213,538	213,562	24
NET CHANGE IN FUND BALANCES	(25,416)	79,016	82,004	2,988
FUND BALANCES - Beginning of year	26,832	26,832	26,832	-
FUND BALANCES - End of year	$ 1,416	$ 105,848	$ 108,836	$ 2,988

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

	Page
Financial Trends	181-186
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	187-191
These schedules contain information to help the reader assess the city's most significant local revenue source, the property tax.	
Debt Capacity	192-200
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	201-202
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	203-206
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

Exhibit H-1

CITY OF HOLLAND
NET ASSETS BY COMPONENT
FOR THE LAST FIVE FISCAL YEARS

	Fiscal Year				
	2007	2006	2005	2004	2003
Governmental activities					
Invested in capital assets, net of related debt	$ 85,215,206	$ 77,018,752	$ 41,668,796	$ 27,487,076	$ 4,326,052
Restricted	6,836,980	8,068,218	11,469,701	3,412,885	3,041,791
Unrestricted	18,854,026	22,673,963	21,156,010	30,711,466	41,516,219
Total governmental activities net assets	$ 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	$ 134,418,954	$ 137,313,844	$ 146,437,083	$ 142,754,355	$ 139,109,944
Restricted	14,296,104	6,770,323	6,402,803	10,712,670	10,089,985
Unrestricted	92,581,178	86,838,111	74,394,903	70,573,561	71,126,895
Total business-type activities net assets	$ 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	$ 219,634,160	$ 214,332,596	$ 188,105,879	$ 170,241,431	$ 143,435,996
Restricted	21,133,084	14,838,541	17,872,504	14,125,555	13,131,776
Unrestricted	111,435,204	109,512,074	95,550,913	101,285,027	112,643,114
Total primary government net assets	$ 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 five 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 five Fiscal Years Ended June 30, 1998 to 2002.

Exhibit H-2

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

	Fiscal Year				
	2007	2006	2005	2004	2003
Expense					
Governmental activities:					
General government	$ 6,066,996	$ 8,643,952	$ 6,376,009	$ 6,055,106	$ 5,076,083
Public Safety	11,584,857	10,738,962	10,544,833	9,787,165	9,567,243
Public Works	6,996,667	4,382,884	5,324,083	3,330,034	3,267,272
Culture and recreation	6,000,698	6,060,666	6,013,457	5,725,045	5,755,879
Welfare and social services	1,310,221	1,372,729	1,310,458	1,371,551	1,390,845
Interest on debt	1,277,812	1,394,338	1,498,919	2,150,038	1,621,923
Total governmental activities expenses	33,237,251	32,593,531	31,067,759	28,418,939	26,679,245
Business-type activities:					
Electric Utility	70,982,822	76,883,149	65,698,626	59,519,913	56,964,153
Wastewater Utility	7,692,405	7,708,629	7,235,531	7,068,457	7,019,711
Water Utility	5,662,012	5,542,208	4,858,304	4,927,953	4,574,975
Other enterprise activities	5,940,049	5,533,235	5,086,577	4,793,862	4,524,561
Total business-type activities expenses	90,277,288	95,667,221	82,879,038	76,310,185	73,083,400
Total primary government expenses	$ 123,514,539	$ 128,260,752	$ 113,946,797	$ 104,729,124	$ 99,762,645
Program Revenues					
Governmental activities:					
Charges for services:					
General government	$ 2,475,575	$ 2,450,074	$ 2,418,923	$ 2,639,966	$ 1,993,105
Public safety	988,690	928,337	952,885	893,450	836,797
Culture and recreation	1,122,695	987,705	968,203	904,771	901,904
Other activities	691,541	917,065	651,398	520,492	465,134
Operating grants and contributions	1,471,960	1,727,564	1,961,673	1,813,765	1,625,468
Capital grants and contributions	5,969,801	7,028,471	14,868,097	13,085,189	3,710,288
Total governmental activities program revenues	12,720,262	14,039,216	21,821,179	19,857,633	9,532,696
Business-type activities:					
Charges for services					
Electric Utility	81,276,323	78,272,801	67,001,967	64,819,973	64,463,883
Wastewater Utility	7,315,443	7,219,855	6,634,140	6,912,837	7,099,310
Water Utility	5,668,249	5,859,601	5,213,380	5,251,241	4,924,641
Other enterprise activities	2,273,950	2,103,966	2,158,971	1,731,232	1,690,390
Operating grants and contributions	2,075,992	2,172,593	1,701,262	1,829,910	1,796,648
Capital grants and contributions	834,580	3,513,337	3,484,614	1,136,306	1,487,949
Total business-type activities program revenue	99,444,537	99,142,153	86,194,334	81,681,499	81,462,821
Total primary government program revenue	$ 112,164,799	$ 113,181,369	$ 108,015,513	$ 101,539,132	$ 90,995,517

Exhibit H-2

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

	Fiscal Year				
	2007	2006	2005	2004	2003
Net (Expense)/Revenue					
Governmental activities	$ (20,516,989)	$ (18,554,315)	$ (9,246,580)	$ (8,561,306)	$ (17,146,549)
Business-type activities	9,167,249	3,474,932	3,315,296	5,371,314	8,379,421
Total primary government net expense	$ (11,349,740)	$ (15,079,383)	$ (5,931,284)	$ (3,189,992)	$ (8,767,128)
General Revenues and Other Changes in Net Assets					
Governmental Activities:					
Property taxes	$ 16,771,182	$ 16,368,318	$ 16,033,637	$ 15,286,387	$ 14,898,818
Intergovernmental	3,133,796	3,229,886	3,265,596	3,412,306	3,700,383
Investment earnings	1,222,007	909,619	611,338	479,191	986,897
Miscellaneous	-	-	-	-	(156,220)
Transfers	2,535,283	2,041,365	2,019,089	2,110,785	1,378,919
Total governmental activities	23,662,268	22,549,188	21,929,660	21,288,669	20,808,797
Business-type activities:					
Property taxes	171,058	113,079	111,020	217,306	234,954
Investment earnings	3,953,403	2,138,700	1,786,976	235,927	2,037,688
Miscellaneous	(382,469)	2,143	-	-	19,348
Transfers	(2,535,283)	(2,041,365)	(2,019,089)	(2,110,785)	(1,378,919)
Total business-type activities	1,206,709	212,557	(121,093)	(1,657,552)	913,071
Total primary government	$ 24,868,977	$ 22,761,745	$ 21,808,567	$ 19,631,117	$ 21,721,868
Change in Net Assets					
Governmental activities	$ 3,145,279	$ 3,994,873	$ 12,683,080	$ 12,727,363	$ 3,662,248
Business-type activities	10,373,958	3,687,489	3,194,203	3,713,762	9,292,492
Total primary government	$ 13,519,237	$ 7,682,362	$ 15,877,283	$ 16,441,125	$ 12,954,740

GASB 34 was implemented for Fiscal Year Ended June 30, 2003. Information on this schedule is reported prospectively for the five 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 five Fiscal Years Ended June 30, 1998 to 2002.

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

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

GASB 34 was implemented for Fiscal Year Ended June 30, 2003. Information on this schedule is reported prospectively for the five 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 five Fiscal Years Ended June 30, 1998 to 2002.

Exhibit H-4

CITY OF HOLLAND

CHANGES IN FUND BALANCES FOR GOVERNMENTAL FUNDS

FOR THE LAST FIVE FISCAL YEARS

	Fiscal Year				
	2007	2006	2005	2004	2003
Revenues					
Taxes	$ 16,771,182	$ 16,368,318	$ 16,033,637	$ 15,633,888	$ 15,190,306
Licenses, fees and permits	556,324	517,223	510,922	482,360	450,298
Fines and penalties	445,206	423,176	450,799	434,164	430,223
Contributions from private sector	408,474	542,430	456,891	811,369	599,173
Charges for services	1,174,439	1,176,727	1,118,339	1,032,832	1,065,981
Special assessments	682,982	728,498	583,084	609,316	546,185
Intergovernmental	10,402,819	11,650,263	19,848,219	17,815,507	8,705,043
Investment earnings	4,009,704	3,660,418	3,317,548	3,161,838	2,805,317
Other revenues	10,384	41,169	125,155	24,538	34,637
Total revenues	34,461,514	35,108,222	42,444,594	40,005,812	29,827,163
Expenditures					
General government	5,793,527	5,713,523	5,748,867	5,566,723	4,880,548
Public safety	11,274,392	10,301,845	10,438,435	9,529,234	9,022,053
Public works	3,760,112	3,290,658	3,043,671	3,024,687	3,068,727
Welfare and social services	1,304,323	1,399,094	1,369,692	582,131	543,109
Culture and recreation	5,156,184	5,439,768	5,196,498	5,844,799	5,773,547
Other	151,255	115,681	147,246	144,212	216,841
Capital outlay	6,056,550	13,185,288	16,301,232	26,310,205	10,282,213
Debt service					
Interest	1,273,710	1,534,371	1,489,744	2,266,535	1,421,970
Principal	2,322,963	2,292,963	2,079,475	1,829,475	1,286,975
Total expenditures	37,093,016	43,273,191	45,814,860	55,098,001	36,495,983
Deficiency of revenues over (under) expenditures	$ (2,631,502)	$ (8,164,969)	$ (3,370,266)	$ (15,092,189)	$ (6,668,820)

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

	Fiscal Year				
	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	8,866,486	10,033,423	8,919,203	7,835,073	9,688,603
Transfers out	(5,982,054)	(7,953,935)	(6,858,314)	(5,811,547)	(7,368,213)
Total other financing sources (uses)	2,884,432	2,354,006	2,060,889	2,503,526	21,995,390
Net change in fund balances	$ 252,930	$ (5,810,963)	$ (1,309,377)	$ (12,588,663)	$ 15,326,570
Debt service as a percentage of noncapital expenditures	11.3%	11.8%	11.3%	14.2%	10.2%

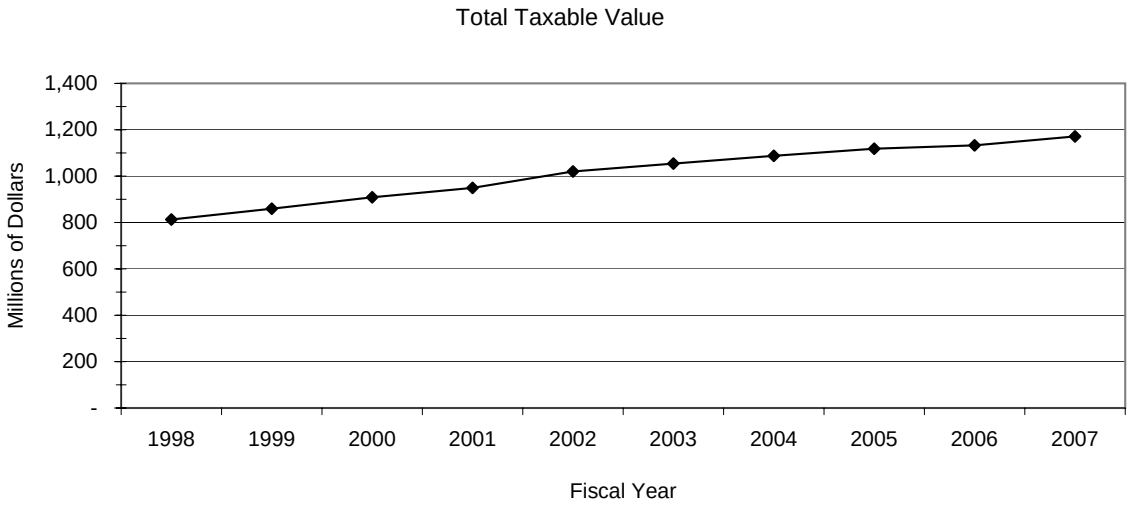
GASB 34 was implemented for Fiscal Year Ended June 30, 2003. Information on this schedule is reported prospectively for the five years since the time of implementation. The City of Holland has chosen not to make the necessary calculations to retroactively report the information for the five Fiscal Years Ended June 30, 1998 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
1998	$ 378,693,690	$ 183,033,428	$ 318,860,198	$ 5,797,467	$ 73,397,750	$ 812,987,033	$ 13.4830
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

*Other property includes agricultural, developmental and utilities.

Source: City of Holland Assessor's Office



CITY OF HOLLAND
DIRECT AND OVERLAPPING PROPERTY TAX RATES
FOR THE LAST TEN FISCAL YEARS
(Rate per $1,000 of assessed value)

	City Direct Rates							
Fiscal Year	Basic Rate	General Obligation Debt Service	Capital Projects	Herrick District Library	MAX Public Transit	Total Direct	State of Michigan	Ottawa Area Intermediate Schools
1998	8.9900	1.1216	1.6078	1.4886	0.2750	13.4830	6.0000	3.4664
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

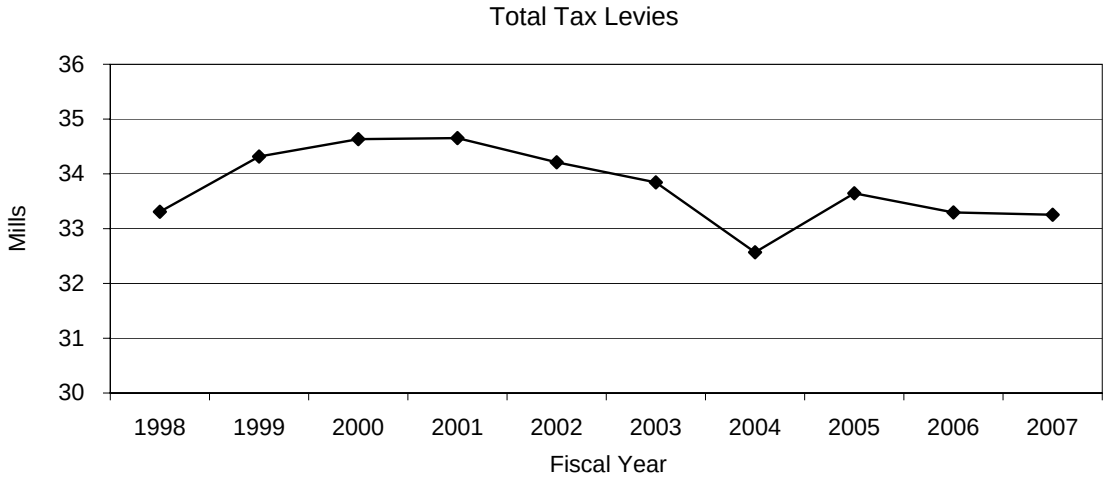
1.8437 must be added to the city direct rate, for the fiscal year 2007, for all properties in the Downtown Development Authority (DDA) area. This rate applies to approximately 7.5% of the City of Holland's tax base.

* 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	Counties		School Districts					
			Holland		Hamilton		Zeeland	
	Ottawa	Allegan	Principal Residence	Non-Principal Residence	Principal Residence	Non-Principal Residence	Principal Residence	Non-Principal Residence
1.4600	4.6985	6.0533	4.2000	22.2000	2.4000	20.3208	6.6275	24.6275
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



The total tax levy reflects principal residence tax rates for citizens living in Ottawa County and the Holland School District.

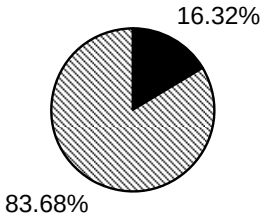
CITY OF HOLLAND
PRINCIPAL PROPERTY TAX PAYERS
FOR THE CURRENT FISCAL YEAR AND NINE YEARS AGO

	2007			1998		
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Johnson Controls Interiors	$ 65,218,933	1	5.57 %	$ -		- %
Haworth, Inc	41,799,744	2	3.57	39,460,250	2	4.85
ARC Holland Real Estate	19,486,113	3	1.66	13,366,100	4	1.64
- Freedom Village Retirement			-			
Hydro Automotive Structures	10,982,156	4	0.94	5,776,654	10	0.71
H.J. Heinz Co	10,897,007	5	0.93	7,693,231	6	0.95
Lumir Corp	9,714,137	6	0.83	------		----
ABC Beverage Management Inc	9,364,300	7	0.80	7,390,668	7	0.91
L & W Engineering Co	9,016,075	8	0.77	------		----
New West Michigan Ind Inv LLC	7,909,100	9	0.68	------		----
Meijer Realty Co	6,625,289	10	0.57	------		----
Planters Lifesaver Co	------		----	41,637,700	1	5.12
Prince Corp	------		----	32,087,500	3	3.95
Herman Miller Inc	------		----	9,748,355	5	1.20
1451 M-40	------		----	6,674,600	8	0.82
Holland Hitch	------		----	5,814,832	9	0.72
	$ 191,012,854		16.32	$ 169,649,890		20.87

Source: City of Holland Assessor's Office

2007 Total Taxable Value is $1,171,206,872, which includes IFT's at equivalency valuation.

Concentration of 2007 Taxpayers



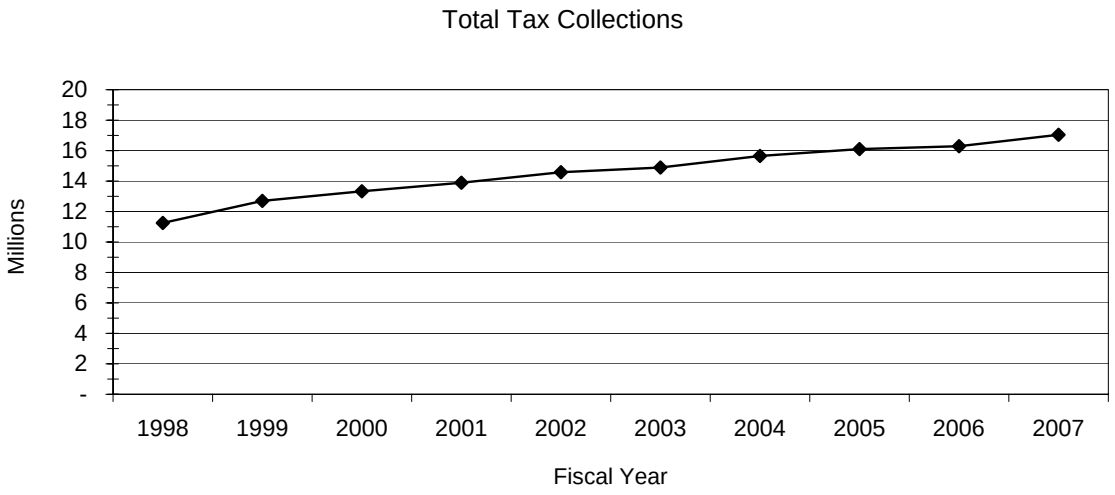
■ Top Ten Taxpayers ▧ All Other Taxpayers

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

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year*	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
1998	$ 11,264,034	$ 11,247,338	99.85 %	N/A	$ 11,247,338	99.85 %
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	-	17,037,496	99.82

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

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



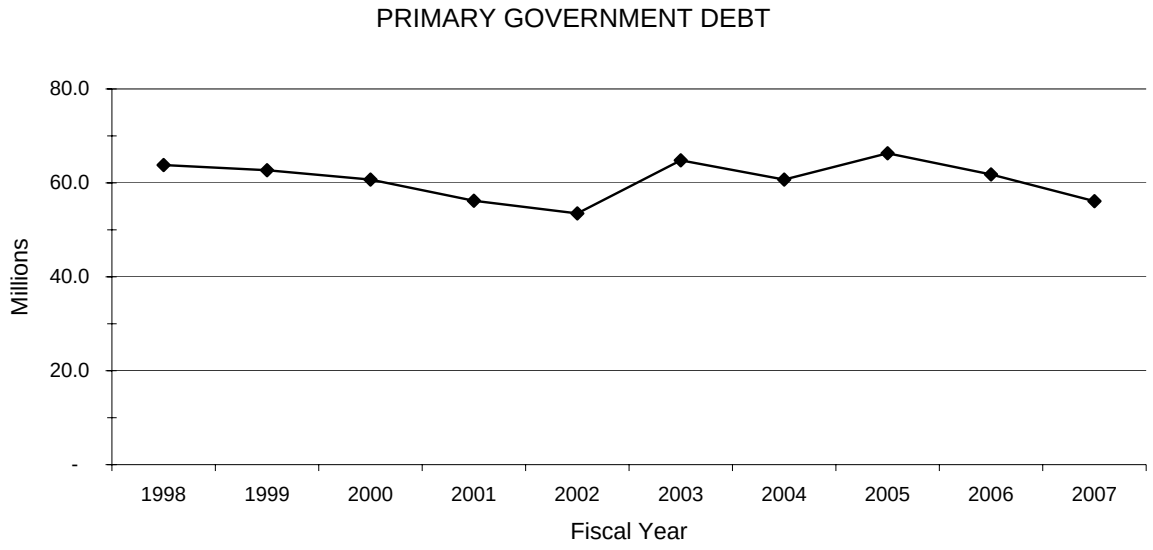
CITY OF HOLLAND
RATIOS OF OUTSTANDING DEBT BY TYPE
FOR THE LAST TEN FISCAL YEARS

	Governmental Activities				
Fiscal Year	General Obligation Bonds	Building Authority Bonds	Michigan Transportation Bonds	Special Assessment Bonds	Environmental Clean-up Costs
1998	$ -	$ 11,890,000	$ 5,395,000	$ 1,165,000	$ 165,000
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

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**
$ 275,000	$ 301,277	$ 7,385,000	$ 11,000,000	$ 27,450,000	$ 65,026,277	N/A %	$ N/A
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



CITY OF HOLLAND
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
FOR THE LAST TEN FISCAL YEARS

	General Bonded Debt Outstanding				
Fiscal Year	General Obligation Bonds	Building Authority Bonds	Total	Percentage of Actual Taxable Value* of Property	Per Capita**
1998	$ -	$ 11,890,000	$ 11,890,000	1.46 %	$ 354
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

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, 2007

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable*	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Ottawa Area Intermediate School District	$ 7,834,271	10.47%	$ 820,248
Hamilton School District	29,135,000	20.96%	6,106,696
Holland School District	20,043,526	79.20%	15,874,473
Zeeland School District	98,167,263	0.02%	19,633
Allegan County	26,807,523	10.92%	2,927,382
Ottawa County	92,015,533	7.66%	7,048,390
Holland Area Community Swimming Pool Authority	7,635,000	79.20%	6,046,920
Subtotal, overlapping debt			38,843,742
City direct debt			27,083,422
Total direct and overlapping debt			$ 65,927,164

Sources: Assessed value data used to estimate applicable percentages provided by the 2006 Allegan and 2006 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

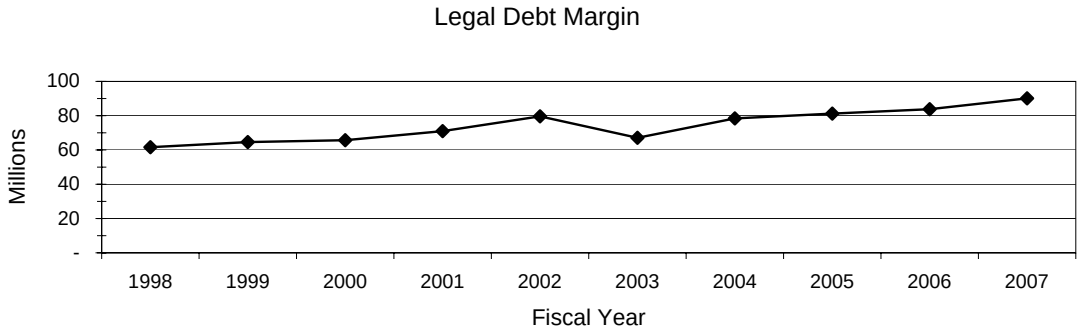
	Fiscal Year			
	1998	1999	2000	2001
Debt Limit	$ 81,298,703	$ 85,960,220	$ 90,875,005	$ 94,929,950
Total net debt applicable to limit	19,736,501	21,316,062	25,201,358	23,920,167
Legal debt margin	$ 61,562,202	$ 64,644,158	$ 65,673,647	$ 71,009,783
Total net debt applicable to the limit as a percentage of debt limit	32.06%	32.97%	38.37%	33.69%

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 $5,185,000, or $3,219,885, 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	$ 1,171,206,872
Debt limit (10% of assessed value)	117,120,687
Debt applicable to limit:	
General obligation bonds	427,000
Building authority bonds	21,785,000
County bonds	4,871,422
Less: Amount set aside for repayment of debt	(84,435)
Total net debt applicable to limit	26,998,987
Legal debt margin	$ 90,121,700

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



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

	Water Revenue Bonds					
				Debt Service		
Fiscal Year	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Principal	Interest	Coverage
1998	$ 3,235,995	$ 2,782,642	$ 453,353	$ -	$ 274,570	1.65
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

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 Principal	Debt Service Interest	Coverage
1998	$ 50,772,158	$ 42,073,851	$ 8,698,307	$ 2,088,649	$ 1,646,421	2.33
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

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

	Special Assessment Bonds			
	Special	Debt Service		
Fiscal Year	Assessment Collections	Principal	Interest	Coverage
1998	$ 550,354	$ 145,000	$ 55,488	2.75
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

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	5.4%
2002	34,710	653,346	N/A	7.1%
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%

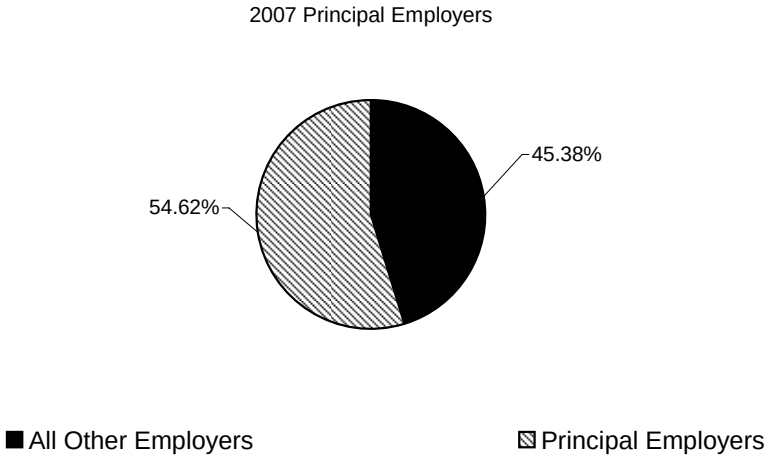
Sources:
(1) United States Census Bureau
(2) United States Census Bureau - 2000 Census (last reported)
(3) Michigan Bureau of Labor Statistics

Exhibit K-2

CITY OF HOLLAND
PRINCIPAL EMPLOYERS
FOR THE CURRENT YEAR

	2007		
Employer	Employees	Rank	Percentage of Total City Employment
Haworth Inc	1,878	1	10.95 %
Holland Community Hospital	1,740	2	10.14
Johnson Controls Interiors	1,289	3	7.51
Plastech	1,035	4	6.03
Challenge Mfg Company	825	5	4.81
Tiara Yachts (S2)	763	6	4.45
Hope College	760	7	4.43
ARC Holland Real Estate - Freedom Village Retirement	400	8	2.33
L&W Engineering	351	9	2.05
Cadbury Schweppes	330	10	1.92
	9,371		54.62 %

Sources:
Michigan Department of Labor & Economic Growth
Principal Employers



Note: Employment Information from 9 years ago is unavailable.

Exhibit L-1

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

	Full-time Equivalent Employees as of June 30									
Function	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General government										
Management services	4.75	4.65	5.20	4.60	4.60	4.65	3.55	3.65	3.65	3.20
Fiscal services	14.00	14.00	14.00	14.00	15.00	14.90	14.90	14.90	13.90	14.35
City clerk	2.90	3.15	4.08	3.88	3.88	3.88	3.88	3.00	3.00	3.25
Human resources	2.35	2.35	2.35	2.35	2.35	2.35	2.25	2.25	2.25	2.25
Building	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Cemetery	4.25	4.70	4.25	4.25	4.25	4.25	4.15	4.15	4.15	4.15
Planning	2.70	2.70	2.70	2.70	3.05	2.90	2.40	3.50	3.50	3.30
Technology	5.00	5.00	5.00	6.00	6.00	6.00	5.00	5.00	5.00	4.00
Public safety										
Police	73.80	73.80	73.80	73.80	76.00	76.00	75.00	74.50	74.50	74.50
Fire	58.00	59.00	59.00	59.00	59.00	59.00	58.00	58.00	58.00	58.00
Environmental health & inspections	9.00	9.00	9.80	11.80	11.80	11.90	11.90	11.50	11.50	11.20
Public works										
Streets	22.15	22.15	22.15	22.15	22.15	19.40	20.04	19.74	19.74	19.74
Engineering	0.00	0.00	0.00	0.00	0.00	2.90	2.90	2.90	2.90	2.90
Transit	1.50	1.60	2.70	2.60	2.60	2.25	2.43	0.98	0.83	1.58
Centralized vehicle maintenance	7.50	7.70	7.40	7.65	7.65	7.65	6.90	8.78	8.93	8.93
Welfare and social services										
Ourstreet / Human relations	3.80	4.55	4.55	4.60	5.80	5.80	6.00	5.05	5.05	3.80
Economic development assistance	1.85	1.85	1.85	1.85	1.50	1.85	1.85	2.10	2.30	2.80
Downtown development	2.15	2.15	2.15	2.15	2.15	2.15	2.15	2.05	2.05	2.05
Culture and recreation										
Recreation	5.60	5.80	5.60	5.60	5.60	5.60	5.60	4.60	4.60	4.60
Parks	17.80	15.80	14.80	15.60	15.60	15.75	14.75	14.65	13.65	13.65
Civic Center	2.85	2.30	2.50	2.50	2.50	2.50	2.50	1.75	1.75	1.75
Board of Public Works Utilities	171.50	171.50	172.50	174.50	178.00	182.00	182.00	182.00	182.00	180.00
Total	414.45	414.75	417.38	422.58	430.48	434.68	429.15	426.05	424.25	421.00

Source: City of Holland Finance Office

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

	Fiscal Year									
Function	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Cemetery										
Burials	271	311	297	286	295	298	283	260	257	292
Police										
Physical arrests	2,227	2,678	2,828	2,902	2,871	3,084	3,096	2,972	2,933	3,186
Parking violations	6,802	7,410	6,254	8,760	7,769	6,930	4,581	5,678	5,187	6,120
Traffic violations	10,429	12,522	10,352	9,827	9,442	10,524	8,430	7,946	7,436	7,235
Fire										
Emergency responses	2,802	2,601	2,587	2,731	2,538	2,511	2,597	2,562	2,670	2,786
Fires	322	264	274	270	164	188	212	118	129	98
Medical Emergencies	1,850	1,692	1,619	1,633	1,599	1,661	1,742	1,644	1,752	1,916
Inspections	2,781	1,380	1,101	992	407	49	75	112	129	71
Public works										
Street resurfacing (miles)	6.7	6.9	7.9	9.5	6.6	6.4	6.7	6.5	6.8	2.2
Street cut permits	321	374	304	343	356	285	282	371	327	307
Community & neighborhood services										
Number of construction permits:										
Industrial & commercial	109	136	163	127	108	98	132	110	116	96
Residential	680	697	683	724	787	825	709	631	603	550
Institutional & municipal			25	21	31	24	35	30	33	35
Value of construction permits (thousands of dollars)										
Industrial & commercial	21,608	16,216	23,192	21,949	22,316	13,717	27,518	12,687	25,759	67,243
Residential	11,215	9,780	9,952	9,936	12,711	25,661	16,517	17,574	15,435	10,598
Institutional & municipal			10,318	7,500	29,114	20,786	35,235	44,336	19,096	7,681
Culture and recreation										
Program participants	17,070	19,091	18,508	15,472	16,531	16,817	16,067	17,795	20,784	26,386
Pool attendance	15,985	11,777	13,582	14,633	10,661	11,639	11,106	11,500	13,317	11,214

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

	Fiscal Year									
Function	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Water										
Service connections	11,816	11,903	12,317	12,790	12,927	13,039	13,209	13,162	13,139	13,190
Average daily consumption (thousands of gallons)	13,017	13,554	12,756	12,079	12,876	13,336	12,161	13,260	13,387	12,428
Wastewater										
Service connections	11,425	11,418	11,671	11,744	11,861	12,024	12,097	12,107	12,143	12,196
Average daily consumption (thousands of gallons)	8,023	7,929	8,375	8,867	8,950	8,345	9,071	8,941	8,839	7,578
Transit										
Total route miles	325,104	334,318	442,629	642,151	619,309	628,112	642,101	670,062	742,910	843,478
Passengers	153,944	152,457	142,195	176,592	185,741	170,620	172,946	184,807	203,948	221,224

Source: Various city departments

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

	Fiscal Year									
Function	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
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	24	20	20	17	18	18	18	18	18
Fire Stations	3	3	3	3	3	3	3	3	3	3
Public works										
Streets (miles)	142.80	145.01	151.15	151.15	151.15	151.7	157.1	159.3	148.6	154.5
Streetlights	2,172	2,184	2,234	4,224	4,354	4,383	4,435	4,495	4,632	4,643
Culture and recreation										
Park acreage	371	371	423.2	423.8	423.8	423.8	448	448	448	448
Parks	19	19	20	21	21	21	24	24	24	24
Baseball/softball diamonds	8	8	8	8	8	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	20	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)	193.80	216.40	216.53	220.24	221.51	221.88	221.09	226.45	229.54	232.44
Fire hydrants	2,014	2,032	2,071	2,071	2,081	2,112	2,110	2,166	2,195	2,256
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)	162.80	166.10	158.31	161.47	164.70	164.74	165.49	177.46	182.52	183.16
Storm sewers (miles)	133.0	133.0	134.0	134.0	134.0	134.0	134.0	131.9	155.0	155.0
Maximum daily capacity of plant (thousands of gallons)	16,000	16,000	16,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000
Transit										
Number of vehicles	12	12	19	20	20	21	21	23	26	26

Source: Various city departments

Note: No capital asset indicators are available for the welfare and social services function.