Michigan Department of Treasury
496 (02/06)

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	Local Unit Name	County
☐County ☐City ☐Twp ☐Village ☒Other	Holland Area Center Joint Building Authority	Ottawa

Fiscal Year End	Opinion Date	Date Audit Report Submitted to State
6-30-06	7-28-06	8-21-06

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	☒	
The letter of Comments and Recommendations	☐	
Other (Describe)	☐	

Certified Public Accountant (Firm Name)	Telephone Number		
Kiekover, Scholma & Shumaker, PC	616-772-4615		
Street Address	**City**	**State**	**Zip**
205 East Main Street	Zeeland	MI	49464

Authorizing CPA Signature	Printed Name	License Number
Emil Sabolish Jr.	Emil Sabolish, Jr.	9304

ANNUAL FINANCIAL REPORT

HOLLAND AREA CENTER JOINT BUILDING AUTHORITY

HOLLAND, MICHIGAN

For the Fiscal Year Ended June 30, 2006

Holland Area Center Joint Building Authority
Holland, Michigan
ANNUAL FINANCIAL REPORT
Year Ended June 30, 2006

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Kiekover, Scholma & Shumaker, PC
Certified Public Accountants and Consultants

Calvin Scholma
Kenneth Scholma
Michael Brandsen
Emil Sabolish, Jr.
David Nienhuis

INDEPENDENT AUDITOR'S REPORT

July 28, 2006

To The Commission
Holland Area Center Joint Building Authority
Holland, Michigan

We have audited the accompanying financial statements of the governmental activities and major fund of Holland Area Center Joint Building Authority as of and for the year ended June 30, 2006, which collectively comprise the authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Holland Area Center Joint Building Authority's management. Our responsibility is to express an opinion 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 and major fund of Holland Area Center Joint Building Authority, as of June 30, 2006 and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages II through IV, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Kiekover, Scholma & Shumaker, PC

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Holland Area Center Joint Building Authority
Holland, Michigan

Management's Discussion and Analysis

As management of Holland Area Center Joint Building Authority, we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended June 30, 2006. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements that follow this section.

The Holland Area Center Joint Building Authority is a Michigan municipal corporation created in 1995 under the provision of Act 31, Public Acts of Michigan, 1948, as amended. The authority's governing commission consists of nine members, three members appointed by the legislative body of each incorporating unit. The incorporating units are the City of Holland, Holland Charter Township, and Park Township.

The authority is incorporated for the purpose of acquiring or constructing a multi-purpose arena, a performing arts center, and/or an ice rink for public use of the incorporating units.

Near the end of fiscal year 1999, the Commission of the Holland Area Center Joint Building Authority retained several professional consultants to develop project design, promotion, construction management, and financing plans for the proposed area center. In May 1999, the legislative bodies of the three incorporating units of government each approved a resolution agreeing to place a proposition before the electors of each unit of government at a November 2, 1999 election.

In the fiscal year ended June 30, 2000, project plans were completed and information about the proposed project was provided to electors of the three units of government. The November 2, 1999 election proposition requested approval of a bonding and operating millage for an Area Center Project: (1) which will be located at the waterfront site in the City of Holland (north of Sixth Street and west of Central Avenue), (2) consists of a multipurpose area facility and outdoor wintertime skating facility together with appropriate appurtenant facilities, and (3) has a bond issue amount for construction of not to exceed $20,000,000.00.

The bonding and operating millage propositions were approved by the electors of the City of Holland and Park Township but were rejected by the electors of Holland Charter Township. Both measures needed a majority vote in all three governmental units for the project to proceed.

Since the November 2, 1999 election the Authority has been inactive. Authority Commissioners and officials from the three incorporating units of government do not contemplate submitting alternative project plans for voter consideration in the near future.

Financial Highlights

- The Authority's net assets were $57 at June 30, 2006. Its change in net assets was $1 for the year ended June 30, 2006.
- As of the close of the current fiscal year, the Authority's capital projects governmental fund reported an ending fund balance of $57.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Holland Area Center Joint Building Authority's basic financial statements. The Authority's basic financial statements are comprised of two components: the financial statements and notes to the financial statements.

Financial statements. The financial statements are presented in a columnar format. The Authority maintains only one fund, a governmental fund (capital projects fund) that is presented in the first column (*governmental funds* financial statements) and is prepared on the modified accrual basis of accounting. These fund financial statements present a short-term view and tell how resources were spent during the year as well as what remains for future spending. Such financial information may be helpful in evaluating the Authority's near-term financing requirements.

The second column in the financial statements presents the adjustments necessary to reconcile the *governmental funds* financial statements to the *governmental activities* financial statements (*Statement of Net Assets* and *Statement of Activities*) presented in the third column.

These *governmental activities* financial statements are designed to provide the readers with a broad view of the Authority's finances, in a manner similar to a private-sector business and, therefore, are prepared using the accrual basis of accounting. These statements provide a longer-term view of the Authority's finances and whether the full cost of government services have been funded. The two governmental activities statements are as follows:

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

- The *statement of activities* presents information showing how the Authority's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that result in cash flows in different fiscal periods.

The basic *governmental fund* financial statements and *governmental activities* financial statements can be found on pages 1-2 of this report.

Notes to financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the governmental fund and governmental activities financial statements. The notes to the financial statements can be found on pages 3-4 of this report.

Financial Analysis of the Authority as a Whole

The following table shows, in a condensed format, the net assets of Holland Area Center Joint Building Authority as of June 30, 2006 and 2005.

TABLE 1 - Holland Area Center Joint Building Authority's Net Assets

	2006	2005
Total Assets, consisting of cash	$ 57	$ 56
Net Assets, unrestricted	$ 57	$ 56

The following analysis highlights the changes in net assets for the years ended June 30, 2006 and 2005:

TABLE 2 - Changes in Holland Area Center Joint Building Authority's Net Assets

	2006	2005
General Revenues		
Private source contributions	$ -	$ -
Interest	1	-
Total Revenues	1	-
Expenses		
Materials and supplies	-	-
Professional and contractual services	-	-
Total Expenses	-	-
Change in Net Assets	$ 1	$ -

Financial Analysis of the Authority's Capital Projects Fund

Total revenue sources for fiscal year 2006 were $1. Expenditures for fiscal year 2006 totaled $0.

The June 30, 2006 fund balance of the Capital Projects Fund is $57.

Next Year's Budget

The Authority has no plans to become active in fiscal year 2006-07 and had adopted no budget.

Contacting the Authority's Management

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

Basic
Financial Statements

Holland Area Center Joint Building Authority
Holland, Michigan
GOVERNMENTAL FUNDS BALANCE SHEET/STATEMENT OF NET ASSETS
June 30, 2006

	Capital Projects Fund	Adjustments	Statement of Net Assets
ASSETS			
Cash	$ 57	$ -	$ 57
Total Assets	$ 57	-	57
LIABILITIES			
Accounts payable	$ -	-	-
Total Liabilities	-	-	-
FUND BALANCES/NET ASSETS			
Fund balance-unreservered, undesignated	57	(57)	-
Total liabilities and fund balance	$ 57		
Net assets-unrestricted		57	$ 57

See Notes to Financial Statements

Holland Area Center Joint Building Authority
Holland, Michigan
STATEMENT OF GOVERNMENTAL FUNDS REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES/STATEMENT OF ACTIVITIES
Year Ended June 30, 2006

	Capital Projects Fund	Adjustments	Statement of Activities
Revenues:			
Private source contributions	$ -	$ -	$ -
Interest	1	-	1
Total Revenues	1	-	1
Expenditures:			
Capital Projects:			
Materials and supplies	-	-	-
Professional and contractual services	-	-	-
Total Expenditures	-	-	-
Excess of Revenues Over Expenditures/Change in Net Assets	1	-	1
Fund Balances/Net Assets - July 1	56	-	56
Fund Balances/Net Assets - June 30	$ 57	$ -	$ 57

See Notes to Financial Statements

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Holland Area Center Joint Building Authority 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 Holland Area Center Joint Building Authority:

A. Reporting Entity

The Holland Area Center Joint Building Authority ("Authority") is a Michigan municipal corporation created in 1995 under the provisions of Act 31, Public Acts of Michigan, 1948, as amended, for the purpose of acquiring or constructing a multi-purpose arena, a performing arts center, and/or an ice rink for public use of the incorporating units. The authority's governing board consists of three members appointed by the City of Holland, three members appointed by Holland Charter Township, and three members appointed by Park Township. The financial statements of the authority are presented as a separate reporting entity and are not included with the financial statements of the City of Holland, Park Township or Holland Charter Township. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Although blended component units are legal separate entities, in substance, they are part of the authority'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 government (see discussion below for description).

Blended Component Unit. The authority has no blended component units.

Discretely Presented Component Unit. The authority has no discretely presented component units.

B. Government-Wide and Fund Financial Statements

Separate columns are included in the financial statements for the government-wide financial statements (i.e., the statement of net assets and the statement of activities) and the fund financial statements, which present the sole governmental (capital projects) fund of the authority.

C. 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. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental (capital projects) 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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

The authority reports the following major governmental funds:

Capital Projects Fund

The Capital Projects Fund accounts for the acquisition of fixed assets or construction of major capital projects.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in the government-wide financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board.

D. Assets, Liabilities, and Net Assets or Equity

1. *Bank Deposits and Investments.*

The authority's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

2. *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 2. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Michigan Compiled Laws, Section 129.91, authorizes the local governmental unit to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office 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; United States government or federal agency obligations; repurchase agreements; bankers' acceptance 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 which are legal for direct investment by local units of government in Michigan.

The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in all of State statutory authority as listed above.

The authority's deposits and investment policy is in accordance with statutory authority.

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the authority's deposits may not be returned. The authority does not have a deposit policy for custodial credit risk. At year end the bank balance of the authority's deposits was $57 which was all covered by federal depository insurance.