

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input checked="" type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Village of Holly	County Genesee
Fiscal Year End 06/30/07	Opinion Date 10/12/2007	Date Audit Report Submitted to State	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

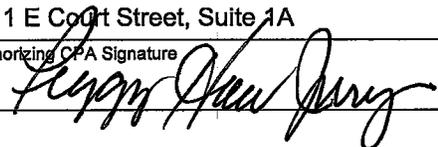
YES NO

Check each applicable box below. (See instructions for further detail.)

1. All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. The local unit has adopted a budget for all required funds.
5. A public hearing on the budget was held in accordance with State statute.
6. The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. The local unit only holds deposits/investments that comply with statutory requirements.
9. The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. The local unit is free of repeated comments from previous years.
12. The audit opinion is UNQUALIFIED.
13. The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. The board or council approves all invoices prior to payment as required by charter or statute.
15. To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)
Financial Statements	<input checked="" type="checkbox"/>	
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>	
Other (Describe)	<input type="checkbox"/>	not required
Certified Public Accountant (Firm Name) Plante & Moran, PLLC		Telephone Number 810-767-5350
Street Address 111 E Court Street, Suite 1A		City Flint
		State MI
		Zip 48502
Authorizing CPA Signature 	Printed Name Peggy Haw Jury	License Number 1101009025

Village of Holly, Michigan

Comprehensive Annual Financial Report with Supplemental Information Year Ended June 30, 2007

Prepared by:
Marsha Powers, CMC-CPFA
Clerk-Treasurer

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- List of Principal Officials
- Letter of Transmittal
- Organization Chart
- Certificate of Achievement

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Village of Holly

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President

Peter K. Clemens

Village Council

Shirley Campbell

Jim Scherman

Don Winglemire

Pauline Kenner

Reisa Hamilton

William P. Kuyk, Sr.

ADMINISTRATION

Village Manager

Aaron Oppenheimer

Village Clerk – Treasurer

Marsha A. Powers

Director of Public Works

Marvin Swanson

Police Chief

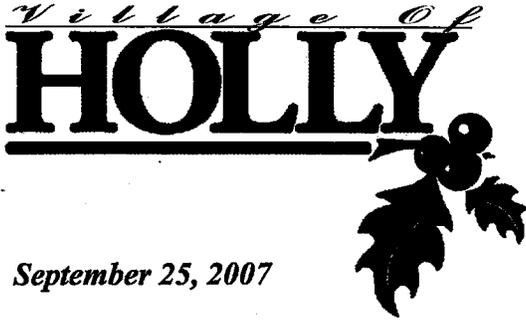
Rollie Gackstetter

Director of Wastewater Treatment

Tim Stallcup

Fire Chief

Jack Hollands



September 25, 2007

*To the Citizens of
Village of Holly, Michigan:*

The Comprehensive Annual Financial Report of the Village of Holly, Michigan, for the fiscal year ended June 30, 2007 is submitted herewith. This report was prepared by the Village of Holly Clerk-Treasurer's office with assistance from the Village's Independent Auditors. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the Village.

PROFILE OF THE GOVERNMENT:

The management of the Village is overseen by an elected Council. The Council consists of seven members. They have the responsibility of making appropriations to all Village functions and establishing policy for all Village operations. The Council appoints a manager who has the overall responsibility to oversee the administrative duties of the Village.

The Village provides many services to the Village residents including administration, police patrol, public works, recreation and water and sewer services.

FACTORS AFFECTING FINANCIAL CONDITION:

Local Economy:

The Village of Holly is a growing community located in an area rich in natural resources. With six lakes in the Village in addition to the Shiawassee River and four major recreational areas within five miles, Holly is an attractive place to live, work and play.

The Downtown Development Authority and the Holly Chamber of Commerce signed a working partnership agreement this year to promote the Village of Holly through special events and activities. The Downtown Development Authority secured a grant to assist them with the funding for a new streetscape in the downtown which started in mid-July (2007). This investment in the downtown should make the downtown more attractive and user friendly for visitors.

The Village of Holly's upgrades to two large scale public works projects should provide the Village with a competitive advantage over communities that have not made infrastructure upgrades.

Major Initiatives:

Completion nears on the Village of Holly's two large scale public works projects.. The first is the expansion of the Village of Holly's wastewater treatment plant (\$13,000,000 investment) and the second is the expansion of the Village of Holly's water utility (\$6,000,000 investment). These upgrades will provide the Village with a competitive advantage over neighboring communities and allow for possible future growth.

The Village of Holly is also investing in its transportation network. This year monies were invested in sidewalk improvements as well as paving two major streets. One of the streets, Oakland Street, is a major East/West route in and out of the village that also serves the Silverman/Pulte development in Holly Township. This next year, Morrison Street, which connects to Oakland Street will be repaved. The Village of Holly has not dedicated this level of resources towards transportation in over a decade. A comprehensive transportation system will allow people and goods to travel throughout the community which will improve the local economy and the quality of life in the Village.

Financial Management:

Management of the Village is responsible for establishing and maintaining internal control designed to ensure that the assets of the Village are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Budgeting Control:

The Village maintains budgetary control with the objective to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Village Council. Activities of the General and Special Revenue Funds are included in the annual appropriation budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is exercised at the departmental level for all funds.

As demonstrated by the statements and schedules included in the financial section of this report, the Village continues to meet its responsibility for sound financial management.

Cash Management:

Cash temporarily idle during the year was invested through the use of a competitive bid procedure in time deposits, including municipal investment pools, ranging from overnight to medium short-term investments. Longer investment periods were utilized by the Village to take advantage of higher interest rates.

Risk Management:

The Village carries a variety of commercial insurance coverage. This includes coverage for workers' compensation, property loss, general liability, public officials liability and employees liability.

OTHER INFORMATION:

Independent Audit:

The Michigan Uniform Accounting and Budgeting Act requires an annual audit by independent certified public accountants. The accounting firm of Plante & Moran was selected by the Village Council to perform the Village's annual audit. The auditor's report on the financial statements and combining and individual fund statements and schedules are included in the financial section of this report.

Accounting Systems and Reports:

The Village's accounting records for traditional governmental operations; i.e., General Fund and Special Revenue Funds are maintained on a modified accrual basis of accounting. As a result, the more significant revenues such as property taxes, intergovernmental revenues and investment earnings are recognized as earned and other revenues are generally recognized only when received. Expenditures are recorded when incurred and encumbrances placed when purchase orders are issued.

Awards:

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Village of Holly for its comprehensive annual financial report for the fiscal year ended June, 30, 2007. This was the ninth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

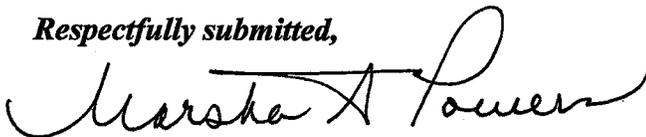
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements:

The completion of this report on a timely basis could not have been accomplished without the cooperation of the Village staff. I would like to express my appreciation to those who assisted and contributed to its preparation.

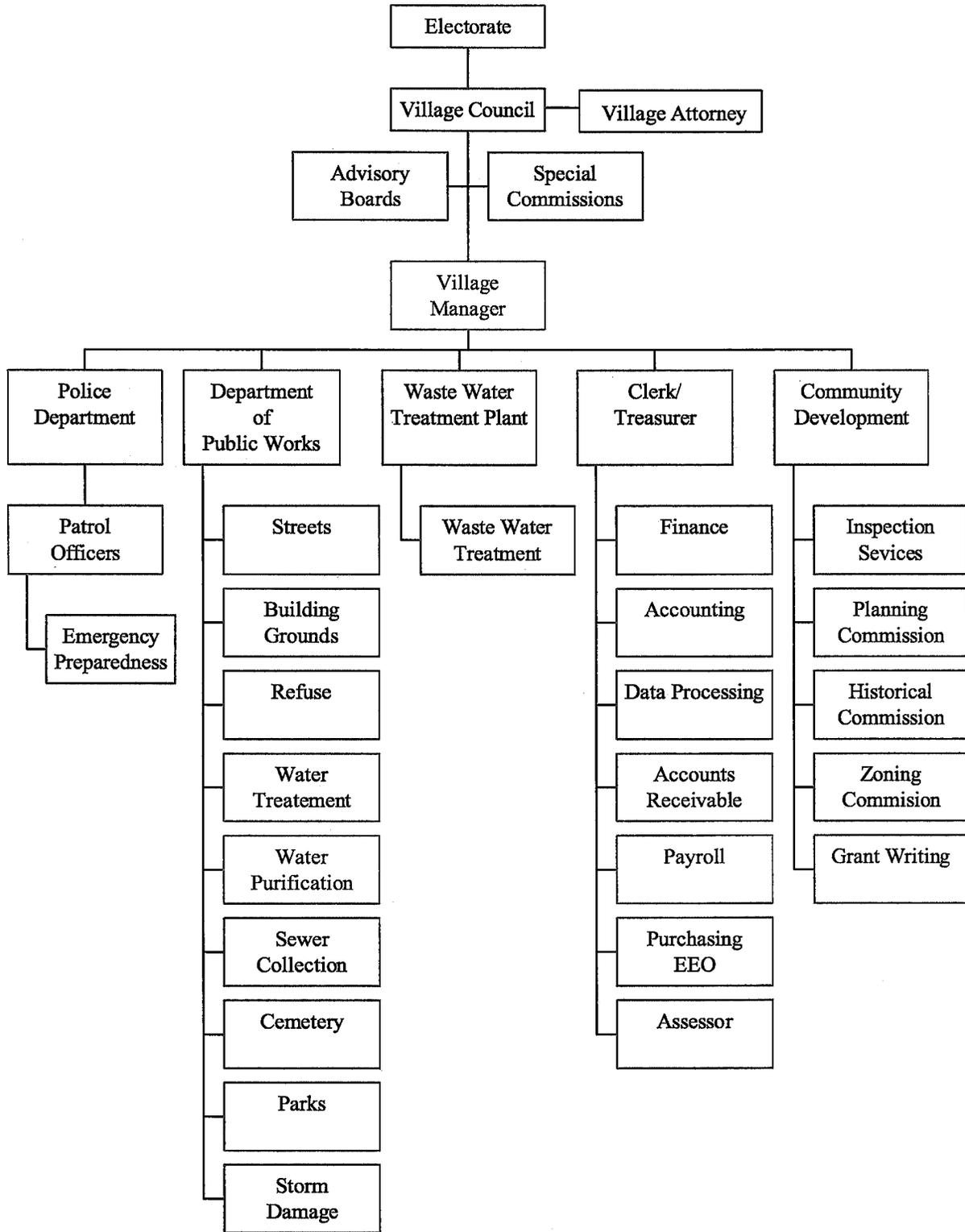
Finally, I would like to thank the Village Manager and Council members for their leadership and support in planning and conducting the financial operations of the Village in a responsible and progressive manner.

Respectfully submitted,



*Marsha A. Powers,
Clerk-Treasurer, CMC-CPFA*

VILLAGE OF HOLLY ORGANIZATIONAL CHART



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Village of Holly
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



Plante & Moran, PLLC

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Independent Auditor's Report

To the Village Council
Village of Holly, 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 Village of Holly, Michigan (the "Village"), as of and for the year ended June 30, 2007, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village of Holly's management. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Village of Holly, Michigan, as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and the budgetary comparison schedules as identified in the table of contents, are not a required part of the basic financial statements but are supplemental 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 supplemental 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 Village of Holly's basic financial statements. The accompanying other supplemental information, as identified in the table of contents, is presented for purposes of

additional analysis and is not a required part of the basic financial statements. The other supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Plante & Moran, PLLC

October 12, 2007

Village of Holly

Management's Discussion and Analysis

Our discussion and analysis of the Village of Holly's (the "Village") financial performance provides an overview of the Village's financial activities for the fiscal year ended June 30, 2007. Please read it in conjunction with the Village's financial statements.

Using this Annual Report

This annual report consists of a series of financial statements. The statement of net assets and the statement of activities provide information about the activities of the Village as a whole and present a longer-term view of the Village's finances. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year, and whether the taxpayers have funded the full cost of providing government services.

The Fund financial statements present a short-term view; they tell us how the taxpayers' resources were spent during the year, as well as how much is available for future spending. Fund financial statements also report the Village's operations in more detail than the government-wide financial statements by providing information about the Village's most significant funds. The fiduciary fund statements provide financial information about activities for which the Village acts solely as a trustee or agent for the benefit of those outside of the government.

Governmental Activities

The following table shows, in a condensed format, the current year's net assets and changes in net assets, compared to the prior year:

	<u>Condensed Statement of Activities:</u>			<u>Change from 2006</u>	
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>in Dollars</u>	<u>in %</u>
Revenue					
Charges for services	\$ 300,826	\$ 212,387	\$ 200,557	\$ (11,830)	-6%
Operating grants and contributions	414,159	511,596	458,495	(53,101)	-10%
Capital grants and contributions	78,903	68,247	305,532	237,285	348%
General revenue:					
Property taxes	1,894,105	1,927,942	2,131,818	203,876	11%
State-shared revenue	636,956	631,013	613,850	(17,163)	-3%
Investment earnings	59,264	103,948	88,938	(15,010)	-14%
Franchise fees	54,101	58,726	62,548	3,822	n/a
Miscellaneous	8,415	89,426	51,913	(37,513)	n/a
Total revenue	3,446,729	3,603,285	3,913,651	310,366	9%

Village of Holly

Management's Discussion and Analysis (Continued)

Governmental Activities (continued)

	2005	2006	2007	Change from 2006	
				in Dollars	in %
Expenses					
General government	815,797	590,570	605,514	14,944	3%
Public safety	1,668,003	1,594,462	1,716,705	122,243	8%
Public works	952,721	912,833	689,580	(223,253)	-24%
Community and economic development	106,711	112,440	82,823	(29,617)	-26%
Recreation and culture	61,096	54,525	62,131	7,606	14%
Interest on long-term del	9,340	3,901	10,373	6,472	166%
Total program expenses	<u>3,613,668</u>	<u>3,268,731</u>	<u>3,167,126</u>	<u>(101,605)</u>	-3%
Change in Net Assets	<u>\$ (166,939)</u>	<u>\$ 334,554</u>	<u>\$ 746,525</u>	<u>\$ 411,971</u>	123%

The Village's total governmental revenues increased approximately \$310,000, due primarily to capital grants and contributions and property taxes. All capital assets are reported in these statements which include the DDA payment of the Saginaw Street project. Expenses decreased by approximately \$102,000 during the year, which were the result of a reduction in public works expense and an increase in public safety expense.

Village of Holly

Management's Discussion and Analysis (Continued)

Condensed Statement of Net Assets:				Change from 2006	
	2005	2006	2007	in Dollars	in %
Assets					
Cash and investments	\$ 1,828,073	\$ 1,677,602	\$ 1,251,727	\$ (425,875)	-25%
Other current assets	158,712	489,831	339,561	(150,270)	-31%
Capital assets	1,915,530	2,161,003	3,513,493	1,352,490	63%
Other noncurrent assets	7,408	7,408	5,966	(1,442)	-19%
Total assets	3,909,723	4,335,844	5,110,747	774,903	18%
Liabilities					
Current liabilities	195,453	310,002	338,355	28,353	9%
Long-term liabilities	267,618	112,419	112,444	25	0%
Total liabilities	463,071	422,421	450,799	28,378	7%
Net Assets					
Invested in capital assets -					
Net of related debt	1,729,878	2,013,629	3,323,290	1,309,661	65%
Restricted	1,077,613	1,174,429	545,243	(629,186)	-54%
Unrestricted	639,161	725,365	791,415	66,050	9%
Total net assets	<u>\$ 3,446,652</u>	<u>\$ 3,913,423</u>	<u>\$ 4,659,948</u>	<u>\$ 746,525</u>	19%

Total governmental net assets increased by 19 percent from a year ago – increasing from \$3,913,423 to \$4,659,948. Unrestricted net assets – that portion of net assets that can be used to finance day-to-day operations – increased by \$66,050 for the governmental activities. This represents an increase of approximately 9 percent. The current level of unrestricted net assets for our governmental activities stands at \$791,451 or about 25 percent of governmental activity expenses.

Village of Holly

Management's Discussion and Analysis (Continued)

Business-type Activities

The following table shows, in a condensed format, the current year's net assets and changes in net assets, compared to the prior year:

<u>Condensed Statement of Activities:</u>	2005	2006	2007	Change from 2006	
				in Dollars	in %
Revenue					
Charges for services					
Sewer	\$ 1,442,452	\$ 1,306,582	\$ 1,376,555	\$ 69,973	5%
Water	807,210	936,193	898,915	(37,278)	-4%
Capital grants and donations	-	5,574,955	222,021	(5,352,934)	n/a
General revenue (interest)	148,674	220,811	396,662	175,851	80%
Total revenue	2,398,336	8,038,541	2,894,153	(5,144,388)	-64%
Expenses					
Sewer	1,114,898	1,640,260	1,359,509	(280,751)	-17%
Water	767,205	895,937	869,198	(26,739)	-3%
Total expenses	1,882,103	2,536,197	2,228,707	(307,490)	-12%
Change in Net Assets	\$ 516,233	\$ 5,502,344	\$ 665,446	\$ (4,836,898)	-88%

Village of Holly

Management's Discussion and Analysis (Continued)

Business-type Activities (continued)

Condensed Statement of Net Assets:			Change from 2006		
	2005	2006	2007	in Dollars	in %
Assets					
Cash and investments	\$ 7,362,460	\$ 3,376,928	\$ 1,217,903	\$ (2,159,025)	-64%
Other current assets	442,219	483,975	674,483	190,508	39%
Capital assets	15,835,916	28,609,952	36,207,264	7,597,312	27%
Restricted assets	-	8,528,564	3,410,906	(5,117,658)	n/a
Total assets	23,640,595	40,999,419	41,510,556	511,137	1%
Liabilities					
Current liabilities	933,922	1,459,186	1,637,401	178,215	12%
Long-term liabilities	8,268,908	19,613,766	19,281,242	(332,524)	-2%
Total liabilities	9,202,830	21,072,952	20,918,643	(154,309)	-1%
Net Assets					
Invested in capital assets - Net of related debt	7,373,232	17,391,459	17,971,901	580,442	3%
Restricted	297,921	-	869,073	869,073	0%
Unrestricted	6,766,612	2,535,008	1,750,939	(784,069)	-31%
Total net assets	<u>\$ 14,437,765</u>	<u>\$ 19,926,467</u>	<u>\$ 20,591,913</u>	<u>\$ 665,446</u>	3%

The Village's business-type activities consist of the Water and Sewer Funds. We provide water to residents from the village wells and sewage treatment through a Village owned and operated sewage treatment plant. The net assets of business type activities increased 3 percent from a year ago – increasing from \$19,926,467 to \$20,591,913. Unrestricted net assets – that portion of net assets that can be used to finance day-to-day operations – decreased by approximately \$784,069 or 31 percent. This was the result of the spending of the 2004 construction bonds on the construction projects. The current level of unrestricted net assets stands at approximately \$1,750,939, or about 79 percent of annual expenses.

Village of Holly

Management's Discussion and Analysis (Continued)

The Village's Funds

Our analysis of the Village's major funds begins on page 17, following the government-wide financial statements. The fund financial statements provide detail information about the most significant funds, not the village as a whole. The Village's major funds for 2007 include the General Fund, which includes services of general government – i.e. – village council, manager, clerk-treasurer, public safety (police and fire), public works; community and economic development provide services for planning and zoning, community development, senior transportation and parks and recreation and Special Revenue Major Street Fund. The Police Department makes up 45.6 percent of the total General Fund expenditures.

Other major funds are the Water and Sewer Funds, which are categorized as Enterprise or business funds. These funds operate on revenues they receive from the customers (users) of the water and sewer systems.

General Fund Budgetary Highlights

Over the course of the year, the Village amended the budget to take into account various minor expenditures and revenue changes. Reductions in expenditures and small increases in some revenues netted an increase in the fund balance of \$35,869

Capital Asset and Debt Administration

During 2007, the village invested approximately \$1,556,000 in governmental capital assets, which included street and sidewalk improvements, the purchase of additional vehicles and building improvements. The village invested approximately \$8,135,449 in business type assets, primarily water and sewer infrastructure financed through the recent bond issues.

Long term debt increased with the bonding for approximately \$12 million in improvements to the wastewater treatment plant and \$6.0 million in water system improvements.

Village of Holly

Management's Discussion and Analysis (Continued)

Economic Factors and Next Year's Budgets and Rates

Local Economy:

The Village of Holly is a growing community located in an area rich in natural resources. With six lakes in the Village in addition to the Shiawassee River and four major recreational areas within five miles, Holly is an attractive place to live, work and play.

The Downtown Development Authority and the Holly Chamber of Commerce signed a working partnership agreement this year to promote the Village of Holly through special events and activities. The Downtown Development Authority secured a grant to assist them with the funding for a new streetscape in the downtown which started in mid-July. This investment in the downtown should make the downtown more attractive and user friendly for visitors.

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Major Initiatives:

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Contacting the Village's Management

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the Village's finances and to show the Village's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the Clerk's office.

Village of Holly

Statement of Net Assets June 30, 2007

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and investments (Note 3)	\$ 1,251,727	\$ 1,217,903	\$ 2,469,630	\$ 224,113
Receivables - Net (Note 4)	339,561	614,771	954,332	1,057
Inventories	-	59,712	59,712	-
Land contract receivable	5,966	-	5,966	-
Restricted assets (Note 9)	-	3,410,906	3,410,906	-
Capital assets - Net (Note 5):				
Subject to depreciation	3,315,493	22,542,986	25,858,479	-
Not subject to depreciation	198,000	13,664,278	13,862,278	-
Total assets	5,110,747	41,510,556	46,621,303	225,170
Liabilities				
Accounts payable	73,102	81,120	154,222	686
Accrued payroll and related liabilities	75,847	36,184	112,031	-
Unearned revenue	6,956	-	6,956	-
Deposits and other liabilities	7,794	205,650	213,444	-
Payable from restricted assets	-	976,531	976,531	-
Noncurrent liabilities (Note 8):				
Due within one year	174,656	337,916	512,572	-
Due in more than one year	112,444	19,281,242	19,393,686	-
Total liabilities	450,799	20,918,643	21,369,442	686
Net Assets				
Invested in capital assets - Net of related debt	3,323,290	17,971,901	21,295,191	-
Restricted:				
Streets and highways	220,177	-	220,177	-
Cemetery maintenance	183,920	-	183,920	-
Parks and recreation	71,725	-	71,725	-
Solid waste	50,385	-	50,385	-
Building inspections	2,703	-	2,703	-
Federal grants	16,333	-	16,333	-
Bond Reserve	-	869,073	869,073	-
Unrestricted	791,415	1,750,939	2,542,354	224,484
Total net assets	\$ 4,659,948	\$ 20,591,913	\$ 25,251,861	\$ 224,484

Village of Holly

Statement of Activities Year Ended June 30, 2007

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:					
Governmental activities:					
General government	\$ 605,514	\$ 21,635	\$ 1,140	\$ -	\$ (582,739)
Public safety:					
Police	1,381,278	76,501	3,002	-	(1,301,775)
Fire	221,639	7,291	-	-	(214,348)
Building inspections and related	113,788	41,188	-	-	(72,600)
Public works:					
Streets	287,561	-	360,304	297,020	369,763
Rubbish disposal	254,851	672	-	-	(254,179)
Trees	6,249	-	-	-	(6,249)
Cemetery	83,064	39,100	-	-	(43,964)
Other public works activities	57,855	715	200	8,512	(48,428)
Community and economic development:					
Planning and zoning	12,132	1,854	-	-	(10,278)
Housing and redevelopment	26,445	-	30,645	-	4,200
Senior transportation	44,246	3,599	63,204	-	22,557
Parks and recreation	62,131	8,002	-	-	(54,129)
Interest on long-term debt	10,373	-	-	-	(10,373)
Total governmental activities	<u>3,167,126</u>	<u>200,557</u>	<u>458,495</u>	<u>305,532</u>	<u>(2,202,542)</u>
Business-type activities:					
Sewer	1,359,509	1,376,555	-	124,642	141,688
Water	869,198	898,915	-	97,379	127,096
Total business-type activities	<u>2,228,707</u>	<u>2,275,470</u>	<u>-</u>	<u>222,021</u>	<u>268,784</u>
Total primary government	<u>5,395,833</u>	<u>2,476,027</u>	<u>458,495</u>	<u>527,553</u>	<u>(1,933,758)</u>
Component Units					
Downtown Development Authority	376,525	1,126	17,909	-	(357,490)
Economic Development Corporation	2,500	-	-	-	(2,500)
Total component units	<u>379,025</u>	<u>1,126</u>	<u>17,909</u>	<u>-</u>	<u>(359,990)</u>

(Continued on next page)

Village of Holly

Statement of Activities Year Ended June 30, 2007 (continued)

	Net (Expense) Revenue and Changes in Net Assets			
	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
General Revenues				
Net (expense) revenue	\$ (2,202,542)	\$ 268,784	\$ (1,933,758)	\$ (359,990)
General revenues:				
Property taxes	2,131,818	-	2,131,818	328,254
Unrestricted state-shared revenues	613,850	-	613,850	-
Investment earnings	88,938	396,662	485,600	10,120
Franchise fees	62,548	-	62,548	-
Miscellaneous	51,913	-	51,913	-
Total general revenues	2,949,067	396,662	3,345,729	338,374
Change in Net Assets	746,525	665,446	1,411,971	(21,616)
Net Assets - Beginning of year	3,913,423	19,926,467	23,839,890	246,100
Net Assets - End of year	<u>\$ 4,659,948</u>	<u>\$ 20,591,913</u>	<u>\$ 25,251,861</u>	<u>\$ 224,484</u>

Village of Holly

Governmental Funds Balance Sheet June 30, 2007

	General Fund	Special Revenue Fund Major Streets	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and investments (Note 3)	\$ 496,308	\$ 105,362	\$ 584,499	\$ 1,186,169
Receivables: (Note 4)				
Special assessments	-	-	57,879	57,879
Delinquent taxes	37,601	-	30,920	68,521
Other	114,925	43,407	54,829	213,161
Due from other funds (Note 6)	97,118	-	-	97,118
Land contract receivable	5,966	-	-	5,966
Total assets	<u>\$ 751,918</u>	<u>\$ 148,769</u>	<u>\$ 728,127</u>	<u>\$ 1,628,814</u>
Liabilities and Fund Balances				
Liabilities				
Cash overdraft	\$ -	\$ -	\$ 3,481	\$ 3,481
Accounts payable	43,440	2,512	20,586	66,538
Accrued payroll and related liabilities	73,423	-	2,424	75,847
Due to other funds (Note 6)	-	-	35,125	35,125
Deferred revenue	155,510	-	69,780	225,290
Total liabilities	<u>272,373</u>	<u>2,512</u>	<u>131,396</u>	<u>406,281</u>
Fund Balances				
Unreserved, reported in:				
General Fund	479,545	-	-	479,545
Special Revenue Funds	-	146,257	428,596	574,853
Permanent Funds	-	-	168,135	168,135
Total fund balances	<u>479,545</u>	<u>146,257</u>	<u>596,731</u>	<u>1,222,533</u>
Total liabilities and fund balances	<u>\$ 751,918</u>	<u>\$ 148,769</u>	<u>\$ 728,127</u>	<u>\$ 1,628,814</u>

Village of Holly

Governmental Funds Reconciliation of the Balance Sheet to the Statement of Net Assets Year Ended June 30, 2007

Fund balances reported in governmental funds	\$ 1,222,533
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 are not reported in the funds	3,227,633
Special assessment receivables are expected to be collected over several years, and are not available to pay for current year expenditures	57,879
Grants and other receivables that are collected after year end, such that they are not available to pay bills outstanding as of year end, are not recognized in the funds	160,455
Bonds payable and capital lease obligations are not due and payable in the current period and are not reported in the funds	(112,409)
Accrued interest payable on long-term debt is not recorded in the funds until due and payable	(5,158)
Employee compensated absences are payable over a long period of years, and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities	(104,691)
Internal Service Funds are included as part of governmental activities	<u>213,706</u>
Net assets of governmental activities	<u><u>\$ 4,659,948</u></u>

Village of Holly

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances Year Ended June 30, 2007

	General	Special Revenue Fund Major Streets	Other Governmental Funds	Total Governmental Funds
Revenue				
Property taxes	\$ 1,861,974	\$ -	\$ 243,046	\$ 2,105,020
Licenses and permits	85,132	-	41,188	126,320
Federal grants	4,342	7,908	101,757	114,007
State-shared revenues (and grants)	623,477	248,764	95,724	967,965
Charges for services	33,799	-	57,972	91,771
Charges to other funds	762,465	-	-	762,465
Fines and forfeitures	51,613	-	-	51,613
Interest and rentals	41,531	12,976	34,431	88,938
Other income:				
Special assessments	-	-	53,403	53,403
Sale of assets	1,442	-	-	1,442
Reimbursements and refunds	52,552	-	-	52,552
Other miscellaneous	2,503	-	8,790	11,293
Total revenue	<u>3,520,830</u>	<u>269,648</u>	<u>636,311</u>	<u>4,426,789</u>
Expenditures				
Current:				
General government	821,271	-	-	821,271
Public safety:				
Police	1,412,242	-	-	1,412,242
Fire	257,643	-	-	257,643
Building inspections and related	-	-	113,788	113,788
Public works:				
Streets	-	765,318	434,588	1,199,906
Rubbish disposal	-	-	254,851	254,851
Trees	6,249	17,136	20,337	43,722
Cemetery	-	-	83,033	83,033
Other public works activities	585,136	-	8,777	593,913
Community and economic development:				
Planning and zoning	12,132	-	-	12,132
Housing and redevelopment	-	-	26,445	26,445
Senior transportation	-	-	36,005	36,005
Parks and recreation	-	-	55,071	55,071
Capital outlay	691	-	142,166	142,857
Total expenditures	<u>3,095,364</u>	<u>782,454</u>	<u>1,175,061</u>	<u>5,052,879</u>
Excess of Revenue Over (Under) Expenditures	<u>425,466</u>	<u>(512,806)</u>	<u>(538,750)</u>	<u>(626,090)</u>
Other Financing Sources (Uses)				
Transfers in	-	100,000	298,597	398,597
Transfers out	(389,597)	-	(9,000)	(398,597)
Total other financing sources (uses)	<u>(389,597)</u>	<u>100,000</u>	<u>289,597</u>	<u>-</u>
Net Change in Fund Balances	35,869	(412,806)	(249,153)	(626,090)
Fund Balances - Beginning of year	<u>443,676</u>	<u>559,063</u>	<u>845,884</u>	<u>1,848,623</u>
Fund Balances - End of year	<u>\$ 479,545</u>	<u>\$ 146,257</u>	<u>\$ 596,731</u>	<u>\$ 1,222,533</u>

The Notes to Financial Statements are an
Integral Part of this Statement.

Village of Holly

Proprietary Funds Statement of Net Assets June 30, 2007

	Sewer Fund	Water Fund	Total Enterprise Funds	Internal Service Fund
Assets				
Current assets:				
Cash and investments (Note 3)	\$ 1,145,683	\$ 72,220	\$ 1,217,903	\$ 69,039
Receivables - Net (Note 4)	360,380	254,391	614,771	-
Inventories	59,712	-	59,712	-
Total current assets	<u>1,565,775</u>	<u>326,611</u>	<u>1,892,386</u>	<u>69,039</u>
Noncurrent assets:				
Restricted assets (Note 9)	2,054,992	1,355,914	3,410,906	-
Capital assets (Note 5)	24,212,754	11,994,510	36,207,264	285,860
Total noncurrent assets	<u>26,267,746</u>	<u>13,350,424</u>	<u>39,618,170</u>	<u>285,860</u>
Total assets	<u>27,833,521</u>	<u>13,677,035</u>	<u>41,510,556</u>	<u>354,899</u>
Liabilities				
Current liabilities:				
Accounts payable	50,737	30,383	81,120	6,564
Accrued payroll and related liabilities	21,708	14,476	36,184	-
Due to other funds (Note 6)	-	-	-	61,993
Accrued interest and other liabilities	124,508	81,142	205,650	2,636
Payable from restricted assets	699,705	276,826	976,531	-
Current portion of long-term debt (note 8)	203,958	133,958	337,916	35,000
Total current liabilities	<u>1,100,616</u>	<u>536,785</u>	<u>1,637,401</u>	<u>106,193</u>
Noncurrent liabilities (Note 8):				
Long-term debt - Net of current portion	<u>11,716,242</u>	<u>7,565,000</u>	<u>19,281,242</u>	<u>35,000</u>
Total liabilities	<u>12,816,858</u>	<u>8,101,785</u>	<u>20,918,643</u>	<u>141,193</u>
Net Assets				
Investment in capital assets				
- Net of related debt	12,995,601	4,976,301	17,971,901	213,224
Restricted	543,525	325,548	869,073	-
Unrestricted	<u>1,477,537</u>	<u>273,401</u>	<u>1,750,939</u>	<u>482</u>
Total net assets	<u>\$15,016,663</u>	<u>\$ 5,575,250</u>	<u>\$20,591,913</u>	<u>\$ 213,706</u>

The Notes to Financial Statements are an
Integral Part of this Statement.

Village of Holly

Proprietary Funds Statement of Revenue, Expenses, and Changes in Net Assets Year Ended June 30, 2007

	Sewer Fund	Water Fund	Total Enterprise Funds	Internal Service Fund
Operating Revenue				
Sewage disposal charges	\$ 1,346,181	\$ -	\$ 1,346,181	\$ -
Sale of water	-	818,959	818,959	-
Charges to other funds	-	13,075	13,075	373,319
Interest and penalty charges	27,698	18,931	46,629	-
Other miscellaneous revenue	<u>2,676</u>	<u>10,360</u>	<u>13,036</u>	<u>-</u>
Total operating revenue	<u>1,376,555</u>	<u>861,325</u>	<u>2,237,880</u>	<u>373,319</u>
Operating Expenses				
Wastewater treatment	974,743	-	974,743	-
Wastewater collection system	327,858	-	327,858	-
Water treatment and transmission	-	753,076	753,076	-
Central garage	-	-	-	280,019
Billing and administrative costs	<u>61,805</u>	<u>53,740</u>	<u>115,545</u>	<u>-</u>
Total operating expenses	<u>1,364,406</u>	<u>806,816</u>	<u>2,171,222</u>	<u>280,019</u>
Operating Income	12,149	54,509	66,658	93,300
Non-Operating Revenue (Expenses)				
Investment income	238,515	158,147	396,662	1,211
Interest expense	4,897	(62,382)	(57,485)	(2,636)
Cell tower leases	-	37,590	37,590	-
Gain (loss) on disposal of assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,201</u>
Income - Before contributions	255,561	187,864	443,425	93,076
Capital Contributions				
Benefit fees	<u>124,642</u>	<u>97,379</u>	<u>222,021</u>	<u>-</u>
Change in Net Assets	380,203	285,243	665,446	93,076
Net Assets - Beginning of year	<u>14,636,460</u>	<u>5,290,007</u>	<u>19,926,467</u>	<u>120,630</u>
Net Assets - End of year	<u>\$ 15,016,663</u>	<u>\$ 5,575,250</u>	<u>\$ 20,591,913</u>	<u>\$ 213,706</u>

Village of Holly

Proprietary Funds Statement of Cash Flows Year Ended June 30, 2007

	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total Enterprise</u>	<u>Internal service</u>
Cash Flows from Operating Activities				
Receipts from customers	\$ 1,280,334	\$ 790,081	\$ 2,070,415	\$ 373,319
Payments to suppliers	(635,623)	(489,497)	(1,125,120)	(235,422)
Payments to employees	(334,317)	(150,859)	(485,176)	-
Other receipts (payments)	<u>-</u>	<u>37,590</u>	<u>37,590</u>	<u>-</u>
Net cash provided by operating activities	<u>310,394</u>	<u>187,315</u>	<u>497,709</u>	<u>137,897</u>
Cash Flows from Capital and Related Financing Activities				
Proceeds from note payable	-	-		105,000
Benefit fees	124,642	97,379	222,021	-
Interfund activity	-	408,469	408,469	-
Acquisition and construction of capital assets	(4,755,376)	(3,818,586)	(8,573,962)	(222,925)
Proceeds from the sale of assets	-	-	-	18,830
Principal and interest paid on capital debt	<u>(4,636)</u>	<u>(199,903)</u>	<u>(204,539)</u>	<u>(35,000)</u>
Net cash used in capital and related financing activities	<u>(4,635,370)</u>	<u>(3,512,641)</u>	<u>(8,148,011)</u>	<u>(134,095)</u>
Cash Flows from Investing Activities				
Interest received on investments	<u>230,176</u>	<u>143,443</u>	<u>373,619</u>	<u>1,211</u>
Net cash provided by investing activities	<u>230,176</u>	<u>143,443</u>	<u>373,619</u>	<u>1,211</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(4,094,800)	(3,181,883)	(7,276,683)	5,013
Cash and Cash Equivalents - Beginning of year	<u>7,295,475</u>	<u>4,610,017</u>	<u>11,905,492</u>	<u>64,026</u>
Cash and Cash Equivalents - End of year	<u>\$ 3,200,675</u>	<u>\$ 1,428,134</u>	<u>\$ 4,628,809</u>	<u>\$ 69,039</u>
Balance Sheet Classification of Cash and Cash Equivalents				
Cash and investments	\$ 1,145,683	\$ 72,220	\$ 1,217,903	\$ 69,039
Restricted investments (Note 9)	<u>2,054,992</u>	<u>1,355,914</u>	<u>3,410,906</u>	<u>-</u>
Total cash and cash equivalents	<u>\$ 3,200,675</u>	<u>\$ 1,428,134</u>	<u>\$ 4,628,809</u>	<u>\$ 69,039</u>

Village of Holly

Proprietary Funds Statement of Cash Flows (Continued) Year Ended June 30, 2007

	Sewer Fund	Water Fund	Total Enterprise	Internal service
Reconciliation of Operating Income to Net Cash from Operating Activities				
Operating income	\$ 12,149	\$ 54,509	\$ 66,658	\$ 93,300
Adjustments to reconcile operating income to net cash from operating activities:				
Depreciation	373,075	165,062	538,137	44,616
Other revenues	-	37,590	37,590	-
Changes in assets and liabilities:				
Receivables	(96,221)	(71,244)	(167,465)	-
Accounts payable	20,680	1,076	21,756	(19)
Accrued and other liabilities	711	322	1,033	-
Net cash provided by operating activities	<u>\$ 310,394</u>	<u>\$ 187,315</u>	<u>\$ 497,709</u>	<u>\$ 137,897</u>

Noncash investing, Capital and Financing Activities - During the year ended June 30, 2007, the Water Fund recorded capital assets and retainer payables in the amount of \$276,826.

Total interest expense for the year was approximately \$1,137,000, of which \$846,000 was capitalized.

Village of Holly

Fiduciary Funds Statement of Fiduciary Net Assets June 30, 2007

	Retiree Health Care Fund (Other Employee Fund)	Agency Fund
Assets		
Cash and cash equivalents (Note 3)	\$ 63,836	\$ 66,358
Investments (Note 3):		
Mutual funds	571,633	-
Total assets	<u>635,469</u>	<u>\$ 66,358</u>
Liabilities		
Cash bonds and deposits	-	\$ 63,647
Other miscellaneous liabilities	-	2,711
Total liabilities	-	<u>\$ 66,358</u>
Net Assets - Held in trust for retiree health care benefits	<u>\$ 635,469</u>	

Village of Holly

Fiduciary Funds Statement of Changes in Fiduciary Net Assets Year Ended June 30, 2007

	Retiree Health Care Fund (Other Employee Fund)
Additions	
Investment income:	
Interest and dividends	\$ 7,061
Net increase (decrease) in fair value of investments	<u>58,225</u>
Net investment income	<u>65,286</u>
Contributions:	
Employer	69,599
Employee	<u>8,366</u>
Total contributions	<u>77,965</u>
Total additions	143,251
Deductions	
Benefit payments	<u>19,079</u>
Net Increase in Net Assets Held in Trust	124,172
Net Assets Held in Trust for Retiree Health Care Benefits	
Beginning of year	<u>511,297</u>
End of year	<u><u>\$ 635,469</u></u>

Village of Holly

Component Units Statement of Net Assets June 30, 2007

	Downtown Development Authority	Economic Development Corporation	Totals
Assets			
Cash and investments	\$ 208,825	\$ 15,288	\$ 224,113
Accrued interest receivable	<u>967</u>	<u>90</u>	<u>1,057</u>
Total assets	<u>209,792</u>	<u>15,378</u>	<u>225,170</u>
Liabilities			
Accounts payable	<u>686</u>	<u>-</u>	<u>686</u>
Total liabilities	<u>686</u>	<u>-</u>	<u>686</u>
Net Assets			
Unrestricted	<u>209,106</u>	<u>15,378</u>	<u>224,484</u>
Total net assets	<u>\$ 209,106</u>	<u>\$ 15,378</u>	<u>\$ 224,484</u>

Village of Holly

Component Units Statement of Activities Year Ended June 30, 2007

	Downtown Development Authority	Economic Development Corporation	Totals
Expenses:			
Wages	\$ 35,764	\$ -	\$ 35,764
Fringe benefits	9,507	-	9,507
Administrative charges from Village	18,706	-	18,706
Economic development projects	244,947	-	244,947
Other current expenses	67,601	2,500	70,101
Total expenses	376,525	2,500	379,025
Program revenues:			
Contributions	17,909	-	17,909
ATM fees	1,126	-	1,126
Total program revenues	19,035	-	19,035
Net (expense) revenue	357,490	2,500	359,990
General revenues:			
Property taxes	328,254	-	328,254
Investment earnings	9,448	672	10,120
Total general revenues	337,702	672	338,374
Change in Net Assets	(19,788)	(1,828)	(21,616)
Net Assets - Beginning of year	228,894	17,206	246,100
Net Assets - End of year	\$ 209,106	\$ 15,378	\$ 224,484

Note I - Summary of Significant Accounting Policies

The accounting policies of the Village of Holly (the "Village") conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Village of Holly:

Reporting Entity

The Village of Holly is governed by an elected seven-member council (Board). The accompanying financial statements present the Village and its component units, entities for which the Village is considered to be financially accountable. Although blended component units are legal separate entities, in substance, they are part of the Village's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the Village (see discussion below for description).

Discretely Presented Component Units

Downtown Development Authority - The Downtown Development Authority was created to correct and prevent deterioration in the downtown district, encourage historical preservation, and to promote economic growth within the downtown district. The Authority's governing body, which consists of five individuals, is selected by the Village Council. In addition, the Authority's budget is subject to approval by the Village Council. The Authority does not publish separate financial statements.

Economic Development Corporation - The Economic Development Corporation (EDC), which was established pursuant to the provisions of Public Act 338 of 1974 (MCL 125.1601 through 125.1636), as amended, is governed by a nine-person Board of Directors appointed by the Village Council. The EDC may not issue debt without the Village Council's approval. The EDC does not publish separate 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, normally 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.

Note 1 - Summary of Significant Accounting Policies (continued)

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 revenue.

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 component unit financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. 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. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Village considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The following major revenue sources meet the availability criterion: state-shared revenue, state gas and weight tax revenue, district court fines, and interest associated with the current fiscal period. Conversely, special assessments and federal grant reimbursements will be collected after the period of availability; receivables have been recorded for these, along with a "deferred revenue" liability.

Note 1 - Summary of Significant Accounting Policies (continued)

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

The Village reports the following major governmental funds:

The General Fund is the Village'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 Major Streets Fund is the Village's fund used to account for major street maintenance funds received from the State of Michigan and from special assessment levies for sidewalks.

The Village reports the following major enterprise funds:

The Sewer Fund accounts for the activity related to sanitary sewage collection and treatment. The Village operates its own sewage treatment plant.

The Water Fund accounts for the activity related to water distribution.

Additionally, the Village reports the following internal service and fiduciary activities:

The Motor Pool Fund accounts for the activity related to Village owned vehicles, machinery and equipment that are used by other departments of the Village.

The Other Employee Benefits Trust Fund accounts for the accumulation of resources for future payment of retiree health care costs.

The Agency Fund accounts for deposits received by the Village that will ultimately be returned to customers, developers, and others once the terms of the deposit arrangement have been satisfied. Agency funds are custodial in nature (assets equal liabilities and do not involve the measurement of results of operations).

Private sector standards of accounting issued prior to December 1, 1989 are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The Village has elected not to follow private sector standards issued after November 30, 1989 for its business-type activities.

Note 1 - Summary of Significant Accounting Policies (continued)

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Village's water and sewer function and various other functions of the Village. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the Village's policy is to first apply restricted resources.

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of our proprietary funds relates to charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

Property tax revenue

Property taxes are assessed as of December 31; the related property taxes are billed and become a lien on July 1 of the following year. These taxes are due without penalty during the period from July 1 through September 30 with the final collection date of February 28.

The Village's 2006 tax is levied and collectible on July 1, 2006, and is recognized as revenue in the year ended June 30, 2007, when the proceeds of the levy are budgeted and available for the financing of operations.

The 2006 taxable valuation of the Village totaled \$145 million (a portion of which is abated and a portion of which is captured by the DDA). Taxes were levied as follows:

<u>Purpose</u>	<u>Millage rate</u>	<u>Revenue</u>
General operating	13.5244	\$ 1,862,000
Rubbish	1.6750	243,000
Total	<u>15.1994</u>	<u>\$ 2,105,000</u>

Note I - Summary of Significant Accounting Policies (continued)

Assets, Liabilities, and Net Assets or Equity

Bank Deposits and Investments - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables and Payables - In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances." All trade and property tax receivables are shown as net of allowance for uncollectible amounts.

Inventories - Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Restricted Assets - The revenue bonds of the Enterprise Funds require amounts to be set aside for construction, and for a bond reserve. These amounts have been classified as restricted assets.

Capital Assets - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the Village as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Interest incurred during the construction of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Note 1 - Summary of Significant Accounting Policies (continued)

Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Roads and sidewalks	15 to 20 years
Water and sewer distribution systems	30 to 75 years
Sewer treatment facilities	30 to 50 years
Buildings and building improvements	25 to 50 years
Office furnishings and equipment	5 to 20 years

Compensated Absences (Vacation and Sick Leave) - It is the Village's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. Compensated sick leave may accumulate to a maximum of 160 hours for department heads and 480 hours for police union employees and teamster employees. Department heads having more than 160 hours at the end of the fiscal year will be paid for half of the hours in excess of 160 at their current hourly wage. Upon termination while in good standing, one half of all unused sick days will be paid back to the employee, wages calculated at the earned rate. Department heads must have a minimum of 160 hours in their sick bank to qualify for this benefit. All vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year end.

Long-term Obligations - In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. 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 while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

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.

Note 1 - Summary of Significant Accounting Policies (continued)

Use of estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Note 2 - Stewardship, Compliance, and Accountability

Construction Code Fees - The Village oversees building construction, in accordance with the state's construction code act, including inspection of building construction and renovation to ensure compliance with the building codes. The Village charges fees for these services. The law requires that collection of these fees be used only for construction code costs, including an allocation of estimated overhead costs. The Village accounts for its construction code activities in a separate special revenue fund.

Note 3 - Deposits and Investments

Michigan Compiled Laws section 129.91 (Public Act 20 of 1943, as amended), authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

Note 3 - Deposits and Investments (continued)

The retiree health care fund is also authorized by Michigan Public Act 314 of 1965, as amended, to invest in certain reverse repurchase agreements, stocks, diversified investment companies, annuity investment contracts, real estate leased to public entities, mortgages, real estate (if the trust fund's assets exceed \$250 million), debt or equity of certain small businesses, certain state and local government obligations and certain other specified investment vehicles.

The Village has designated four banks for the deposit of its funds. The investment policy adopted by the Board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CDs, but not the remainder of State statutory authority as listed above. The Village of Holly's deposits and investment policies are in accordance with statutory authority.

The Village's cash and investments are subject to several types of risk, which are examined in more detail below:

Custodial credit risk of bank deposits:

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. At year end, the Village had approximately \$4,654,000 of bank deposits (certificates of deposit, checking and savings accounts) that were uninsured and uncollateralized. The Village believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Village evaluates each financial institution it deposits funds with and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Custodial credit risk of investments:

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Village does not have a policy for custodial credit risk. There were no investments held at year end or during the year that were subject to custodial credit risk.

Note 3 - Deposits and Investments (continued)

Interest rate risk:

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The Village's investment policy does not restrict investment maturities, other than commercial paper which can only be purchased with a 270 day maturity. There were no investments held at year end or during the year that were subject to interest rate risk.

Credit risk:

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Village has no investment policy that would further limit its investment choices. As of year end, the credit quality ratings of debt securities (other than the U. S. government) are as follows:

<u>Investment</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Rating Organization</u>
Munder balanced fund	\$ 571,633	N/A	N/A
Chase Bank - Mutual fund	545,115	Aaa	Moody's
LaSalle Bank mutual fund	191,776	Aaa	Moody's
MBIA CLASS mutual fund	214,517	AAA-VI	Fitch

Note 4 - Receivables

Receivables as of year end for the Village's individual major funds and the nonmajor, Internal Service, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General Fund</u>	<u>Special Revenue Fund Major Streets</u>	<u>Other Governmental Funds</u>	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>
Receivables:						
Special assessments	\$ -	\$ -	\$ 57,879	\$ -	\$ -	\$ 57,879
Delinquent taxes	37,601	-	30,920	-	-	68,521
Other						
Taxes	-	-	-	14,590	7,180	21,770
Accounts	-	-	-	334,320	231,615	565,935
Intergovernmental	111,943	40,846	46,706	-	-	199,495
Interest and other	8,948	2,561	8,123	11,470	15,596	46,698
Net receivables	<u>\$ 158,492</u>	<u>\$ 43,407</u>	<u>\$ 143,628</u>	<u>\$ 360,380</u>	<u>\$ 254,391</u>	<u>\$ 960,298</u>

Village of Holly

Notes to Financial Statements June 30, 2007

Note 4 – Receivables (continued)

Governmental funds report deferred revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue are as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Delinquent property taxes	\$ 42,546	\$ -
Special assessments	57,879	-
Land contract	5,966	-
Grant and categorical aid payment received prior to meeting all eligibility requirements	<u>111,943</u>	<u>6,956</u>
Total	<u>\$ 218,334</u>	<u>\$ 6,956</u>

Note 5 - Capital Assets

Capital asset activity of the Village's governmental and business-type activities was as follows:

	Balance			Balance
Governmental Activities	July 1, 2006	Additions	Disposals	June 30, 2007
Capital assets not being depreciated:				
Land	\$ 198,000	\$ -	\$ -	\$ 198,000
Subtotal	<u>198,000</u>	<u>-</u>	<u>-</u>	<u>198,000</u>
Capital assets being depreciated:				
Roads and sidewalks	6,792,178	1,259,995	-	8,052,173
Buildings and improvements	1,259,031	51,419	-	1,310,450
Office furnishings and equipment	379,851	70,659	-	450,510
Vehicles	<u>908,831</u>	<u>173,663</u>	<u>39,911</u>	<u>1,042,583</u>
Subtotal	<u>9,339,891</u>	<u>1,555,736</u>	<u>39,911</u>	<u>10,855,716</u>
Accumulated depreciation:				
Roads and sidewalks	6,066,761	55,551	-	6,122,312
Buildings and improvements	548,591	27,073	-	575,664
Office furnishings and equipment	308,325	24,297	-	332,622
Vehicles	<u>453,211</u>	<u>78,696</u>	<u>22,282</u>	<u>509,625</u>
Subtotal	<u>7,376,888</u>	<u>185,617</u>	<u>22,282</u>	<u>7,540,223</u>
Net capital assets being depreciated	<u>1,963,003</u>	<u>1,370,119</u>	<u>17,629</u>	<u>3,315,493</u>
Net capital assets	<u>\$ 2,161,003</u>	<u>\$ 1,370,119</u>	<u>\$ 17,629</u>	<u>\$ 3,513,493</u>

Note 5 - Capital Assets (continued)

Business-type Activities	Balance			Balance
	July 1, 2006	Additions	Disposals	June 30, 2007
Capital assets not being depreciated:				
Land	\$ 50,000	\$ -	\$ -	\$ 50,000
Construction in progress	12,137,915	3,788,009	2,311,646	13,614,278
Subtotal	12,187,915	3,788,009	2,311,646	13,664,278
Capital assets being depreciated:				
Water and sewer distribution systems	24,753,965	6,659,086	-	31,413,051
Vehicles	507,039	-	-	507,039
Subtotal	25,261,004	6,659,086	-	31,920,090
Accumulated depreciation:				
Water and sewer distribution systems	8,517,384	503,492	-	9,020,876
Vehicles	321,583	34,646	-	356,229
Subtotal	8,838,967	538,137	-	9,377,104
Net capital assets being depreciated	16,422,037	6,120,949	-	22,542,986
Net capital assets	\$ 28,609,952	\$ 9,908,958	\$ 2,311,646	\$ 36,207,264

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

Governmental activities:	
General government	\$ 8,332
Public safety	45,711
Public works	77,033
Economic development	8,241
Recreation and culture	1,684
Internal Service Fund depreciation is charged to the various functions based on their usage of the assets	44,616
Total governmental activities	\$ 185,617
Business-type activities:	
Water	\$ 165,062
Sewer	373,075
Total business-type activities	\$ 538,137

Village of Holly

Notes to Financial Statements June 30, 2007

Note 5 - Capital Assets (continued)

Construction Commitments - The Village has active construction projects at year end. The projects include the waste water treatment plant project. At year end, the Village's commitments with contractors are as follows:

	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Waste water treatment plant	\$ 10,880,089	\$ 699,705
Total	<u>\$ 10,880,089</u>	<u>\$ 699,705</u>

Related to this construction project the Village has a claim from the contractor for extra compensation. The Village believes that the contractor is entitled to some extra compensation but that amount is less than what the contractor claims. It is anticipated this claim will go to mediation.

Note 6 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 35,125
General Fund	Internal Service Fund	<u>61,993</u>
Total		<u>\$ 97,118</u>

These balances result from the time lag between the dates that goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

Interfund transfers reported in the fund financial statements are comprised of the following:

<u>Fund Providing Resources</u>	<u>Fund Receiving Resources</u>	<u>Amount</u>
General Fund	Major Streets Fund	\$ 100,000
General Fund	Other Governmental Funds	289,597
Other Governmental Fund	Other Governmental Fund	<u>9,000</u>
Total		<u>\$ 398,597</u>

Note 6 - Interfund Receivables, Payables, and Transfers (continued)

The transfers from the General Fund to the major and local street funds, lake improvements fund, building inspections fund, parks and recreation fund, and cemetery represent the use of unrestricted resources to finance those programs, in accordance with budgetary authorizations.

Note 7 - Capital Leases

The Village has entered into a lease agreement in its water and sewer funds as lessee for financing the purchase of a tractor at a cost of \$25,556. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the inception date. The future minimum lease obligations and the net present value are as follows:

Years Ending	Amount
2008	8,291
Total minimum lease payments	8,291
Less amount representing interest	375
Present value	<u>\$ 7,916</u>

Note 8 - Long-term Debt

The Village issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the Village. County contractual agreements and installment purchase agreements are also general obligations of the government. Special assessment bonds provide for capital improvements that benefit specific properties, and will be repaid from amounts levied against those properties benefited from the construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the Village is obligated to provide resources to cover the deficiency until other resources (such as tax sale proceeds or a re-assessment of the district) are received. Revenue bonds involve a pledge of specific income derived from the acquired or constructed assets to pay debt service.

Note 8 - Long-term Debt (continued)

The Village has the following long term debt outstanding as of June 30, 2007:

Description	Amount
Governmental Activities:	
<u>Installment Purchase</u>	
4 Vehicles, with interest of 5.0% maturing in September 2008	70,000
Fire Truck , with interest of 3.5% maturing 2010	\$ 112,409
	<hr/>
Total Governmental Type Activity debt	\$ 182,409
	<hr/> <hr/>
Business Type Activities:	
<u>General Obligations:</u>	
2006 General Obligation Limited Tax Bond, with interest from 4% to 4.375%, maturing in 2025	\$5,500,000
	<hr/>
Subtotal	5,500,000
	<hr/>
<u>Revenue obligations:</u>	
1991 Water Revenue Bond, with interest of 5.113% maturing in 2014	680,000
1999 Water Supply Revenue Bonds Act 94, with interest 2.5% maturing 2019.	1,015,000
2004 Wastewater System Revenue Bond, with interest from 3.5% to 4.85% maturing in 2025	6,500,000
2006 Water System Revenue Bond, with interest from 4% to 5.5% maturing in 2027.	6,000,000
	<hr/>
Subtotal	14,195,000
	<hr/>
Total Business Type Activity debt	\$ 19,695,000
	<hr/> <hr/>

Note 8 - Long-term Debt (continued)

Long-term debt activity can be summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Installment Purchase	\$ 147,374	\$ 105,000	\$ 69,965	\$ 182,409	\$ 69,965
Compensated absence	116,825	35,123	47,257	104,691	104,691
Total governmental activities	<u>\$ 264,199</u>	<u>\$ 140,123</u>	<u>\$ 117,222</u>	<u>\$ 287,100</u>	<u>\$ 174,656</u>
Business-type Activities					
General obligation bond	\$ 5,500,000	\$ -	\$ -	\$ 5,500,000	\$ 200,000
Revenue bonds	14,320,000	-	125,000	14,195,000	130,000
	19,820,000	-	125,000	19,695,000	330,000
Less deferred changes	(88,413)	-	4,655	(83,758)	-
Total business-type activities	<u>\$ 19,731,587</u>	<u>\$ -</u>	<u>\$ 129,655</u>	<u>\$ 19,611,242</u>	<u>\$ 330,000</u>

Total interest expense for the year was approximately \$1,137,000, of which \$846,000 was capitalized. Annual debt service requirements to maturity for the above bonds and note obligations are as follows:

	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2008	71,188	7,449	78,637	330,000	846,057	1,176,057
2009	72,455	4,418	76,873	640,000	828,004	1,468,004
2010	38,766	1,357	40,123	770,000	800,971	1,570,971
2011	-	-	-	800,000	768,824	1,568,824
2012	-	-	-	860,000	733,158	1,593,158
2013-2017	-	-	-	5,080,000	3,081,190	8,161,190
2018-2022	-	-	-	5,565,000	2,008,526	7,573,526
2023-2027	-	-	-	5,650,000	648,150	6,298,150
Total	<u>\$ 182,409</u>	<u>\$ 13,224</u>	<u>\$ 195,633</u>	<u>\$ 19,695,000</u>	<u>\$ 9,714,880</u>	<u>\$ 29,409,880</u>

Note 9 - Restricted Assets

The balances of the restricted asset accounts represent unspent bond proceeds, held in the form of cash and investments.

	Business-type Activities
Unspent bond proceeds and related interest	\$ 2,541,833
Revenue bond restrictions:	
Bond reserve	<u>869,073</u>
Total restricted assets	<u>\$ 3,410,906</u>

Note 10 - Risk Management

The Village is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Village has purchased commercial insurance for all such claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

Note 11 - Pension Plan

Plan Description. The Village participates in the Michigan Municipal Employees Retirement System, an agent multiple-employer defined benefit pension plan that covers all employees of the Village. The system provides retirement, disability and death benefits to plan members and their beneficiaries. The Michigan Municipal Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the System at 1134 Municipal Way., Lansing, MI 48917.

Funding policy. The obligation to contribute to and maintain the system for these employees was established by negotiation with the Village's collective bargaining units and requires no contribution from the employees.

Note 11 - Pension Plan (continued)

Annual Pension Cost. For year ended June 30, 2007 the Village's annual pension cost of \$263,337 for the plan was equal to the Village's required and actual contribution. The annual required contribution was determined as part of an actuarial valuation at December 31, 2006, using the entry age actuarial cost method. Significant actuarial assumptions used include (a) an 8.00 percent investment rate of return, (b) projected salary increases of 4.5 percent per year attributable to inflation and 0 to 8.4 percent attributable to seniority/merit, and (c) 2.5 percent per year cost of living adjustments. Both (a) and (b) include an inflation component of 3%.

The actuarial value of assets was determined using techniques that smooth the effects of short term volatility over a four year period. The unfunded actuarial liability is being amortized as a level percentage of payroll on an open basis. The remaining amortization period is 30 years.

Three year trend information.

	Fiscal Year Ended December 31		
	2004	2005	2006
Annual pension costs (APC)	\$ 287,850	\$ 303,378	\$ 263,337
Percentage of APC contributed	100%	100%	100%
Net pension obligation	\$ -	\$ -	\$ -
	Actuarial Valuation as of December 31:		
	2004	2005	2006
Actuarial value of assets	\$ 6,019,341	\$ 6,527,802	\$ 7,050,695
Actuarial Accrued Liability (entry age)	\$ 8,277,906	\$ 8,698,835	\$ 9,108,013
Unfunded AAL	\$ 2,258,565	\$ 2,171,033	\$ 2,057,318
Funded ratio	73%	75%	77%
Covered payroll	\$ 1,606,521	\$ 1,572,242	\$ 1,473,040
UAAL as a percentage of covered payroll	141%	138%	140%

Note 12 – Defined Contribution Pension Plan

The Village offers its employees a deferred compensation plan in accordance with Internal Revenue Code Section 457. The Village also uses this plan to provide pension benefits for all employees at least eighteen years of age, with starting dates on or after July 1st, 2006, as well as the Village Manager. Payroll costs of all employees and plan participants amounted to \$273,494 in fiscal year 2007. During the current year, the General Fund, Building Inspections Fund and DDA General Fund contributed the Village's portion of the pension cost, amounting to \$24,832, which is 5% of eligible wages. Employees made required and voluntary contributions to the plan during the current year. The plan is administered by the Village Treasurer/Clerk. Investments are made through UMB Bank which holds the assets of the plan within a trust. As a result, the plan assets are not reflected on the financial statements since the Village has no fiduciary or administrative responsibility for these plans. It is the policy of the Village to pay the pension costs as accrued.

The deferred compensation is not available to the employees until termination, retirement, death, or unforeseen emergency.

Note 13 - Other Postemployment Benefits

The Village provides postemployment health benefits to certain retirees and their beneficiaries, in accordance with certain agreements and union contracts. The Village includes pre-Medicare retirees and their dependents in its insured health care plan, with a 50 percent contribution required from retirees. Currently, three retirees are eligible for postemployment health benefits. For the fiscal year ended June 30, 2006 the Village made payments for postemployment health benefit premiums (net of retiree reimbursements) of approximately \$19,100. The Village obtains health care coverage through private insurers.

Upcoming reporting change: The Governmental Accounting Standards Board has recently released Statement Number 45, Accounting and Reporting by Employers for Postemployment Benefits Other Than Pensions. The new pronouncement provides guidance for local units of government in recognizing the cost of retiree health care, as well as any "other" postemployment benefits (other than pensions). The new rules will cause the government wide financial statements to recognize the cost of providing retiree health care coverage over the working life of the employee, rather than at the time the health care premiums are paid. The new pronouncement is effective for the year ended June 30, 2010.

Required Supplemental Information

Village of Holly

Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended June 30, 2007

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 1,825,098	\$ 1,825,098	\$ 1,861,974	\$ 36,876
Licenses and permits	86,039	86,039	85,132	(907)
Federal grants	5,200	5,200	4,342	(858)
State-shared revenues (and grants)	631,371	631,371	623,477	(7,894)
Charges for services	48,750	48,750	33,799	(14,951)
Charges to other funds	1,093,605	1,093,605	762,465	(331,140)
Fines and forfeitures	42,400	51,400	51,613	213
Interest and rentals	40,000	40,000	41,531	1,531
Other income:				
Sale of assets	-	-	1,442	1,442
Reimbursements and refunds	23,953	23,953	52,552	28,599
Other miscellaneous	2,500	2,500	2,503	3
Total revenue	<u>3,798,916</u>	<u>3,807,916</u>	<u>3,520,830</u>	<u>(287,086)</u>
Expenditures				
Current:				
General government	821,418	821,418	821,271	147
Public safety:				
Police	1,480,333	1,482,894	1,412,242	70,652
Fire	275,808	293,603	257,643	35,960
Public works:				
Trees	7,050	7,050	6,249	801
Other public works activities	663,181	662,081	585,136	76,945
Community and economic development:				
Planning and zoning	16,285	16,285	12,132	4,153
Capital outlay	57,166	57,166	691	56,475
Total expenditures	<u>3,321,241</u>	<u>3,340,497</u>	<u>3,095,364</u>	<u>245,133</u>

(Continued on next page)

Village of Holly

Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended June 30, 2007 (continued)

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Excess of Revenue Over (Under) Expenditures	477,675	467,419	425,466	(41,953)
Other Financing Sources (Uses)				
Transfers out	(433,981)	(489,597)	(389,597)	100,000
Net Change in Fund Balances	43,694	(22,178)	35,869	58,047
Fund Balances - Beginning of year	443,676	443,676	443,676	-
Fund Balances - End of year	<u>\$ 487,370</u>	<u>\$ 421,498</u>	<u>\$ 479,545</u>	<u>\$ 58,047</u>

Village of Holly

Required Supplemental Information Budgetary Comparison Schedule – Major Streets Fund Year Ended June 30, 2007

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Federal grants	8,607	8,607	7,908	(699)
State-shared revenues (and grants)	226,262	226,262	248,764	22,502
Interest and rentals	11,000	11,000	12,976	1,976
Total revenue	<u>245,869</u>	<u>245,869</u>	<u>269,648</u>	<u>23,779</u>
Expenditures				
Street preservation (maintenance)	426,698	883,042	679,389	203,653
Traffic services	26,326	26,326	25,955	
Winter maintenance	44,432	44,432	34,628	9,804
Trees	11,500	11,500	17,136	(5,636)
Administration	22,263	22,263	25,346	(3,083)
Total expenditures	<u>531,219</u>	<u>987,563</u>	<u>782,454</u>	<u>205,109</u>
Excess of Revenue Over (Under) Expenditures	(285,350)	(741,694)	(512,806)	228,888
Other Financing Sources (Uses)				
Transfers in	100,000	100,000	100,000	-
Net Change in Fund Balances	(185,350)	(641,694)	(412,806)	228,888
Fund Balances - Beginning of year	<u>559,063</u>	<u>559,063</u>	<u>559,063</u>	<u>-</u>
Fund Balances - End of year	<u>\$ 373,713</u>	<u>\$ (82,631)</u>	<u>\$ 146,257</u>	<u>\$ 228,888</u>

Notes to Required Supplemental Information Year Ended June 30, 2007

Budgetary Information - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and all Special Revenue Funds, except that transfers in have been included in the revenue categories rather than as an “other financing source”.

The budget is presented to the Village Council for consideration and adopted by the Council prior to July 1st each year. The budget document presents information by fund, function, department, and line items. The legal level of budgetary control adopted by the governing body is the department level. The Village manager can transfer budget amounts within departments without approval of the Village Council.

Amounts encumbered for purchase orders, contracts, etc. are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

Excess of Expenditures Over Appropriations in Budgeted Funds -

The Village did not have significant expenditure budget variances.

Village of Holly

Other Supplemental Information Nonmajor Governmental Funds Fund Descriptions

Local Street Fund, and Municipal Street Fund: These funds are used to account for street maintenance funds received from the State of Michigan and from special assessment levies for sidewalks.

Parks and Recreation Fund: This fund is used to account for the revenues received for the use of Village park facilities

Lake Improvement Fund: This fund is used to account for special assessment revenues received for purposes of improving Holly Mill pond.

Solid Waste Fund: This fund is used to account for revenues received for garbage collection fees.

Building inspections fund: This fund is used to account for revenues received under the state construction code act for building inspections.

Community Development Block Grant Fund (CDBG): This fund is used to account for revenues received from the U.S. Department of Housing and Urban Development, passed through Oakland County, to provide assistance to low and moderate income residents and senior citizens.

Holly Area Transportation Fund: This fund is used to account for revenues received for transportation service fees.

Cemetery Fund: This fund is used to account for revenues received from the operation of the Village's cemetery, including grave sales and burials.

Cemetery Endowment Trust Fund: This fund is used to account for proceeds from grave sales set aside by the Village to make capital purchases for the cemetery.

Village of Holly

Other Supplemental Information Combining Balance Sheet Nonmajor Governmental Funds June 30, 2007

	Special Revenue Funds								Permanent	Total	
	Local Streets	Municipal Streets	Parks and Recreation	Lake Improvement	Solid Waste	Building Inspections	Community Development Block Grant	Holly Area Transportation	Cemetery	Endowment Trust	Nonmajor Governmental Funds
Assets											
Cash and investments	\$ 206,817	\$ 32,916	\$ 75,302	\$ -	\$ 50,065	\$ 4,447	\$ 7,762	\$ 16,533	\$ 22,522	\$ 168,135	\$ 584,499
Receivables - Net	16,732	80,730	950	8,214	4,053	66	6,956	24,032	1,895	-	143,628
Total assets	\$ 223,549	\$ 113,646	\$ 76,252	\$ 8,214	\$ 54,118	\$ 4,513	\$ 14,718	\$ 40,565	\$ 24,417	\$ 168,135	\$ 728,127
Liabilities and Fund Balances											
Liabilities											
Cash overdraft	\$ -	\$ -	\$ -	\$ 3,481	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,481
Accounts payable	3,372	4,687	3,921	-	-	79	-	501	8,026	-	20,586
Accrued payroll and related	-	-	-	-	-	1,731	-	693	-	-	2,424
Due to other funds	-	-	-	4,325	-	-	-	30,800	-	-	35,125
Deferred revenue	-	57,879	606	-	3,733	-	6,956	-	606	-	69,780
Total liabilities	3,372	62,566	4,527	7,806	3,733	1,810	6,956	31,994	8,632	-	131,396
Fund Balances											
Unreserved	220,177	51,080	71,725	408	50,385	2,703	7,762	8,571	15,785	168,135	596,731
Total fund balances	220,177	51,080	71,725	408	50,385	2,703	7,762	8,571	15,785	168,135	596,731
Total liabilities and fund balances	\$ 223,549	\$ 113,646	\$ 76,252	\$ 8,214	\$ 54,118	\$ 4,513	\$ 14,718	\$ 40,565	\$ 24,417	\$ 168,135	\$ 728,127

Village of Holly

Other Supplemental Information Combining Statement of Revenue, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds Year Ended June 30, 2007

	Special Revenue Funds									Permanent	Total
	Local	Municipal	Parks and	Lake		Building	Community	Holly Area		Fund	Nonmajor
	Streets	Streets	Recreation	Improvement	Solid Waste	Inspections	Development Block Grant	Transportation	Cemetery	Cemetery Endowment Trust	Governmental Funds
Revenue											
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 243,046	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 243,046
Federal sources	7,908	-	-	-	-	-	30,645	63,204	-	-	101,757
State sources	95,724	-	-	-	-	-	-	-	-	-	95,724
Interest income	6,895	8,860	2,793	-	4,842	605	-	-	10,436	-	34,431
Special assessments	-	44,891	-	8,512	-	-	-	-	-	-	53,403
Other	8,790	-	8,002	-	672	41,188	-	3,599	45,699	-	107,950
Total revenue	119,317	53,751	10,795	8,512	248,560	41,793	30,645	66,803	56,135	-	636,311
Expenditures											
Current:											
Building inspections	-	-	-	-	-	113,788	-	-	-	-	113,788
Streets	183,107	251,481	-	-	-	-	-	-	-	-	434,588
Rubbish disposal	-	-	-	-	254,851	-	-	-	-	-	254,851
Trees	20,337	-	-	-	-	-	-	-	-	-	20,337
Cemetery	-	-	-	-	-	-	-	-	83,033	-	83,033
Lake improvements	-	-	-	8,777	-	-	-	-	-	-	8,777
Housing and redevelopment	-	-	-	-	-	-	26,445	-	-	-	26,445
Senior transportation	-	-	-	-	-	-	-	36,005	-	-	36,005
Parks and recreation	-	-	55,071	-	-	-	-	-	-	-	55,071
Capital outlay	-	-	8,247	-	-	-	-	-	51,419	82,500	142,166
Total expenditures	203,444	251,481	63,318	8,777	254,851	113,788	26,445	36,005	134,452	82,500	1,175,061
Excess of Revenue Over (Under)											
Expenditures	(84,127)	(197,730)	(52,523)	(265)	(6,291)	(71,995)	4,200	30,798	(78,317)	(82,500)	(538,750)
Other Financing Sources (Uses)											
Transfers in	90,000	-	52,471	300	-	55,616	-	-	91,210	9,000	298,597
Transfers out	-	-	-	-	-	-	-	-	(9,000)	-	(9,000)
Total other financing sources (uses)	90,000	-	52,471	300	-	55,616	-	-	82,210	9,000	289,597
Net Change in Fund Balances	5,873	(197,730)	(52)	35	(6,291)	(16,379)	4,200	30,798	3,893	(73,500)	(249,153)
Fund Balances (Deficit)											
- Beginning of year	214,304	248,810	71,777	373	56,676	19,082	3,562	(22,227)	11,892	241,635	845,884
Fund Balances - End of year	\$ 220,177	\$ 51,080	\$ 71,725	\$ 408	\$ 50,385	\$ 2,703	\$ 7,762	\$ 8,571	\$ 15,785	\$ 168,135	\$ 596,731

Village of Holly

Other Supplemental Information Budgetary Comparison - Nonmajor Governmental Funds Year Ended June 30, 2007

	Amended Budget	Actual	Variance
<u>Local Street Fund</u>			
Revenue			
Act 51 Major Street distributions	\$ 84,214	\$ 95,724	\$ 11,510
Federal grants	8,607	7,908	(699)
Interest income and other	6,000	15,685	9,685
Total revenue	98,821	119,317	20,496
Interfund Transfers	90,000	90,000	-
Total revenue and other financing sources	188,821	209,317	20,496
Expenditures			
Street preservation	153,226	127,499	25,727
Traffic services	16,950	12,071	4,879
Winter maintenance	36,882	33,000	3,882
Trees	10,000	20,337	(10,337)
Administration	7,454	10,537	(3,083)
Debt service	-	-	-
Total expenditures	224,512	203,444	21,068
Net change in fund balances	(35,691)	5,873	41,564
Fund Balances - Beginning of year	214,304	214,304	-
Fund Balances - End of year	\$ 178,613	\$ 220,177	\$ 41,564

(continued)

Village of Holly

Other Supplemental Information Budgetary Comparison - Nonmajor Governmental Funds (continued) June 30, 2007

	Amended Budget	Actual	Variance
<u>Municipal Street Fund</u>			
Revenue			
Interest income	\$ 6,000	\$ 8,860	\$ 2,860
Special assessments	16,700	44,891	28,191
Total revenue	22,700	53,751	31,051
Expenditures			
Street construction	176,000	251,481	(75,481)
Net change in fund balances	(153,300)	(197,730)	(44,430)
Fund Balances - Beginning of year	248,810	248,810	-
Fund Balances - End of year	\$ 95,510	\$ 51,080	\$ (44,430)
<u>Parks and Recreation Fund</u>			
Revenue			
Property taxes	\$ -	\$ -	\$ -
Charges for services	5,700	8,002	2,302
Interest income & other	1,000	2,793	1,793
Total revenue	6,700	10,795	4,095
Interfund Transfers	52,471	52,471	-
Total revenue and other financing sources	59,171	63,266	4,095
Expenditures			
Current services	50,801	55,071	(4,270)
Capital outlay	10,000	8,247	1,753
Total expenditures	60,801	63,318	(2,517)
Net change in fund balances	(1,630)	(52)	1,578
Fund Balances - Beginning of year	71,777	71,777	-
Fund Balances - End of year	\$ 70,147	\$ 71,725	\$ 1,578

(continued)

Village of Holly

Other Supplemental Information Budgetary Comparison - Nonmajor Governmental Funds (continued) June 30, 2007

	Amended Budget	Actual	Variance
<u>Lake Improvement Fund</u>			
Revenue			
Special assessments	\$ 8,512	\$ 8,512	\$ -
Interest income	-	-	-
Total revenue	8,512	8,512	-
Expenditures			
Holly Mill pond maintenance	8,812	8,777	35
Excess Revenue Over (Under) Expenditures	(300)	(265)	35
Transfers in from general fund	300	300	-
Net change in fund balances	-	35	35
Fund Balances - Beginning of year	373	373	-
Fund Balances - End of year	<u>\$ 373</u>	<u>\$ 408</u>	<u>\$ 35</u>

	Amended Budget	Actual	Variance
<u>Solid Waste Fund</u>			
Revenue			
Property taxes	\$ 243,355	\$ 243,046	\$ (309)
Charges for services	1,300	672	(628)
Fines and penalties	-	-	-
Interest income and other	4,000	4,842	842
Total revenue	248,655	248,560	(95)
Expenditures			
Rubbish removal	248,655	254,851	(6,196)
Net change in fund balances	-	(6,291)	(6,291)
Fund Balances - Beginning of year	56,676	56,676	-
Fund Balances - End of year	<u>\$ 56,676</u>	<u>\$ 50,385</u>	<u>\$ (6,291)</u>

(continued)

Village of Holly

Other Supplemental Information Budgetary Comparison - Nonmajor Governmental Funds (continued) June 30, 2007

	Amended Budget	Actual	Variance
<u>Building Inspections Fund</u>			
Revenue			
Charges for services	\$ 82,400	\$ 41,188	\$ (41,212)
Interest income	3,000	605	(2,395)
Total revenue	85,400	41,793	(43,607)
Expenditures			
Building inspections	124,190	113,788	10,402
Excess Revenue Over (Under) Expenditures	(38,790)	(71,995)	(33,205)
Transfers in from general fund	55,616	55,616	-
Net change in fund balances	16,826	(16,379)	(33,205)
Fund Balances - Beginning of year	19,082	19,082	-
Fund Balances - End of year	<u>\$ 35,908</u>	<u>\$ 2,703</u>	<u>\$ (33,205)</u>
<u>Community Development Block Grant Fund</u>			
Revenue			
Federal grants	\$ 23,654	\$ 30,645	\$ 6,991
Expenditures			
Community service	23,654	26,445	(2,791)
Net change in fund balances	-	4,200	4,200
Fund Balances - Beginning of year	3,562	3,562	-
Fund Balances - End of year	<u>\$ 3,562</u>	<u>\$ 7,762</u>	<u>\$ 4,200</u>

(continued)

Village of Holly

Other Supplemental Information Budgetary Comparison - Nonmajor Governmental Funds (continued) June 30, 2007

	Amended Budget	Actual	Variance
<u>Holly Area Transportation Fund</u>			
Revenue			
Charges for services	\$ 5,700	\$ 3,599	\$ (2,101)
Municipal credits	32,073	63,204	31,131
Total revenue	37,773	66,803	29,030
Expenditures			
Senior transportation	37,773	36,005	1,768
Net change in fund balances	-	30,798	30,798
Fund Deficits - Beginning of year	(22,227)	(22,227)	-
Fund Balances (Deficit) - End of year	\$ (22,227)	\$ 8,571	\$ 30,798
<u>Cemetery Fund</u>			
Revenue			
Charges for services	\$ 31,500	\$ 45,699	\$ 14,199
Interest income	100,625	10,436	(90,189)
Total revenue	132,125	56,135	(75,990)
Expenditures			
Cemetery operations & maintenance	79,210	83,033	(3,823)
Capital outlay	140,125	51,419	88,706
Total expenditures	219,335	134,452	84,883
Excess Revenue Over (Under) Expenditures	(87,210)	(78,317)	8,893
Transfers out to Cemetery endowment	(4,000)	(9,000)	5,000
Transfers in from general fund	91,210	91,210	-
Net change in fund balances	-	3,893	3,893
Fund Balances - Beginning of year	11,892	11,892	-
Fund Balances - End of year	\$ 11,892	\$ 15,785	\$ 3,893

Village of Holly

Other Supplemental Information Schedule of Changes in Assets and Liabilities Agency Fund Year Ended June 30, 2007

	Balance July 1, 2006	Additions	Deductions	Balance June 30, 2007
Assets				
Cash and investments	<u>\$ 94,760</u>	<u>\$ 2,075,661</u>	<u>\$ 2,104,063</u>	<u>\$ 66,358</u>
Liabilities				
Cash bonds and deposits	\$ 88,000	\$ 35,502	\$ 59,855	\$ 63,647
Other miscellaneous liabilities	<u>6,760</u>	<u>2,121,597</u>	<u>2,125,646</u>	<u>2,711</u>
Total liabilities	<u>\$ 94,760</u>	<u>\$ 2,157,099</u>	<u>\$ 2,185,501</u>	<u>\$ 66,358</u>

Village of Holly

Other Supplemental Information Component Unit – Downtown Development Authority Fund Based Information June 30, 2007

	Modified accrual basis	Adjustments	Full accrual basis
Assets:			
Cash and investments	\$ 208,825	\$ -	\$ 208,825
Accrued interest receivable	967	-	967
Total assets	<u>\$ 209,792</u>	<u>-</u>	<u>209,792</u>
Liabilities:			
Accounts payable	\$ 686	-	686
Total liabilities	<u>686</u>	<u>-</u>	<u>686</u>
Fund balance	209,106	(209,106)	-
Net Assets:			
Unrestricted	-	209,106	209,106
Total fund balance/net assets	<u>\$ 209,792</u>	<u>\$ -</u>	<u>\$ 209,106</u>
Revenue:			
Property taxes	\$ 328,254	\$ -	\$ 328,254
Contributions	17,909	-	17,909
ATM fees	1,126	-	1,126
Interest	9,448	-	9,448
Total revenue	<u>356,737</u>	<u>-</u>	<u>356,737</u>
Expenditures:			
Wages	35,764	-	35,764
Fringe benefits	9,507	-	9,507
Administrative charges from Village	18,706	-	18,706
Economic development projects	244,947	-	244,947
Other current expenses	67,601	-	67,601
Total expenditures/expenses	<u>376,525</u>	<u>-</u>	<u>376,525</u>
Net change in fund balance/net assets	<u>(19,788)</u>	<u>-</u>	<u>(19,788)</u>
Fund Balance/Net assets -			
Beginning of year	<u>228,894</u>	<u>-</u>	<u>228,894</u>
End of year	<u>\$ 209,106</u>	<u>\$ -</u>	<u>\$ 209,106</u>

Village of Holly

Other Supplemental Information Component Unit – Economic Development Corporation Fund Based Information Year Ended June 30, 2007

	Modified accrual basis	Adjustments	Full accrual basis
Assets:			
Cash and investments	\$ 15,288	\$ -	\$ 15,288
Accrued interest receivable	90	-	90
Total assets	\$ 15,378	-	15,378
Fund balance	\$ 15,378	(15,378)	-
Net Assets:			
Unrestricted	-	15,378	15,378
Total fund balance/net assets	\$ 15,378	\$ -	\$ 15,378

	Modified accrual basis	Adjustments	Full accrual basis
Revenue:			
Interest	\$ 672	\$ -	\$ 672
Expenditures:			
Community marketing and promotion	2,500	-	2,500
Net change in fund balance / net assets	(1,828)	-	(1,828)
Fund Balance / Net assets:			
Beginning of year	17,206	-	17,206
End of year	\$ 15,378	\$ -	\$ 15,378

Statistical Section

Financial Trend Information

This section provides a comparison of net assets by component for the last four years; changes in governmental net assets for four years; changes in the business type net assets for the last three years; as well as the comparisons of fund balances and changes for the governmental funds for the last ten years.

Village of Holly

Net Assets by Component Last Four Years

	As of June 30,			
	2004	2005	2006	2007
Governmental Activities:				
Invested in capital assets, net of related debt	\$ 1,589,533	\$ 1,729,878	\$ 2,013,629	\$ 3,323,290
Restricted	-	-	1,174,429	545,243
Unrestricted	1,436,999	1,716,774	725,365	791,415
Total net assets	<u>\$ 3,026,532</u>	<u>\$ 3,446,652</u>	<u>\$ 3,913,423</u>	<u>\$ 4,659,948</u>
Business Type Activities:				
Invested in capital assets, net of related debt	\$ 10,044,791	\$ 7,373,232	\$ 17,391,459	\$ 18,671,606
Restricted	159,282	297,921	-	869,073
Unrestricted	3,229,375	6,766,612	2,535,008	1,051,234
Total net assets	<u>\$ 13,433,448</u>	<u>\$ 14,437,765</u>	<u>\$ 19,926,467</u>	<u>\$ 20,591,913</u>
Primary government in total:				
Invested in capital assets, net of related debt	\$ 11,634,324	\$ 9,103,110	\$ 19,405,088	\$ 21,994,896
Restricted	159,282	297,921	1,174,429	1,414,316
Unrestricted	4,666,374	8,483,386	3,260,373	1,842,649
Total net assets	<u>\$ 16,459,980</u>	<u>\$ 17,884,417</u>	<u>\$ 23,839,890</u>	<u>\$ 25,251,861</u>

Village of Holly

Changes in Governmental Net Assets Last Four Years

	Fiscal Year Ended June 30,			
	2004	2005	2006	2007
Expenses				
General government	\$ 712,969	\$ 721,165	\$ 590,570	\$ 681,446
Police, Fire & Building inspections	1,663,485	1,550,497	1,594,462	1,694,255
Rubbish disposal	202,954	189,586	230,114	254,851
Public works activities	950,121	923,188	682,719	362,607
Planning and zoning	249,309	177,584	38,102	12,132
Recreation and culture	62,676	54,117	128,863	117,653
Cemetery	103,724	117,183	-	33,809
Interest on long-term debt	96,144	96,144	3,901	10,373
Total governmental activities	4,041,382	3,829,464	3,268,731	3,167,126
Program revenues:				
Charges for services				
General government	770,121	882,453	28,181	21,635
Public Safety	151,710	118,033	136,784	124,980
Public Works	40,051	27,979	35,936	40,487
Recreation and culture	13,782	13,218	11,486	13,455
Other activities	54,643	42,193	-	-
Total charges for services	1,030,307	1,083,876	212,387	200,557
Operating grants and contributions	477,307	373,507	511,596	458,495
Capital grants and contributions	334,243	108,914	68,247	305,532
Total program revenue	1,841,857	1,566,297	792,230	964,584
Net (expense) revenue	(2,199,525)	(2,263,167)	(2,476,501)	(2,202,542)
General revenues:				
Property taxes	1,838,839	1,912,392	1,927,942	2,131,818
State-shared revenues	670,323	636,956	631,013	613,850
Investment earnings	9,529	8,633	103,948	88,938
Franchise fees	-	-	58,726	62,548
Miscellaneous	-	-	89,426	51,913
Total general revenues	2,518,691	2,557,981	2,811,055	2,949,067
Change in net assets	\$ 319,166	\$ 294,814	\$ 334,554	\$ 746,525

Village of Holly

Changes in Business Type Net Assets Last Three Years

	2005	2006	2007
Operating Revenue			
Sale of water	\$ 503,321	\$ 830,560	\$ 818,959
Sewage disposal charges	1,097,984	1,275,638	1,346,181
Interest and penalty charges	30,893	45,899	46,629
Other charges for services	37,338	32,745	26,111
Total operating revenue	1,669,536	2,184,842	2,237,880
Operating Expenses			
Cost of water production & distribution	615,117	713,048	753,076
Cost of sewage treatment	773,680	870,539	974,743
Cost of sewage collection system	258,790	290,491	327,858
Billing and administrative costs	119,769	121,489	115,545
Total operating expenses	1,767,356	1,995,567	2,171,222
Operating Income (Loss)	(97,820)	189,275	66,658
Non-Operating Revenue (Expenses)			
Investment income	148,674	220,811	396,662
Interest expense	(110,542)	(540,632)	(57,485)
Tower fees	54,908	57,933	37,590
Income (Loss) - Before contributions	(4,780)	(72,613)	443,425
Capital Contributions:			
Benefit fees	508,291	488,440	222,021
Lines constructed by developers	-	5,086,515	-
Total capital contributions	508,291	5,574,955	222,021
Change in Net Assets	\$ 503,511	\$ 5,502,342	\$ 665,446

Village of Holly

Fund Balances, Governmental Funds Last Ten Years

	As of June 30,									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General Fund:										
Reserved	\$ 46,100	\$ -	\$ -	\$ 95,591	\$ 50,701	\$ 60,129	\$ 60,129	\$ -	\$ -	\$ -
Unreserved	<u>377,544</u>	<u>406,320</u>	<u>490,965</u>	<u>446,935</u>	<u>488,820</u>	<u>485,789</u>	<u>503,079</u>	<u>464,475</u>	<u>443,676</u>	<u>479,545</u>
Total general fund	<u>\$ 423,644</u>	<u>\$ 406,320</u>	<u>\$ 490,965</u>	<u>\$ 542,526</u>	<u>\$ 539,521</u>	<u>\$ 545,918</u>	<u>\$ 563,208</u>	<u>\$ 464,475</u>	<u>\$ 443,676</u>	<u>\$ 479,545</u>
All other governmental funds:										
Unreserved, reported in:										
Special revenue funds	\$ 1,158,725	\$ 1,928,332	\$ 1,574,990	\$ 1,341,290	\$ 1,082,828	\$ 1,234,863	\$ 1,240,090	\$ 1,392,538	\$ 1,163,312	\$ 574,853
Permanent funds	<u>-</u>	<u>241,635</u>	<u>168,135</u>							
Total all other governmental funds	<u>\$ 1,158,725</u>	<u>\$ 1,928,332</u>	<u>\$ 1,574,990</u>	<u>\$ 1,341,290</u>	<u>\$ 1,082,828</u>	<u>\$ 1,234,863</u>	<u>\$ 1,240,090</u>	<u>\$ 1,392,538</u>	<u>\$ 1,404,947</u>	<u>\$ 742,988</u>

Village of Holly

Changes in Fund Balances, Governmental Funds Last Ten Years

	Year Ended June 30,									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Revenue										
Property taxes	\$ 1,194,618	\$ 1,465,028	\$ 1,641,971	\$ 1,723,302	\$ 1,785,323	\$ 1,858,088	\$ 1,838,839	\$ 1,912,392	\$ 1,927,942	\$ 2,105,020
Licenses and permits	188,859	97,871	105,912	99,696	104,565	141,663	71,506	65,979	146,431	126,320
Intergovernmental	937,223	977,567	1,078,555	1,155,086	1,179,117	1,231,887	1,476,873	1,119,377	1,142,038	1,081,972
Charges for services	459,258	484,152	521,268	571,016	701,759	723,953	872,857	922,297	748,441	854,236
Fines and forfeitures	12,803	15,063	18,439	18,225	25,357	28,856	36,215	40,142	47,645	51,613
Interest and other	191,170	191,376	206,332	202,109	184,074	100,741	80,045	116,224	249,038	207,628
Total revenue	2,983,931	3,231,057	3,572,477	3,769,434	3,980,195	4,085,188	4,376,335	4,176,411	4,261,535	4,426,789
Expenditures										
Current:										
General government	539,242	651,511	542,233	564,095	626,003	720,778	712,969	721,165	765,984	821,271
Public safety	1,012,312	1,116,233	1,228,864	1,240,239	1,329,187	1,453,411	1,663,485	1,550,497	1,678,466	1,783,673
Public works										
Streets and general DPW	633,967	754,813	1,441,505	1,290,306	1,138,063	835,000	950,121	923,188	1,229,229	1,837,541
Rubbish disposal	154,979	158,294	164,723	194,005	193,149	199,928	202,954	189,586	230,114	254,851
Cemetery	102,663	94,690	99,995	106,450	118,272	116,712	103,724	117,183	72,083	83,033
Community and economic development	222,524	123,342	122,378	164,482	240,579	269,330	249,309	177,584	112,440	74,582
Parks and recreation	40,501	30,856	77,932	43,503	62,267	54,632	62,676	54,117	43,307	55,071
Capital outlay	116,711	53,034	67,400	161,198	395,880	129,154	405,925	621,385	92,179	142,857
Debt service principal	-	-	96,144	96,144	96,144	96,144	88,918	124,223	38,278	-
Debt service interest	-	-	-	-	-	-	7,226	11,304	6,340	-
Total expenditures	2,822,899	2,982,773	3,841,174	3,860,422	4,199,544	3,875,089	4,447,307	4,490,232	4,268,420	5,052,879
Excess of Revenue Over (Under) Expenditures	161,032	248,284	(268,697)	(90,988)	(219,349)	210,099	(70,972)	(313,821)	(6,885)	(626,090)
Other Financing Sources (Uses)										
Debt issuance	-	504,000	-	-	-	-	-	218,140	-	-
Transfers in	314,397	215,918	200,000	242,417	136,615	150,000	-	-	252,095	398,597
Transfers out	(314,397)	(215,918)	(200,000)	(326,654)	(178,733)	(201,667)	-	-	(252,095)	(398,597)
Total other financing sources (uses)	-	504,000	-	(84,237)	(42,118)	(51,667)	-	218,140	-	-
Net change in fund balances	161,032	752,284	(268,697)	(175,225)	(261,467)	158,432	(70,972)	(95,681)	(6,885)	(626,090)
Fund Balances - Beginning of year	1,421,337	1,582,368	2,334,652	2,059,041	1,883,816	1,622,349	1,780,781	1,952,694	1,855,508	1,848,623
Fund Balances - End of year	\$ 1,582,369	\$ 2,334,652	\$ 2,065,955	\$ 1,883,816	\$ 1,622,349	\$ 1,780,781	\$ 1,709,809	\$ 1,857,013	\$ 1,848,623	\$ 1,222,533
Debt service as a percentage of noncapital expenditures	0.0%	0.0%	2.5%	2.6%	2.5%	2.6%	2.4%	3.4%	1.2%	0.0%
Calculation of "noncapital expenditures:"										
Total exp above	2,822,899	2,982,773	3,841,174	3,860,422	4,199,544	3,875,089	4,447,307	4,490,232	4,268,420	5,052,879
Capitalized expenditures	116,711	53,034	67,400	161,198	395,880	129,154	421,143	525,291	421,764	1,332,811
	2,706,188	2,929,739	3,773,774	3,699,224	3,803,664	3,745,935	4,026,164	3,964,941	3,846,656	3,720,068

Revenue Capacity Information

This section provides the comparisons of taxable value and actual value of the taxable property, the direct property tax rates for village residents, principal taxpayers in the village and the property tax levies and collections at a ten year comparison.

Village of Holly

Taxable value and actual value of taxable property Last Ten Years

Tax Year	Fiscal year ended June 30,	Taxable Value by Property Type:					Total Value	Tax rate (mills)	Estimated Actual Value	Taxable Value as a % of Actual
		Real property:			Personal property					
		Residential	Commercial	Industrial						
1997	1998	67,056,048	14,140,285	3,130,550	5,969,250	90,296,133	15.7025	1,417,875	63.68%	
1998	1999	57,699,689	14,943,540	3,262,580	6,171,720	82,077,529	17.2282	1,414,048	58.04%	
1999	2000	66,547,620	17,404,490	3,402,320	7,803,810	95,158,240	16.6649	1,585,802	60.01%	
2000	2001	71,373,410	17,849,890	4,006,380	7,803,810	101,033,490	16.5432	1,671,417	60.45%	
2001	2002	71,764,590	23,380,300	4,742,750	6,776,770	106,664,410	16.5166	1,761,733	60.55%	
2002	2003	79,963,350	20,363,580	5,575,700	7,315,480	113,218,110	16.2183	1,836,205	61.66%	
2003	2004	84,424,070	22,299,760	4,339,630	6,500,830	117,564,290	15.8438	1,862,665	63.12%	
2004	2005	93,828,850	23,137,480	4,755,480	6,753,200	128,475,010	15.4350	1,983,011	64.79%	
2005	2006	99,025,930	24,006,900	4,918,700	7,051,750	135,003,280	15.3653	2,113,206	63.89%	
2006	2007	127,635,990	36,973,880	7,221,800	7,733,340	179,565,010	15.1994	2,729,280	65.79%	

Note: Under Michigan law, the revenue base is referred to as "Taxable Value". This amount represents Assessed value (50% of true cash value), limited for each property by the lower of 5% or inflation.

Taxes levied in a particular "tax year" become revenue of the subsequent fiscal year

Source of data:

Village of Holly Tax Rolls

Village of Holly

Direct and Overlapping Property Tax Rates Last Ten Years

		Tax Year									
		1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Village of Holly	Operating	15.5000	15.7025	17.2282	16.6649	16.5166	16.2183	15.8458	15.4350	15.3853	15.1994
DDA - District	Operating (non homestead only)	-	-	2.0000	2.0000	-	-	-	-	-	-
Holly Area Schools	Operating (non homestead only)	18.0000	17.8580	17.8274	18.0000	18.0000	18.0000	18.0000	18.0000	18.0000	18.0000
	Debt	7.0000	7.0000	7.0000	7.0000	7.0000	7.0000	7.0000	7.0000	7.0000	7.0000
Oakland County	Operating	4.8480	4.3505	4.1900	4.1900	4.1900	4.1900	4.1900	4.1900	4.1900	4.1900
	Parks & Rec.	-	0.2439	0.2429	0.2404	0.2376	0.2352	0.2453	0.2436	0.2436	0.2415
	H.C.M.A.	-	0.2236	0.2235	0.2218	0.2202	0.2186	0.2170	0.2161	0.2161	0.2146
Holly Township	Operating	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
	Library	0.9477	1.0000	0.9836	0.9576	0.9368	0.9114	0.9834	0.9834	0.9739	0.9574
	Parks	0.4739	0.5000	0.4918	0.4788	0.4684	0.4557	0.4917	0.4917	0.4669	0.4786
	Fire/Emergency	-	-	-	-	1.5000	1.5000	1.6500	1.6500	1.6500	1.8100
State Education	SET	6.0000	6.0000	6.0000	6.0000	6.0000	6.0000	5.0000	6.0000	6.0000	6.0000
Oakland Inter School		2.1294	2.1294	2.1208	2.0998	2.0752	3.4526	3.3991	3.3991	3.3690	3.3690
Oakland Comm College		1.6522	1.6522	1.6456	1.6295	1.6109	1.5952	1.5983	1.5983	1.5844	1.5840
Total Millage:											
	Homestead	39.5512	39.8021	43.1264	42.4828	41.7557	42.7770	41.6206	42.2072	42.0792	42.0445
	Nonhomestead	57.5512	57.6601	60.9538	60.4828	59.7557	60.7770	59.6206	60.2072	60.0792	60.0445
		(18.0000)	(17.8580)	(17.8274)	(18.0000)	(18.0000)	(18.0000)	(18.0000)	(18.0000)	(18.0000)	(18.0000)

Source of data:

Local units records

Village of Holly

Principal Property Tax Payers

Taxpayer	2006 Taxable Value	Percentage of total	1997 Taxable Value	Percentage of total	1997 rank
1 Holly Enterprises, LLC	2,940,050	1.82% (1)	2,265,620	3.10%	1
2 Presbyterian Village	2,666,690	2.00%	1,232,970	1.70%	4
3 Consumers Energy	1,819,030	1.24%	1,615,180	2.20%	3
4 Holly Manor Apartments	1,473,331	1.00% (1)	N/A		
5 Phyle Holly LLC	1,461,080	0.99%			
6 Delta Tube	1,209,320	0.82%			
7 Hawaiian Gardens	1,172,802	0.80% (2)	1,801,460	2.46%	2
8 Holly Mobile Home Village	1,022,890	0.70% (2)	N/A		
9 Whispering Oaks Assoc.	920,550	0.63%	479,970	0.70%	8
10 R & J Holly, LLC	904,510	0.62%	241,260	0.30%	10
George Fisher			905,830	1.20%	5
Wolverine Machines Products			544,590	0.70%	6
Holly Associates			540,940	0.70%	7
Freeman-Scheidler Co, Inc			405,400	0.30%	9

(1) The two parcels were combined as one in 1997 as Wolverton & Stanker/Inter Lakes Assoc.

(2) The two parcels were combined as one in 1997 as Greg Christopher.

Source of data:

Local units records

Village of Holly

Property Tax Levies and Collections Last Ten Years

Tax Year	Fiscal year ended June 30,	Total levy	Current collections	Percent collected	Delinquent collections	Total tax collections	Percent of levy collected
1997	1998	1,149,737	1,050,336	91.40%	93,049	1,143,687	99.50%
1998	1999	1,419,837	1,277,431	90.00%	142,406	1,414,476	99.60%
1999	2000	1,612,024	1,478,610	91.70%	134,479	1,605,578	99.60%
2000	2001	1,658,922	1,528,787	92.20%	121,107	1,652,477	99.60%
2001	2002	1,852,744	1,719,556	92.80%	133,188	1,842,035	99.40%
2002	2003	1,883,865	1,750,644	92.90%	133,221	1,874,188	99.50%
2003	2004	1,917,551	1,813,379	94.50%	107,785	1,912,321	99.70%
2004	2005	2,000,407	1,884,961	94.20%	112,129	1,997,090	99.70%
2005	2006	2,108,798	1,953,060	92.60%	150,873	2,103,933	99.70%
2006	2007	2,236,374	2,067,086	92.43%	129,127	2,196,213	98.20%

Source of data:
Local units records

Debt Capacity Information

This section provides for information as to the general bonded debt, with a comparison to per capita; the direct and overlapping debt for other governmental units who assess taxes to village residents and the legal debt margin comparison over ten years. With outstanding bonds for the wastewater treatment plant and water system, a chart showing the pledged revenues for the bond payments and applicable expenses is provided.

Village of Holly

Ratios of Outstanding Debt Last Ten Years

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Governmental Activities:										
Installment purchase agreements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 185,652	\$ 147,374	\$ 182,409
Business Type Activities:										
General obligation bonds	2,275,000	1,900,000	1,525,000	1,100,000	650,000	175,000	-	-	5,500,000	5,500,000
Revenue bonds	1,105,000	2,505,000	2,465,000	2,370,000	2,270,000	2,165,000	2,055,000	8,440,000	14,320,000	14,195,000
Capital leases	-	-	-	-	-	-	29,570	-	-	-
Total	<u>3,380,000</u>	<u>4,405,000</u>	<u>3,990,000</u>	<u>3,470,000</u>	<u>2,920,000</u>	<u>2,340,000</u>	<u>2,084,570</u>	<u>8,440,000</u>	<u>19,820,000</u>	<u>19,695,000</u>
Total debt of the government	<u>\$ 3,380,000</u>	<u>\$ 4,405,000</u>	<u>\$ 3,990,000</u>	<u>\$ 3,470,000</u>	<u>\$ 2,920,000</u>	<u>\$ 2,340,000</u>	<u>\$ 2,084,570</u>	<u>\$ 8,625,652</u>	<u>\$ 19,967,374</u>	<u>\$ 19,877,409</u>
Total taxable value	82,226,670	92,145,220	99,702,190	101,033,490	106,507,300	117,523,560	128,574,710	135,003,280	146,900,490	179,565,010
Ratio of total debt to taxable value	4.11	4.78	4.00	3.43	2.74	1.99	1.62	6.39	13.59	11.07
Total Population	5,595	5,595	5,595	6,135	6,135	6,135	6,179	6,179	6,179	6,179
Total debt per capita	604.11	787.31	713.14	565.61	475.96	381.42	337.36	1,395.96	3,231.49	3,216.93

Note: If personal income is unavailable, it is acceptable to use Taxable Value

Village of Holly

Ratios of General Bonded Debt Outstanding Last Ten Years

Fiscal Year	Tax-limited General obligation bonds (LTGO)	Other general obligation debt	Net general bonded debt	Taxable value	Debt as a percentage of taxable value	Population	Debt per capita
1998	\$ 2,275,000	\$ -	\$ 2,275,000	\$ 90,296,133	2.52%	5,595	\$ 407
1999	1,900,000	-	1,900,000	82,077,529	2.31%	5,595	340
2000	1,525,000	-	1,525,000	95,158,240	1.60%	5,595	273
2001	1,100,000	-	1,100,000	101,033,490	1.09%	6,135	179
2002	650,000	-	650,000	106,664,410	0.61%	6,135	106
2003	175,000	-	175,000	113,218,110	0.15%	6,135	29
2004	-	-	-	117,564,290	- %	6,179	-
2005	-	185,652	185,652	128,475,010	0.14%	6,179	30
2006	5,500,000	147,374	5,647,374	135,003,280	4.18%	6,179	914
2007	5,500,000	182,409	5,682,409	179,565,010	3.16%	6,179	920

Village of Holly

Direct and Overlapping Governmental Activities Debt

Governmental unit	Debt outstanding	Estimated % applicable	Estimated share of overlapping debt
Oakland County	\$ 106,286,871	0.23%	\$ 244,460
Holly Area Schools	80,798,000	15.36%	12,410,573
Community College	8,995,000	0.24%	21,588
Intermediate school district	55,185,000	0.23%	126,926
total overlapping debt	251,264,871		12,803,546
Direct Village debt	19,877,409	100%	19,877,409
Total direct and overlapping debt	\$ 271,142,280		\$ 32,680,955

Source of data:

Michigan Advisory Council of Michigan

Village of Holly

Legal Debt Margin Last Ten Years

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Calculation of debt limit:										
State equalized valuation	<u>90,296,133</u>	<u>82,077,529</u>	<u>95,158,240</u>	<u>101,033,490</u>	<u>106,664,410</u>	<u>113,218,110</u>	<u>117,564,290</u>	<u>128,475,010</u>	<u>135,003,280</u>	<u>179,565,010</u>
10% of state equalized valuation	<u>9,029,613</u>	<u>8,207,753</u>	<u>9,515,824</u>	<u>10,103,349</u>	<u>10,666,441</u>	<u>11,321,811</u>	<u>11,756,429</u>	<u>12,847,501</u>	<u>13,500,328</u>	<u>17,956,501</u>
Calculation of debt subject to limit:										
Total debt	\$ 3,380,000	\$ 4,405,000	\$ 3,990,000	\$ 3,470,000	\$ 2,920,000	\$ 2,340,000	\$ 2,084,570	\$ 8,625,652	\$ 19,967,374	19,877,409
Less: debt not subject to limit:										
Revenue bonds	<u>1,105,000</u>	<u>2,505,000</u>	<u>2,465,000</u>	<u>2,370,000</u>	<u>2,270,000</u>	<u>2,165,000</u>	<u>2,055,000</u>	<u>8,440,000</u>	<u>14,320,000</u>	<u>14,195,000</u>
Net debt subject to limit	<u>2,275,000</u>	<u>1,900,000</u>	<u>1,525,000</u>	<u>1,100,000</u>	<u>650,000</u>	<u>175,000</u>	<u>29,570</u>	<u>185,652</u>	<u>5,647,374</u>	<u>5,682,409</u>
Legal debt margin	<u>\$ 6,754,613</u>	<u>\$ 6,307,753</u>	<u>\$ 7,990,824</u>	<u>\$ 9,003,349</u>	<u>\$ 10,016,441</u>	<u>\$ 11,146,811</u>	<u>\$ 11,726,859</u>	<u>\$ 12,661,849</u>	<u>\$ 7,852,954</u>	<u>\$ 12,274,092</u>
Net debt subject to limit as % of debt limit	25.19%	23.15%	16.03%	10.89%	6.09%	1.55%	0.25%	1.45%	41.83%	31.65%

Wastewater Treatment Plant Revenue Bonds

Fiscal year	Gross revenues	Applicable expenses (1)	Net revenues	Principal	Interest	Total	Coverage
2005 (2)	\$ 1,442,452	\$ 769,344	\$ 673,108	\$ -	\$ 35,057	\$ 35,057	19.2
2006	1,759,413	850,744	908,669	-	123,852	123,852	7.3
2007	1,744,609	991,331	753,278	-	263,958	263,958	2.9

Water System Revenue Bonds

Fiscal year	Gross revenues	Applicable expenses (1)	Net revenues	Principal	Interest	Total	Coverage
1998	423,113	268,002	155,111	30,000	71,978	101,978	1.5
1999	472,747	312,598	160,149	35,000	75,502	110,502	1.4
2000	554,748	394,896	159,852	40,000	78,682	118,682	1.3
2001 (3)	502,142	382,316	119,826	95,000	110,983	205,983	0.6
2002	556,667	427,665	129,002	100,000	93,590	193,590	0.7
2003	693,076	428,654	264,422	105,000	92,839	197,839	1.3
2004	1,191,290	445,989	745,301	110,000	92,200	202,200	3.7
2005	807,210	586,983	220,227	115,000	71,053	186,053	1.2
2006	1,192,613	603,888	588,725	120,000	416,780	536,780	1.1
2007	1,154,441	641,754	512,687	125,000	376,813	501,813	1.0

(1) Net of depreciation.

(2) First year for payments on bonds dated 9/1/04.

(3) First year for payments on bonds dated 6/1/99.

Demographic and Economic Information

This section provides statistical information for population, personal income and unemployment information for the Village of Holly. Without added industry or commercial properties, the principal employers have remained the same over the ten year comparison except for the addition of a new employer in 2001 (Universal Data).

Village of Holly

Demographic and Economic Statistics Last Ten Years

Fiscal year	Population	(1)	Personal income (in thousands)	(2)	Per Capita Personal Income	(2)	Unemployment rate	(3)
1998	5,595		\$ 36,990		\$ 16,450		2.80%	
1999	5,595		41,512		16,450		2.60%	
2000	5,595		42,489		41,512		2.20%	
2001	6,135		45,090		41,512		3.80%	
2002	6,135		37,568		41,512		5.40%	
2003	6,135		49,649		46,282		4.70%	
2004	6,179		49,896		49,896		5.30%	
2005	6,179		50,424		67,352		6.20%	
2006	6,179		49,486		67,800		5.70%	
2007	6,179		63,443		52,274		6.70%	

Source of data:

- (1) U.S. Census Bureau
- (2) Bureau of Economic Analysis
- (3) Oakland County Planning Department

Village of Holly

Principal Employers

Taxpayer	2007 Employees	Percentage of total	1998 Employees	Percentage of total	1998 rank
1 Delta Tube	236	31.81%	281	41.32%	1
2 Freemans (now Holly Foods)	141	19.00%	100	14.70%	2
3 Universal Data	60	8.09%	n/a (1)	n/a (1)	n/a (1)
4 Holly Convalescent Center	60	8.09%	71	10.44%	3
5 McDonalds	54	7.28%	58	8.52%	4
6 Villagers Restaurant	47	6.33%	41	6.02%	5
7 Vinyl Tech	44	5.93%	31	4.55%	8
8 Holly Hotel	42	5.66%	38	5.58%	6
9 CMI-Schneible Co.	38	5.12%	35	5.14%	7
10 Wolverine Machine	20	2.70%	25	3.67%	9

(1) Did not exist in 1998

Source of data:

Local units records

Operating Information

This section provides information over a ten year look for full-time employees, various items such as village elections, police and fire operations, public works care of infrastructure to name a few. We also provide a three year comparison of capital asset statistics for village operations.

Village of Holly

Full-time Equivalent Government Employees Last Ten Years

Function/ program	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General government										
Village Manager	1	1	1	1	1	1	1	1	1	1
Clerk-Treasurer	4	4	4	4	4	4	4	4	4	4
Building/Community Development Dept.	2	2	2	2	2	2	2	1	1	1
Public safety:										
Police	15	15	15	15	15	15	15	15	14	13
Fire & EMS	n/a (1)									
Public works:										
DPW	8	8	8	8	8	8	8	7	6	7
Water and sewer	6	6	6	6	6	6	6	6	6	6
Total	36	34	32	32						

(1) all part-time/on call employees

Source of data:

Local units records

Village of Holly

Operating Indicators Last Ten Years

Function/ program	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Election data:										
Registered voters	3,885	4,034	4,191	4,190	4,193	4,059	4,072	4,118	4,295	4,325
Voters (at the polls or absentee)	89	n/a (1)	396	n/a (1)	351	438	279	n/a (1)	n/a (1)	n/a (1)
Percent voting	2.29%		9.44%		8.37%	10.79%	6.85%			
District Court: (A)										
Number of court cases	n/a (2)	1,659	1,459	1,860	1,894					
Police:										
Physical arrests	241	244	149	197	230	200	218	234	232	225
Traffic violations	n/a (3)	n/a (3)	n/a (3)	n/a (3)	1,128	1,659	1,611	1,888	1,755	1,135
Investigations	n/a (3)	n/a (3)	7,602	8,099	7,871	8,431	8,901	8,748	11,455	9,416
Fire										
Fire runs	20	18	26	23	32	27	55	76	89	120
Emergency medical runs	162	264	477	549	555	569	620	580	443	588
Inspections	n/a (4)									
Public works										
Miles of street resurfaced	-	1.1 mile	1 mile	.75 miles	1.2 miles	-	-	2.8 miles	-	1.3 miles
Potholes repaired	1,030	1,260	900	1,320	1,060	1,400	1,160	1,070	1,210	852
Refuse collected (tons)	1,892	1,904	1,926	1,940	1,965	1,997	2,039	2,070	2,184	2,265
Parks and recreation:										
Recreation program attendance	n/a (5)									
Library: (B)										
Circulation (books borrowed)	79,068	79,072	79,082	71,826	71,063	66,886	57,766	60,252	63,899	64,712
Collection volume	52,768	52,748	49,768	49,980	55,244	49,025	46,448	42,550	44,263	44,850
Water										
Number of customers billed	2,291	2,300	2,310	2,491	2,499	2,520	2,543	2,851	2,978	2,991
Total consumption	195,983,900	198,567,820	199,480,900	201,730,555	205,080,396	221,098,431	220,159,672	233,987,524	254,706,328	254,721,560
Average consumption per user	46,000	47,000	48,000	48,000	49,500	49,580	50,000	50,488	51,025	51,720
Sewer:										
Average daily sewage treatment	1.32 million	1.35 million	1.35 million	1.35 million	1.36 million	1.37 million	1.37 million	1.36 million	1.36 million	1.36 million

(1) No Village Election

(2) District Court does not have the information for these years

(3) Village Police Department does not have the information for these years

(4) Village Fire Department does not do inspections

(5) Village does not offer programs in the parks

Source of data:

Local Unit records

(A) 52nd District Court

(B) Holly Township Library

Village of Holly

Capital Asset Statistics Last Three Years

Function/ program	2005	2006	2007
Police:			
Stations	1	1	1
Patrol units - marked	4	4	6
Patrol units - unmarked	2	2	2
Fire			
Stations	1	1	1
Fire response vehicles	4	4	4
Public works			
Streets (miles):			
Major streets	6.69	6.69	6.69
Local streets	13.29	13.29	13.29
Parks and recreation:			
Acreage	22	22	22
Developed parks/ playgrounds	5	5	5
Water:			
Mains (miles)	22	22	22
Number of customers	2,612	2,978	2,991
Sewer:			
Miles of sanitary sewers	22	22	22
Treatment plant	1	1	1

Source data:

Local units records



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Report on Internal Control

October 12, 2007

To Village Council
Village of Holly
Oakland County, Michigan

Dear Council Members:

Beginning with this year's audit, national auditing standards now call for auditors to communicate matters to the governing body that may be useful to you in your oversight of the Village of Holly's (Village) financial management. Specifically, they require us to report internal control issues to you that that may be relatively minor, in order to allow you to evaluate their significance, and make any changes you may deem appropriate. The purpose of these new standards are to allow you an opportunity to discuss issues when they are relatively minor, rather than waiting until they become more serious problems. We hope this new **Report on Internal Control** will be helpful to you, and we look forward to being able to discuss any questions you may have concerning these issues:

In planning and performing our audit of the financial statements of the Village of Holly as of and for the year ended June 30, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered the Village's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies and/or material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material

misstatement of the financial statements will not be prevented or detected by the entity's internal control. We believe that the following deficiencies constitute material weaknesses.

Accrual Adjustments

During the audit we provided assistance in identifying and posting accrual adjustments to the accounting records. Accruals represent any adjustments other than cash that impact the accounting records (accounts payable, property tax and other receivables, capital assets, long term debt, employee compensated absences, special assessment revenue recognition, etc.). We are pleased to assist in this process, however, we bring this to your attention since it meets the above definition of a matter to be communicated.

Other Item Noted During Our Audit

Bank Reconciliations

Currently, the bank reconciliation process works quite well – the deputy clerk-treasurer prepares a reconciliation to the bank statement each month, and the clerk-treasurer reviews. However, currently there is no sign off to indicate the clerk-treasurer's review. In order to verify that this control is occurring we suggest the clerk-treasurer sign off on the bank reconciliations after review them.

This communication is intended solely for the information and use of management, the board, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

Plante & Moran, PLLC



Peggy Haw Jury, CPA