



Holland MICHIGAN

Annual Comprehensive Financial Report for
Fiscal Year Ended June 30, 2023

INTRODUCTORY SECTION

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CITY OF HOLLAND

HOLLAND, MICHIGAN

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2023

Prepared by:

Finance Office

Lynn McCammon

Finance Director

CITY OF HOLLAND, MICHIGAN

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CITY OF HOLLAND, MICHIGAN

ELECTED OFFICERS

As of December 1, 2023

CITY COUNCIL

Nathan Bocks
Mayor

Tim Vreeman
Ward 1
Bylnda Sól
Ward 3
Scott Corbin
Ward 5
Quincy Byrd
At-Large

Lyn Raymond
Ward 2
Kim Rowan
Ward 4
Devin Shea
Ward 6
Michael Schultheis
At-Large

STAFF APPOINTED BY THE CITY COUNCIL

Keith Van Beek
City Manager

STAFF APPOINTED BY THE CITY MANAGER, SUBJECT TO COUNCIL APPROVAL

Vincent Duckworth (Cunningham Dalman, P.C.)
City Attorney
James Bush
City Assessor

Lynn McCammon
City Treasurer
Kathy Grimm
City Clerk

STAFF APPOINTED BY THE CITY MANAGER, NOT SUBJECT TO COUNCIL APPROVAL

Matt VanDyken
Assistant City Manager
Mark Vanderploeg
Mark Meyers
**Director of Community &
Neighborhood Services**
Brian White
Director of Transportation

Matt Messer
Director of Public Safety
Andy Kenyon
Director of Parks & Recreation

Jennifer Orme
Director of Human Resources

STAFF OFFICIALS APPOINTED BY BOARDS OR COMMISSIONS

Dave Koster
Board of Public Works (Utilities)
General Manager

Charles Warren
Board of Public Works (Utilities)
Finance Director



December 1, 2023

To the Honorable Mayor,
City Council Members, and
Residents of the City of Holland, Michigan

We are pleased to submit the Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2023. This report is prepared in accordance with both State Statute and Section 9.11 of the City Charter, which requires that an independent audit shall be performed at least annually. To the best of our knowledge and belief, the data as presented is complete and accurate in all material respects and reported in accordance with Generally Accepted Accounting Principles (GAAP) and audited in accordance with generally accepted auditing standards (GAAS) by an independent firm of certified public accountants.

This report has been prepared by the City's finance department for the purpose of disclosing the City's financial condition to its residents, elected officials and other interested parties. Management assumes responsibility for both the completeness and reliability of the information contained in this report including all disclosures based upon a comprehensive framework of internal control. The top levels of City management have indicated that integrity and legal compliance are a top priority for this organization. Internal control procedures and policies are in place for proper recording of financial transactions and asset accountability. Because the cost of a control should not exceed the benefits to be derived, the objective of internal controls is to provide reasonable, rather than absolute assurance, that the financial statements are free of any material misstatements.

The City's financial statements have been audited by Rehmann Robson LLC. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City of Holland for the fiscal year ended June 30, 2023 are free of material misstatement. The audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditor concluded that there was a reasonable basis for rendering an unmodified opinion that the City of Holland's financial statements for the year ended June 30, 2023 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

Profile of the City of Holland

The City of Holland is located near the shores of Lake Michigan in the southwest corner of Ottawa County and the northwest corner of Allegan County. According to the 2020 Census, the population was 34,006, which places Holland as the 51st largest municipality in Michigan and the largest city in Ottawa County. City limits span 17.5 square miles, with 9.1 located in Ottawa County and 8.4 in Allegan County. The City of Holland is located 30 miles southwest of Grand Rapids, 186 miles northwest of Detroit and 150 miles northeast of Chicago, Illinois.

Holland was settled in 1847 by Dutch Calvinist separatists after dire economic conditions in the Netherlands and the desire for religious freedom led them to settle as a group and on March 25, 1867 Holland was incorporated as a City. While the City's Dutch heritage is an important part of the local history and tradition, the City has grown to include a diverse community, including 23% Hispanic, 4% Black or African American, 3% Asian and 5% who identify with two or more races.

Profile of the City of Holland (continued)

The annual Tulip Time Festival is an eight-day event held in May that brings thousands of tourists from around the world. The festival, celebrating the City's Dutch heritage, includes parades, Dutch dancing, tulips, fireworks, food, entertainment, shopping, a carnival, tours, and a running race. A popular Tulip Time attraction is the City owned Windmill Island Gardens which features a working Dutch windmill. The festival has received many recognitions, including Flower Festival of the Year (2023) by the *International Garden Tourism Conference*.

The downtown area continues as a destination for shopping, eating, entertainment, nightlife and lodging. Several downtown sponsored marketing events such as the street performer series, ice sculpting competition, "Girlfriends Weekend" and "Fall Fest", highlight the City as an entertainment destination. Innovative snowmelt in downtown sidewalks and roads, covering almost 8 miles, helps to keep the central business district vibrant and pedestrian friendly during the winter months. *Trips to Discover* recently cited Holland as one of "50 Most Magical Winter Wonderland Towns in the U.S.". A downtown outdoor fireplace and fountain are popular with pedestrians. The canopied Farmers Market offers fresh local produce and other goods two times weekly from May through December. The Farmers Market also offers special programs such as a chef series and children's activities. The recently renovated Civic Center Place is available to host a variety of events.

The downtown Holland Amtrak depot stop puts Chicago within a 3 hour reach of Holland and the schedule is conducive for a day-only or weekend trip. It should also be noted that the Holland Aquatic Center, Herrick District Library and Evergreen Commons Senior Center facilities located near downtown are considered top notch for a community of this size. *Fodor's Travel* included Holland on its list of "America's 25 Cutest Main Streets in Small(er) Towns".

The quality of life in the City of Holland is further enhanced by the presence of Hope College. Hope College's centralized location, adjacent to Holland's downtown area, contributes a wide range of activities, interaction and economic benefit to the community. Enrollment at Hope College for the 2023 Fall Term included 3,369 degree seeking students. In addition to Hope College, there are three Holland satellite locations of West Michigan universities/colleges. The Holland area Grand Valley State University Meijer Campus, Grand Rapids Community College Lakeshore Campus, and Davenport University provide undergraduate and graduate level education.

City Government

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

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

The City provides a full range of municipal services normally associated with a municipality including police and fire, environmental health, housing and building inspections, street construction and maintenance, planning and zoning, recreation programs, several municipal parks, cemetery facilities, an open-air canopied farmers market and various other cultural activities. The City also operates business-type activities such as an electric and fiber optics utility, sanitary sewer utility, water supply utility, residential refuse/recycling curbside pickup program, the Civic Center, and a Dutch theme tourist park attraction. A combined fixed route and personalized bus/van transportation service, which leases the City owned transportation center (depot) also servicing the railroad, is operated and taxed by a separate transportation authority. The authority provides service to the City of Holland, City of Zeeland, Holland Charter Township and Park Township. A City owned airport facility is leased to an airport authority which includes the City of Holland, City of Zeeland and Park Township.

City Government (continued)

The City employment staff includes 383 full-time positions, and 88 part-time positions at full-time equivalency. The full-time workforce is composed of a base of non-union plus three organized labor bargaining units as follows:

<u>Employee Group</u>	<u>Affiliation</u>	<u>Members</u>
Utility Workers	Utility Workers Union of America AFL-CIO, Local 610	85
Police Officers	Fraternal Order of Police, Holland Police Officers Division	53
Firefighters	International Association of Firefighters, Local 759	23
Non-Union	None	<u>222</u>
Total		383

The City of Holland property millage rate is 13.7757. Holland continues to levy property taxes well under the millage rates allowed by the City Charter in conformance with the established financial policy to maintain the lowest millage rate possible.

Standard & Poor's and *Moody's Investors Service* assigned credit ratings to the City of Holland debt as follows:

Moody's Investors Service	Aa2
Standard & Poor's	AA

Holland Community Energy Plan and Sustainability

Holland strives to be a highly-competitive world-class community, supported by innovative energy solutions that benefit the citizens, the business community, and the environment. The Holland Community Energy Plan (CEP) embraces the values that have been central to the community throughout its history. It represents public/private collaboration, financial investment and personal commitment. The CEP was initially implemented in 2010 to address critical energy challenges. In 2020 a Strategic Development Team (SDT) workgroup composed of community, higher education, Holland Board of Public Works (HBPW) and City Council representatives convened to review the progress of the initial plan and recommend updates. Some of the initiatives include (see City's website for complete program details and initiatives):

- In 2023, HBPW was certified by the American Public Power Association as a "Smart Energy Provider" for its commitment to and proficiency in energy efficiency, distributed generation, renewable energy, and environmental initiatives.
- HBPW currently has Power Purchase Agreements (PPAs) with multiple renewable energy suppliers as part of its power generation portfolio. These resources include landfill gas, solar and wind. Approximately 5.5 megawatts of installed capacity of solar power was added in FY 2023.
- HBPW's new anaerobic digester earned an ENVISION Gold rating for sustainability from the Institute for Sustainable Infrastructure along with Green Project designation.
- The City and HBPW created the Holland Energy Fund (HEF) to educate and fund residential energy improvements. HEF launched a new educational initiative in FY 2023, partnering with local non-profits to reach more households.

City Budget

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

Financial planning and control are provided through the annual budget process which is supplemented by ongoing management review and adjustment, as needed, throughout the year. The formalized annual process begins in January when the City Council meets with the citizens of Holland to obtain input into the upcoming budget process. The City Council next meets to prioritize the upcoming budget issues. In mid-February department managers submit budget requests to the City Manager. A detailed review, analysis and revision to the departmental requests are performed by the City Manager in March. The City Manager's overall budget request is submitted to the City Council and citizens by April 1st. Later in April a series of budget study meetings are held by the City Council. At the first council meeting in May a public hearing is held on the proposed annual budget followed by adoption of a final budget resolution including establishment of property tax millage rates.

The Financial Reporting Entity

The *Governmental Accounting Standards Board (GASB)* issues authoritative statements and pronouncements that require compliance for acceptable government financial reporting. *GASB Statement No. 14* provides definition for *The Financial Reporting Entity* to include all funds, agencies, boards, commissions, and authorities that are controlled by or dependent upon the primary government unit for their on-going existence. *The Financial Reporting Entity* is composed of the:

- > *primary government* (together with *blended component units* that, although legally separate, are so tightly intertwined with the primary government that they are, in essence, the same as the primary government)
- > *blended component units*
- > *discretely presented component units*.

Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The requirements of *GASB Statement No. 14*, and the further amendments to this statement made by *GASB Statement No. 39 and 61*, are addressed in this report. There are two component units, the *Holland Energy Fund and Holland Building Authority (no activity in current year)*, that require blended reporting. The five component units that require discrete reporting presentation are the *Downtown Development Authority, Holland Historical Trust, Brownfield Redevelopment Authority, Economic Development Corporation (no activity in current year) and the SmartZone Local Development Finance Authority*. The component units are further identified in Note 1 of the *Notes to Financial Statements*.

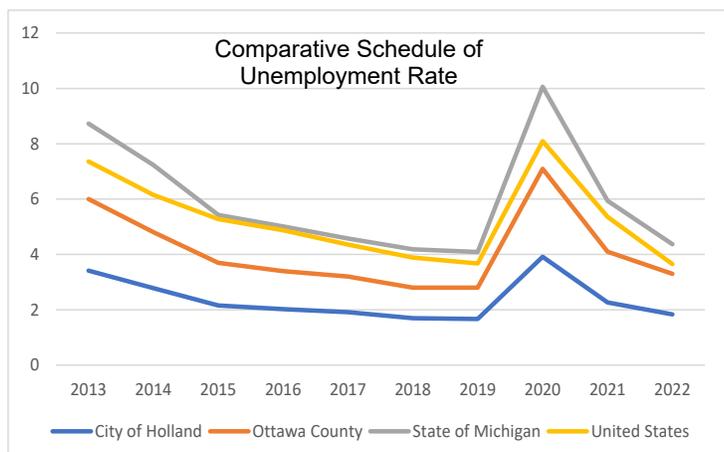
The *ACFR* for the City of Holland is prepared in conformance with the requirements delineated by *GASB Statement No. 34* which established new financial reporting requirements for state and local governments.

Local Economy

The City continues to experience significant growth in new commercial/industrial developments and residential housing projects, with more than \$2 billion invested over the past few years. Building permits continue to track higher than budgeted levels and vacancy rates in the City's downtown area are well below national averages. Local existing residential home sales have started to slow slightly as mortgage rates have increased, but demand for housing remains strong.

The local tax base includes a well-diversified property tax base mix of residential (56.5%), commercial (27.9%), industrial (14.9%), and all other (0.7%). The City of Holland has a diverse base of employers including automotive, furniture, boatbuilding, the food industry and new technologies. Lakeshore Advantage, which provides regional economic development services for Holland, Zeeland and Ottawa County, indicates that the West Michigan Lakeshore market share continues to grow as 91% of surveyed companies report increasing or stable sales and 86% are introducing new product and service capabilities. Manufacturing remains a strong segment of the area economy. There continues to be challenges with 65% of companies reporting difficulty with labor shortages/recruitment and 76% reporting supply chain issues.

Unemployment for the City remains low and continues to track lower than the county, state, and country. The City continues to monitor the tight labor market and current inflationary environment for any impact on the local economy and the City's budget. While the outlook for a recession in 2023 has decreased, the possibility of one occurring in 2024 remains. Fortunately, the City of Holland has a history of conservative fiscal management which has contributed to a stable level of General Fund reserves. This will help buffer the City against any potential impact of a future economic downturn.



Long-range Financial Planning

The City has a robust strategic planning effort, which establishes goals and objectives for the organization. The long-range financial forecast is an extension of this effort and is updated annually as part of the budget cycle. The forecast is designed to be used as a tool to evaluate the City's future financial capacity and identify areas of concern so the City can develop strategies to ensure the long-term fiscal health of the City. The forecast utilizes assumptions based on historical performance and key economic data to forecast future revenues and expenditures. While the focus is the General Fund, the forecast also encompasses long-term capital needs and debt service as these are also funded in part by the property tax millage.

Major Revenues

Property tax is the largest source of revenue for the General Fund, representing more than 42% of total revenues plus transfers in. Property values have continued to rise even during the pandemic. Development interest continues to be strong with several large industrial and commercial projects in various stages of development. In addition, the City continues to prioritize affordable housing and has several residential projects in process. Property values continue to trend upward. While taxable values are limited by Michigan law, generally to the rate of inflation, numerous property sales (not limited by inflation factors) combined with new development have pushed the growth in taxable value beyond the inflation rate.

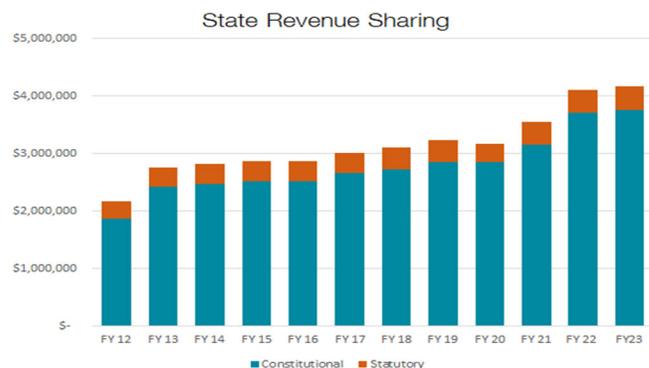
In 2012, several new public acts were passed eliminating the industrial *Personal Property Tax (PPT)* over a ten-year period. To replace the revenue source, the Local Community Stabilization Authority (LCSA) Act requires Personal Property Tax (PPT) reimbursement to municipalities. The complex calculation is designed to reimburse for the essential services (police and fire) and a portion of qualified loss. In FY 2023, the City received \$3,074,591 in PPT reimbursement.

The State of Michigan provides several economic development incentive tools, including PA 198 industrial facilities certificates. The 2023 Taxable Value for properties with IFT abatements is \$76,115,429 for new facility IFTs, all of which are taxed at half rate and \$69,700 for rehab IFTs for which the value remains frozen. Based on 2023 PA198 applications processed by the City of Holland, 338 new or retained jobs are anticipated to be created along with \$45.7 million of new related construction and machinery. In addition, a PA198 for a \$910 million project in an existing renaissance zone was approved and is applicable to only voted debt millages.

State of Michigan PA 376 authorizes the creation of a renaissance zone for the purpose of fostering economic development and stimulating industrial, commercial, and residential improvements by providing certain tax credits or exemption within the zone. The City has two renaissance zones. The property is exempt from certain real and personal property taxes, including City operating taxes, but is not exempt from the millages voted for debt. Property within the zones have a 2023 Taxable Value of \$24,275,050.

The City also supports Brownfield Redevelopments with twenty-four separate projects approved for tax captures at June 30, 2023. The reader is directed to the Notes to Financial Statements section (note #21) for detail information on the various tax abatements offered by the City.

Local government *Revenue Sharing* received from the State of Michigan varies from year to year. The constitutional portion is based on a specific percentage of sales tax revenues. The City, Village, and Township Revenue Sharing (CVTRS) is an incentive-based program for which the City has met the requirements annually. Strong consumer spending, driven in part by the federal stimulus programs helped drive the increase in this revenue category for FY 2021 and FY 2022 based on sales of goods. As consumers shift their spending back to services (non-taxable), this revenue source leveled off in FY 2023.



Long-range Financial Planning (continued)

Building related fees continued to increase, driven by large industrial/commercial developments. In line with this, the City's building permit construction values increased more than 100% from fiscal year 2022 (\$176 million) to fiscal year 2023 (\$535 million). The largest permit value for a project in fiscal year 2023 was \$276.9 million for a new LG Energy Solution production facility. Other large permits included Resthaven Farmstead new residential project totaling \$51.1 million, Homewood Suites Hotel for \$20 million, Black River Flats apartments for \$21 million, and Shoreline Flats apartments for \$19.8 million.

The City's General Fund receives a transfer from the Electric Utility Fund consisting of 6.25% of the average of the previous three calendar year sales. Electric sales have increased as a result of strong manufacturing demand, resulting in increased payments to the General Fund over the past few years; however, electric rates are expected to decrease in the years ahead, which is expected to flatten the overall revenues.

Fund Balance Governmental Funds

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

	FUND BALANCES		
	@ June 30, 2022	@ June 30, 2023	Increase (Decrease)
General Fund	\$ 6,720,395	\$ 9,633,354	\$2,912,959
Gen. Fund Budget Stabilization	1,680,510	1,775,447	94,937
Special Revenue Funds	6,803,683	9,208,697	2,405,014
Debt Service Funds	800,979	1,513,151	712,172
Capital Projects Funds	9,019,853	27,360,110	18,340,257
Permanent Trust Funds	2,309,237	2,542,739	233,502
Totals	\$27,334,657	\$52,033,498	\$24,698,841

The Combined General Fund and Budget Stabilization ending fund balance totaled \$11,408,801 at June 30, 2023. Of this amount, \$11,364,184, or 39.8% of total expenditures plus transfers out, is unassigned. Property tax revenues contributed to the increase as assessed taxable value increased and an additional allocation of the City's property tax millage was directed to the General Fund for FY 2023. In addition, building permit revenues increased given additional volume and several large projects.

The increase in *Fund Balance of the Special Revenue Funds* in FY 2023 is primarily due to a large donation for the DeGraaf Nature Center.

The *Fund Balance of the Capital Projects Funds* increased by \$18,340,257 during FY 2023 due to the receipt of \$18 million in bond proceeds for the Fire Station project.

Capital Projects Governmental Funds

Capital Projects Funds expenditures, excluding interfund transfers, totaled \$9,704,169 for FY 2023 compared to \$8,047,420 for FY 2022. Projects exceeding \$50,000 during the fiscal year included:

INFRASTRUCTURE PROJECTS (Excluding Utility Fund Share)	
6 th Street Pine to Columbia	\$ 1,245,859
40 th Street Improvements	316,985
Street Resurfacing	1,153,675
Pine Avenue; 9 th Street – Michigan Avenue	1,118,728
Country Club; 8 th Street – Legion Park Drive	184,012
MUNICIPAL CAPITAL PROJECTS	
Waverly Fire Station	\$ 2,876,898
Playground Equipment	301,417
City Hall – 1st Floor Renovation	411,187

Internal Service Funds

The City maintains several Internal Service Funds to account for the financing of services, insurance coverage and equipment. The City strives to maintain and plan for healthy balances for future equipment replacement and self-funded insurance risk in these funds which are summarized below.

<u>Internal Service Operation</u>	<u>Working Capital June 30, 2022</u>	<u>Working Capital June 30, 2023</u>
Technology Services	\$ 176,615	\$ 482,410
Equipment Services	2,670,652	1,554,964
Insurance Services	<u>7,085,489</u>	<u>6,218,576</u>
Totals	<u>\$ 9,932,756</u>	<u>\$ 8,255,950</u>

The City's risk management program provides for somewhat high self-funded retentions for various types of coverage. In most cases, the self-funded retention is \$250,000 per occurrence, which helps contain the premium cost for commercial insurance policy coverage. Additionally, the City uses a unique risk management arrangement referred to as an *All-Lines Aggregate Policy* program that provides for the annual accumulation of insurance claim payments across several unrelated types of coverage into an "*aggregate loss pool*". This provides the City with a level of stop-loss protection that would not be available without the consolidation of losses. Workers Compensation is a commercial policy with no self-insured retention and does not participate in the All-Lines Aggregate program. An independent asset appraisal firm provides appraisal updates of all capital assets for insurance coverage purposes. The Internal Service Funds section in the Supplementary Information tab of this report accounts for the various coverage types.

Employee Retirement Plans

The City recognized the impact of increasing costs related to defined benefit plans and in 2003 transitioned to a defined contribution plan for non-union employees and in 2018 for union employees. With the defined benefit plans closed, the City issued Pension Obligation Bonds in November 2015 for the Unfunded Actuarial Liability (UAL) related to non-union employees and another bond in 2018 to cover the Unfunded Actuarial Liability (UAL) related to public safety union employees. These measures led to reduced overall pension costs, but the City continues to identify additional funding for increases in the UAL as actuary assumptions change and actual experience differs from estimates. The City's plans are administered by Michigan Municipal Employees' Retirement System (MERS) and summarized below:

Defined Benefit Plan (closed)

The City participates in the *Michigan Municipal Employees' Retirement System (MERS)*, covering all full-time employees. The total employer-paid premium for FY 2023 was \$2,963,060, which includes a \$350,000 additional contribution.

The most recent actuarial valuation, dated December 31, 2022, indicates that the City's valuation assets (stated at market value) provide 90.0% funding (employer portion only), based upon actuarial determined accrued liabilities of \$164,015,339, valuation assets of \$148,074,749, and unfunded accrued liabilities of \$15,940,590. The City's Defined Benefit Plan is closed to all new hires.

Defined Contribution Plan

A defined contribution plan is provided for all pension eligible employees that are not part of the defined benefit plan. There is a standard 6% City contribution with an optional 2% employee contribution along with a City match of 2% for all City and HBPW non-union employees and HBPW utility union employees. Public Safety union employees receive a 10.5% contribution and must contribute 6% of compensation. The total contribution paid by the employer for FY 2023 was \$1,702,916 and by employees was \$515,567.

Deferred Compensation (Voluntary)

In addition to the MERS defined benefit plan, the City also makes three deferred compensation plans available that employees may voluntarily participate in via payroll withholding up to the annual maximum of \$22,500. The plans are sponsored and administered by *Mission Square, Empower Group and Michigan Municipal Employees Retirement System (MERS)*. These plans have been placed in a trust, and do not appear on the financial statements.

Investment Earnings

Most funds of the City participate in an internal *Cash & Investment Pool*, except for the Utility Funds (Electric, Water, Wastewater) and the *Holland Historical Trust* Component Unit fund.

For the fiscal year, the annualized average interest rate earned in the pool was 0.874%, as compared to (1.244)% for the previous fiscal year. If investments had not been valued at market, the annualized average interest rate would have been 2.141%. The overall fiscal year adjustment for market write-down for the pool was \$(1,027,853). The City typically buys and holds long term investments to maturity so fiscal year end market adjustments are not actually realized.

Significant Initiatives, Events and Accomplishments

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

Economic Development and Revitalization

- The City Council continues to identify economic development as a top priority. The City is committed to developing an area-wide approach to economic development and is working in tandem with the Lakeshore Advantage regional economic development organization and the surrounding cities, townships, counties and Macatawa Area Coordinating Council metropolitan planning organization. The City is also collaborating with the non-profit Housing Next, to address the housing shortages in the region including affordable housing.
- The City supports various economic development tools provided for in Michigan State Statute. In 2023 the City approved a new Renaissance Zone for LG Energy, seven PA198 Industrial Facilities Tax Abatements (IFT), and three new Neighborhood Enterprise Zone (NEZ) projects.

Infrastructure Projects:

- It is the City's normal practice to complete an annual road resurfacing program. This fiscal year the City resurfaced 7.9 miles of streets at a cost of \$1,153,675.
- Reconstruction of Pine Avenue, 9th Street – Michigan Avenue concluded; the project included reconstruction of a couple of side streets, 11th Street between River Avenue and cul-de-sac west of Pine, and a short section of 22nd Street between Michigan and Pine Avenue. Bike lanes were added along Pine Avenue and two-way traffic returned to Pine Avenue between 9th and 10th Streets; total project budget was \$2.75 million with \$2.54 million expended as of fiscal year end. Trees will be purchased with remaining funds, to be planted along the reconstructed streets.
- The 6th Street project began; the project includes full reconstruction of 6th Street from River to Columbia Avenue, College Avenue from 6th to 8th Street, and Columbia Avenue from 6th to 7th Street. In addition to full reconstruction of the roadway, there is a significant expansion to the snowmelt network. The project budget is \$9.74 million, with \$2.4 million expended as of fiscal year end.

Electric Utility:

- HBPW's electric utility received the Certificate of Excellence in Reliability from the American Public Power Association (APPA). The Certificates recognize utilities that provided exceptionally reliable service and power to their communities.
- Decommissioning continued at the James De Young (JDY) power plant. This methodical multi-year process started when the power plant went offline in 2017. Since that time, a series of decommissioning and demolition activities have taken place involving environmental assessments regulated by the Michigan Department of Environment Great Lakes and Energy and safe remediation of the site. The building was imploded in August 2023. The next steps are to recycle and dispose of the remnants, backfill the basement of the building, and plant grass. The Sixth Street Peaking Unit (Unit 6) was also abated and demolished.
- In August 2022, City of Holland voters approved a millage to fund up to \$30 million to be used to expand the high-speed broadband system throughout the City. HBPW plans to operate an open access network, which invites competition and the potential for lower cost and increased service choices. An engineering services provider to assist HBPW was selected. Approximately 50% of the materials needed for the network passings construction have been purchased to help avoid supply chain issues that could delay the start of construction on the project. In August 2023, the Holland City Council authorized issuance of \$23 million in bonds to fund the installation of the passings portion of the high-speed fiber optic broadband network. Construction will begin in FY 2024.

Significant Initiatives, Events and Accomplishments (continued)

Water Utility:

- In FY 2023, the Water Utility completed a new 36-inch water transmission main with a total length of 18,400 feet. The cost of the project was \$13.5 million. The project was paid for with 20-year green project bonds issued in FY 2022. The new main provides redundancy to the line connecting the WTP to the City's water distribution system. The line also increases water volume and improves flow dynamics, while also providing future capacity expansion potential to the service area.

Wastewater Treatment Plant:

- Construction is nearing completion on an anaerobic digester. The project, which began in fiscal year 2021 will improve the disposal of biosolids. Progress toward a fiscal year 2024 completion date continued to be made with \$29 million spent as of June 30, 2023. The project is expected to be completed at an estimated total cost of \$33.7 million.

Municipal Capital Projects:

- Bonds were issued in September 2022 for \$17.27 million to pay for the construction of a new five-bay station to replace the existing Waverly Road Station. Work includes constructing a new storage building at the Waverly Road Station and renovating the existing Kollen Park Drive Station. The Waverly Station project budget is \$12.5 million, with \$2.95 million expended as of fiscal year end. The project budget for the Kollen Park Station renovation is \$6.25 million. The project is expected to be complete by June 30, 2024.

Sustainability and Energy Conservation:

- The City continued to focus on the Community Energy Plan. The original goal was to reduce greenhouse gas emissions per capita from the baseline 24 metric tons down to no more than 10 by 2050. The City commissioned a task force to review progress on the initial plan and offer updates. The task force completed their recommendations in October 2021 and revised the overall goal for carbon reduction to be 12.25 metric tons per capita by 2030. A 2023 status update report can be viewed online at cityofholland.com/Holland-Community-Energy-Plan.
- The Home Energy Retrofit program, launched in fiscal year 2017 to encourage deeper energy efficiency measures. Beginning in FY 2023, the program was updated to include a substantial education program known as *Home Energy 101*. The new education program was created to have a more extensive reach into our community and help residents understand their own homes' energy usage and how to make basic energy improvements to their homes. The program supplies basic energy-saving measures such as caulk, spray foam, and a 1.5 hour walk-through education at the residents' homes. Approximately 165 participated in this program during FY 2023.
- HBPW currently has Power Purchase Agreements (PPAs) with multiple renewable energy suppliers as part of its power generation portfolio. These resources include landfill gas, solar and wind. Approximately 5.5 megawatts of installed capacity of solar power was added at the end of April 2023 through the Calhoun Solar project developed by Invenergy. Two more solar farms are slated to be added to HBPW's portfolio over the next two years, which are expected to provide HBPW with another 17.7 megawatts of solar power. All combined, HBPW is currently expecting to have nearly 30 megawatts of installed solar capacity as part of its power generation portfolio based on current commitments.
- In 2022, HBPW launched a beneficial electrification rebate program to help residents transition to all-electric homes.
- The HBPW offers a renewable energy program allowing customers to elect to pay for more of their energy to come from renewable resources.
- In 2023, HBPW was certified by the American Public Power Association as a "Smart Energy Provider" for its commitment to and proficiency in energy efficiency, distributed generation, renewable energy, and environmental initiatives.
- The anaerobic biodigester project has earned *Envision Certification Gold* level rating for sustainability. Envision is a third-party verification that major projects have considered environmental, social, and economic impacts of civil infrastructure. The digester will both reduce the volume and treat residual solids generated from the wastewater treatment process. The process also generates biogas as a byproduct of the digestion process which will be used as fuel for a Combined Heat and Power (CHP) unit that will supply electricity and thermal energy to offset plant needs. It is expected to reduce the amount of wastewater solids from the water reclamation process by approximately 50%.

Significant Initiatives, Events and Accomplishments (concluded)

Sustainability and Energy Conservation (continued):

- The Water Reclamation Facility (WRF) continues to receive achievement awards. The Water Environment Federation (WEF) *Utility of the Future Today* has been awarded in 2020, 2021, and 2022. The program recognizes water resource recovery facilities for transformational work in community engagement, watershed stewardship, and recovery of resources such as water, energy, and nutrients. The WRF was initially recognized for beneficial reuse of solids and for workplace culture in 2020; for partnering and engagement in 2021; and for water reuse in 2022. The National Association of Clean Water Agencies (NACWA) *Peak Performance Gold* was awarded in 2020, 2021 and 2022 and is presented to facilities with no permit violations for the entire previous calendar year.

Independent Audit Requirements

As required by the *Holland City Charter* and the *Michigan Uniform Accounting and Reporting Act*, the financial statements contained in this report have been examined by an independent certified public accounting firm. This requirement has been fulfilled and the certified public accounting firm of Rehmann Robson LLC has issued an opinion on the financial statements.

Awards

Government Finance Officers Association of the United States and Canada (GFOA) awarded a *Certificate of Achievement for Excellence in Financial Reporting* to the City of Holland for its Annual Comprehensive Financial Report (ACFR), and an Award for Outstanding Achievement for its Popular Annual Financial Report (PAFR) for the fiscal year ended June 30, 2022. This was the 31st consecutive year that the government has achieved this prestigious award for the ACFR and 2nd consecutive year for the PAFR award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive 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 annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

In addition, the City has been awarded the GFOA's Distinguished Budget Presentation Award for its annual budget document dated June 30, 2023. The City has received this prestigious award for 21 consecutive years. In order to qualify for the Distinguished Budget Presentation Award, a government's budget document must be judged to be proficient in several categories, including policy documentation, financial planning, and organization.

Acknowledgements

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

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

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

Respectfully submitted,



Lynn McCammon
Finance Director/Treasurer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Holland
Michigan**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

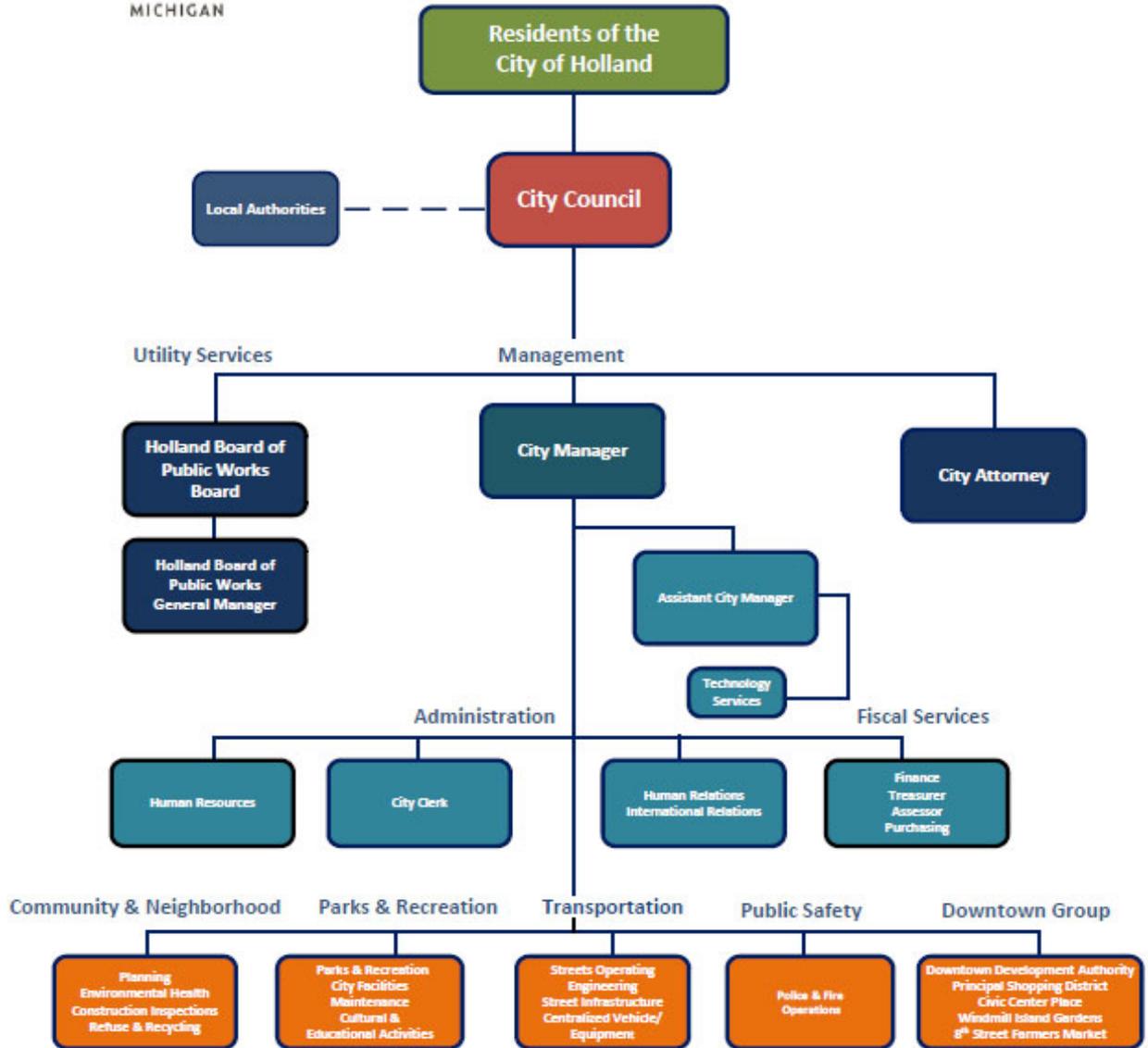
June 30, 2022

Christopher P. Morrill

Executive Director/CEO



City of Holland Organizational Chart



FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

December 1, 2023

Honorable Mayor
and City Council
City of Holland, Michigan

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the **City of Holland, Michigan** (the "City"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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 City, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof, and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Independent Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Independent Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the schedules for the pension and other postemployment benefit plans, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory and statistical sections, and the other information (Essential Services Resource Trend), but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued, under separate cover, our report dated December 1, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF HOLLAND, MICHIGAN

Management's Discussion and Analysis

As management of the City of Holland, Michigan (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, the financial statements and notes to the financial statements.

Financial Highlights

The City's total net position as of June 30, 2023 equaled \$651,453,673, representing an increase of \$21,366,217 from the prior year. Of this amount, \$80,615,752 was unrestricted net position and may be used to meet the City's ongoing obligations to citizens and creditors. The governmental activities net position increased by \$6,389,897, or 4.8%, while the business-type activities net position increased by \$14,976,320, or 3.0%.

As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$52,033,498, an increase of \$24,698,841 in comparison with the prior year.

The City had many capital investment projects in process including:

- Construction of a new Waverly Fire Station to replace an aging, smaller station began in March 2023. The \$18.8 million project also includes the renovation of the Kollen Park Station which is currently in the design stage. As of June 30, 2023, \$2.95 million has been spent, which represents 16% of the project budget.
- Reconstruction of 6th Street, River to Columbia Avenue, began. In addition to full reconstruction of the roadway, the project includes significant expansion of the snowmelt network. As of June 30, 2023 25% of the \$9.74 million project has been completed.
- The Board of Public Works is expanding the community-owned fiber network. The project will bring fiber to every address in the City. The \$25 million project is 10% complete and on schedule to be finished by June 30, 2026.
- The East Point Substation is being constructed on Waverly Court to meet the growing electricity needs of the community. As of June 30, 2023, \$9.9 million was spent on the project. The \$14.0 million project is expected to be complete by October 2023.
- The Wastewater Utility Anaerobic Digester project will both reduce the volume and treatment of residual solids generated from the wastewater treatment process. It is expected to reduce the amount of wastewater solids from the water reclamation process by approximately 50%, doing the same for disposal costs. As of June 30, 2023, \$29.0 million of the \$33.7 million project has been spent. Construction began October 2020 and is estimated to be completed in fall 2023.
- JDY (James De Young) and Unit 6 abatement and demolition project will remove an inactive JDY powerplant and the 6th Street Peaking Station. The aging coal plant went offline in 2017 and was replaced with Holland Energy Park to support the growth of the community and to improve the efficiency and environmental performance of the portfolio of power supply resources, including helping to reduce carbon emissions by 50%. The 6th Street Peaking Station went offline in May 2023. The project has a \$7.9 million budget and \$3.1 million has been spent through June 30, 2023. The project is on schedule to be completed in December 2023.

At the end of the current fiscal year, unassigned fund balance for the general fund was \$11,364,184 or 39.8% of total General Fund expenditures (including transfers out).

CITY OF HOLLAND, MICHIGAN

Management's Discussion and Analysis

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction and overview to the City's basic financial statements. The annual report is comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. Both the government-wide and major fund perspectives allow the user to address relevant questions, broaden a basis for comparison, and enhance the City's accountability.

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference being reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, welfare and social services, and parks and recreation. The business-type activities of the City include electric utility, wastewater utility, water utility, refuse and recycling pickup, Windmill Island, Airport facilities and management system, and other enterprise activities.

The government-wide financial statements include not only the City itself (known as the primary government), but also a legally separate Downtown Development Authority, a legally separate Economic Development Corporation (no activity during the current year), a legally separate Holland Historical Trust, a legally separate Brownfield Redevelopment Authority, and a legally separate SmartZone Local Development Finance Authority, for which the City is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

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

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

CITY OF HOLLAND, MICHIGAN

Management's Discussion and Analysis

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

The City reports numerous individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the General and American Rescue Plan Act funds, which are considered to be major funds. Data from the other nonmajor governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its General Fund, special revenue funds, and the perpetual care fund. Budgetary comparison statements or schedules have been provided for these funds to demonstrate compliance with this budget.

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

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

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

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. This is limited to this management's discussion and analysis and the schedules for the MERS pension and other postemployment benefits plans immediately following the notes to the financial statements. The combining and individual fund financial statements and schedules are presented immediately following the required supplementary information.

CITY OF HOLLAND, MICHIGAN

Management's Discussion and Analysis

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The table below represents the condensed Statement of Net Position. The City's combined net position totaled \$651,453,673 as of June 30, 2023, representing an increase of \$21,366,217, or 3.4% from the prior year.

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 76,476,268	\$ 50,622,628	\$ 168,437,824	\$ 163,511,436	\$ 244,914,092	\$ 214,134,064
Capital assets, net	154,094,612	151,241,236	466,299,499	445,809,205	620,394,111	597,050,441
Total assets	230,570,880	201,863,864	634,737,323	609,320,641	865,308,203	811,184,505
Deferred outflows of resources	8,978,760	3,909,553	5,633,588	632,163	14,612,348	4,541,716
Long-term liabilities	60,867,509	52,662,565	70,565,080	62,712,061	131,432,589	115,374,626
Other liabilities	37,601,958	11,477,904	28,322,209	23,301,306	65,924,167	34,779,210
Total liabilities	98,469,467	64,140,469	98,887,289	86,013,367	197,356,756	150,153,836
Deferred inflows of resources	2,304,796	9,247,468	28,805,326	26,237,461	31,110,122	35,484,929
Net position:						
Net investment in capital assets	132,371,659	129,246,420	400,097,996	394,720,658	532,469,655	523,967,078
Restricted	12,024,966	8,827,705	26,343,300	10,931,710	38,368,266	19,759,415
Unrestricted (deficit)	(5,621,248)	(5,688,645)	86,237,000	92,049,608	80,615,752	86,360,963
Total net position	\$ 138,775,377	\$ 132,385,480	\$ 512,678,296	\$ 497,701,976	\$ 651,453,673	\$ 630,087,456

A substantial portion of the City's net position, \$532,469,655 (81.7%), reflects its investment in capital assets (e.g., land, buildings, vehicles, equipment and infrastructure), less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position of \$38,368,266 (5.9%) represents resources that are subject to external restrictions on how they may be used. The City may use the remaining balance of unrestricted net position of \$80,615,752 (12.4%) to meet its ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position for the government as a whole.

CITY OF HOLLAND, MICHIGAN

Management's Discussion and Analysis

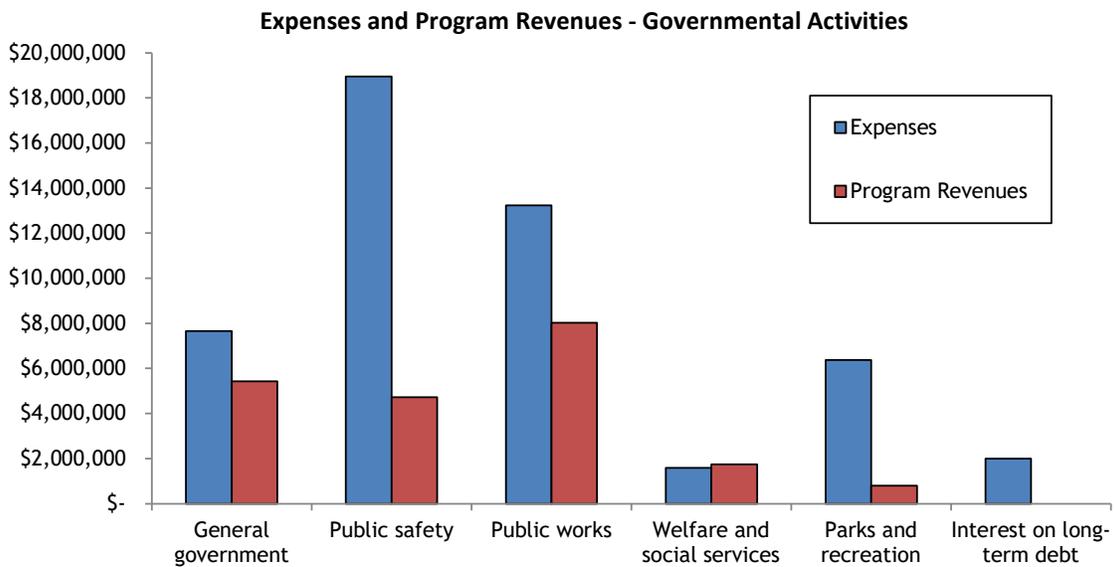
	Change in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues						
Program revenues:						
Charges for services	\$ 7,544,912	\$ 5,428,154	\$ 135,277,767	\$ 129,631,400	\$ 142,822,679	\$ 135,059,554
Operating grants	12,318,735	7,874,622	1,931,869	(1,233,299)	14,250,604	6,641,323
Capital grants	864,783	6,515,282	843,216	1,485,568	1,707,999	8,000,850
General revenues:						
Property taxes	18,919,152	17,750,575	120,830	115,397	19,039,982	17,865,972
State shared revenues	4,156,819	4,138,420	-	-	4,156,819	4,138,420
Grant and contributions not restricted to specific programs	3,307,940	3,160,308	-	-	3,307,940	3,160,308
Unrestricted investment earnings (loss)	1,134,369	(648,361)	-	-	1,134,369	(648,361)
Gain on sale of capital assets	-	21,899	-	-	-	21,899
Total revenues	48,246,710	44,240,899	138,173,682	129,999,066	186,420,392	174,239,965
Expenses						
General government	7,659,810	5,687,293	-	-	7,659,810	5,687,293
Public safety	18,957,326	13,045,393	-	-	18,957,326	13,045,393
Public works	13,232,408	15,557,452	-	-	13,232,408	15,557,452
Welfare and social services	1,584,861	1,099,101	-	-	1,584,861	1,099,101
Parks and recreation	6,376,710	4,060,045	-	-	6,376,710	4,060,045
Interest on long-term debt	2,005,036	1,593,768	-	-	2,005,036	1,593,768
Electric utility	-	-	86,159,789	83,439,530	86,159,789	83,439,530
Wastewater utility	-	-	13,672,926	12,545,127	13,672,926	12,545,127
Water utility	-	-	10,236,364	8,677,612	10,236,364	8,677,612
Other enterprise activities	-	-	5,168,945	4,571,928	5,168,945	4,571,928
Total expenses	49,816,151	41,043,052	115,238,024	109,234,197	165,054,175	150,277,249
Change in net position, before transfers	(1,569,441)	3,197,847	22,935,658	20,764,869	21,366,217	23,962,716
Transfers	7,959,338	7,996,520	(7,959,338)	(7,996,520)	-	-
Change in net position	6,389,897	11,194,367	14,976,320	12,768,349	21,366,217	23,962,716
Net position:						
Beginning of year	132,385,480	121,191,113	497,701,976	484,933,627	630,087,456	606,124,740
Net position, end of year	\$ 138,775,377	\$ 132,385,480	\$ 512,678,296	\$ 497,701,976	\$ 651,453,673	\$ 630,087,456

CITY OF HOLLAND, MICHIGAN

Management's Discussion and Analysis

Governmental Activities. Governmental activities increased the City’s net position by \$6,389,897. Total revenues increased by \$4,005,811, or 9.1% from the prior year. Property taxes increased by \$1,168,577 as a result of increasing taxable value of property and investment earnings contributed \$1,782,730 as a result of change in the market. Operating grants increased by \$4,444,113 while capital grants decreased by \$5,650,499, both of which vary from year to year based on grant opportunities.

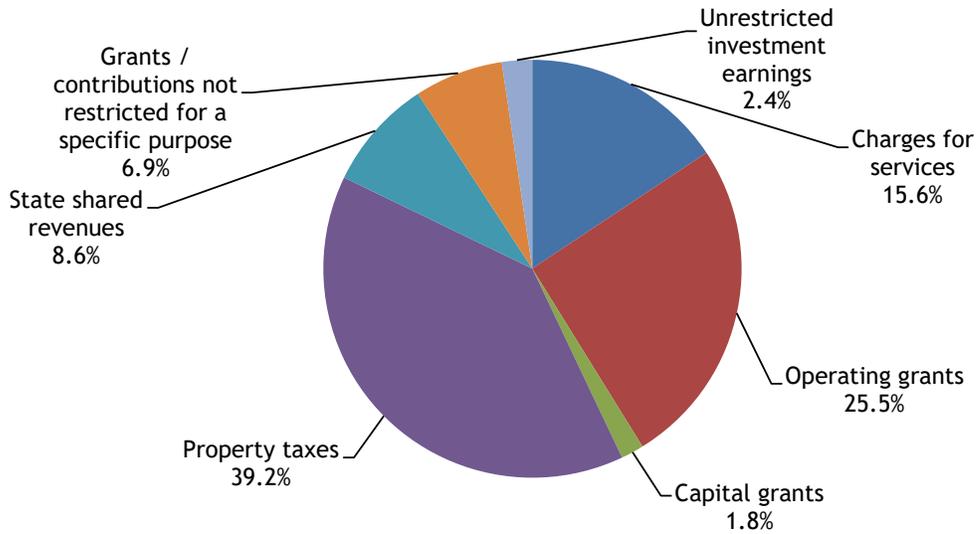
Expenses overall increased from the prior year by \$8,773,099 or 21.4%, primarily due to increased costs related to general government (\$1,972,517), public safety (\$5,911,933) and parks and recreation (\$2,316,665). These increases were primarily the result of increased pension expenses recorded in the government wide financials due to the impact of negative investment earnings on the actuarial valuation.



CITY OF HOLLAND, MICHIGAN

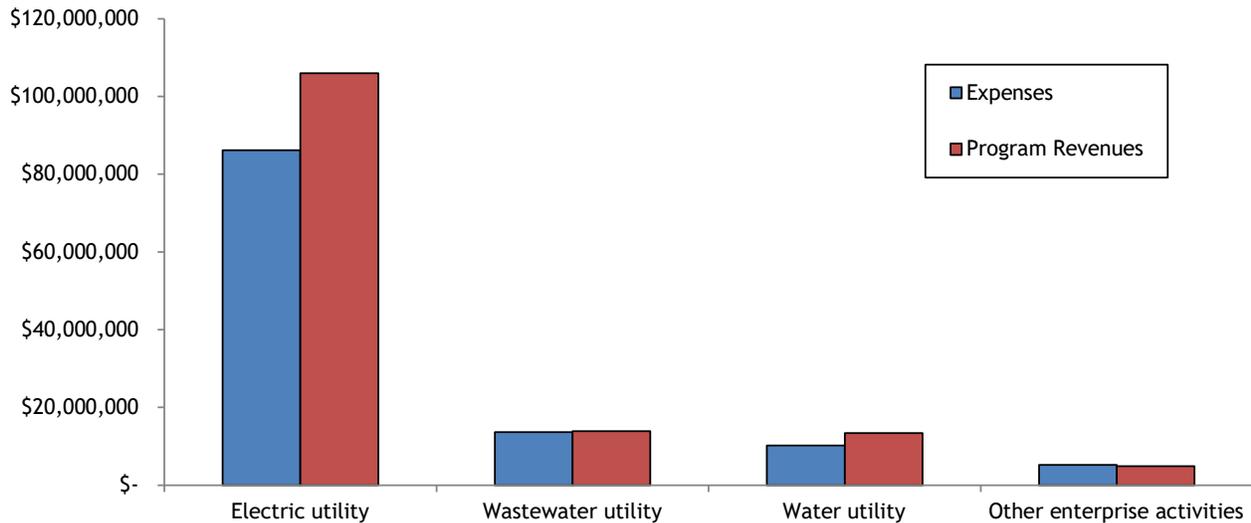
Management's Discussion and Analysis

Revenues by Source - Governmental Activities



Business-type Activities. The City's business-type activities net position increased by \$14,976,320, mainly due to the operating income from the Electric, Wastewater and Water Utilities. Overall revenues increased by \$8,174,616 due to higher utility rates and increased investment income. The overall increase in expenses of \$6,003,827 was primarily due to higher personnel and operating costs experienced by all funds.

Expenses and Program Revenues - Business-type Activities



CITY OF HOLLAND, MICHIGAN

Management's Discussion and Analysis

Financial Analysis of the City's Funds

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

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

During the current fiscal year the combined fund balance of the City's General Fund and Budget Stabilization Fund increased by \$3,007,896, or 35.8%. Property tax revenues contributed to the increase as assessed taxable value increased and an additional allocation of the City's property tax millage was directed to the General Fund for fiscal year 2023. In addition, building permit revenues increased given several large projects and interest income reflected higher rates on the short-term liquid funds.

This includes activity in the formerly reported Budget Stabilization Fund, which has been combined with the General Fund for external reporting purposes due to changes in generally accepted accounting principles that severely limit the circumstances in which a budget stabilization arrangement can be reported as a separate fund for the purposes of external financial reporting. A combining schedule is presented as supplementary information.

The American Rescue Plan Act special revenue fund accounts for the funding from The American Rescue Plan Act of 2021 (ARPA). These funds are considered multi-year and are intended to replace lost revenue due to COVID-19 or invest in critical infrastructure. The fund had no fund balance at June 30, 2023, but an unearned revenue balance of \$7,248,023.

Proprietary Funds. The City's proprietary fund financial statements provide the same type of information found in the government-wide financial statements, but in more detail.

Total enterprise funds reported net increases in net position during the year. The Electric Utility Fund increased by \$11,360,532. The Wastewater Utility Fund had a \$181,374 increase in net position and the Water Utility Fund net position increased by \$3,129,010. Discussion for the reasons for these changes in net position have previously been discussed with Business-type Activities above. The nonmajor enterprise funds reported an increase of \$305,404 in net position.

General Fund Budgetary Highlights

The original revenue budget was \$22,030,213 and as amended was \$23,898,456 which represents an increase of \$1,868,243. The original expenditure budget was \$27,402,713 and as amended was \$28,503,385 which represents an increase of \$1,100,672. The increase in revenue budget reflects higher than anticipated permit revenue associated with development activity in the City and additional investment income given rising interest rate environment. The increase in the expenditure budget was mainly due to higher personnel costs for the Police and Construction Inspections departments.

CITY OF HOLLAND, MICHIGAN

Management's Discussion and Analysis

Actual expenditures came in \$1,241,006 less than the amended budget. Causes for variances are as follows:

- Expenditures for wages, fringe benefits and mandatory employer costs had a positive variance of \$591,150 due to difficulty filling vacant positions. Vacancies in the public safety function account for 62% of this variance.
- Operating supplies had a positive variance of \$77,750 across all functions.
- Contractual services had a positive variance of \$131,322 across all functions. General government functions accounted for \$19,500 of this variance, public safety for \$46,892, welfare and social services for \$42,161, and parks and recreation for \$19,203.
- Education, training, and travel also had a positive variance of \$57,576.

Overall, the fund balance increased by \$3,007,896, or \$2,568,168 more than budgeted. The ending fund balance represents 40.0% of General Fund expenditures and transfers out.

Capital Asset and Debt Administration

Capital Assets. The City's capital assets for its governmental and business-type activities as of June 30, 2023 amounted to \$620,394,111 (net of accumulated depreciation/amortization). This investment in capital assets includes land, construction in progress, buildings, machinery and equipment, motor vehicles, lease equipment, subscription assets and infrastructure. The total change in the City's investment in capital assets for the current fiscal year was a 1.9% increase for governmental activities and a 4.6% increase for business-type activities.

	Capital Assets (Net of Depreciation/Amortization)					
	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 16,507,356	\$ 16,507,356	\$ 29,539,972	\$ 29,931,094	\$ 46,047,328	\$ 46,438,450
Construction in progress	5,658,175	2,672,592	46,595,922	37,517,156	52,254,097	40,189,748
Capital assets being depreciated/amortized, net	131,929,081	132,061,288	390,163,605	378,360,955	522,092,686	510,422,243
Total capital assets, net	\$ 154,094,612	\$ 151,241,236	\$ 466,299,499	\$ 445,809,205	\$ 620,394,111	\$ 597,050,441

The increase in governmental activities capital assets is mainly due to the addition of the fire station to construction in progress. Depreciation of business-type capital assets offset in part by the increase in construction in progress of the Wastewater Utility's anaerobic digester.

Additional information on the City's capital assets can be found in Note 6 to the financial statements.

CITY OF HOLLAND, MICHIGAN

Management's Discussion and Analysis

Long-term Debt

	Long-term Debt					
	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Bonds payable	\$ 54,855,662	\$ 40,587,210	\$ 60,627,261	\$ 49,919,770	\$ 115,482,923	\$ 90,506,980
Installment sales agreement	-	-	6,580,000	7,030,000	6,580,000	7,030,000
Notes payable	2,662,048	3,169,406	-	-	2,662,048	3,169,406
Unamortized premium on bonds payable	1,180,064	185,410	1,109,278	1,247,685	2,289,342	1,433,095
Landfill liability	-	-	626,670	649,880	626,670	649,880
Compensated absences	1,998,515	1,947,228	1,621,871	1,384,668	3,620,386	3,331,896
Total long-term debt	\$ 60,696,289	\$ 45,889,254	\$ 70,565,080	\$ 60,232,003	\$ 131,261,369	\$ 106,121,257

The increase in the governmental activities and business-type long-term debt was the result of expected principal payments, offset in part by the issuance of long-term debt during the year ended June 30, 2023.

The City's most recent general obligation bond issue had a rating of AA from Standard & Poor's and a rating of Aa2 from Moody's.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10% of the State Equalized Value. The current debt limitation for the City is \$140,249,996.

Additional information on the City's long-term debt can be found in Note 8.

Economic Factors and Next Year's Budget and Rates

The City has a history of conservative management of finances and commitment to long term planning. The City's FY 2024 budget emphasized strategic investment and long-term sustainability. The lingering impact of the pandemic as well as potential challenges from ongoing inflationary pressures and geopolitical concerns played a role in the development of the FY 2024 budget. The property tax base remained strong with the total taxable value increasing 8.4% for tax year 2023. Rising interest rates has benefited the City's investment earnings in FY 2023. While strong economic growth and a resilient labor market have minimized the fears of a recession in calendar year 2023, the City continues to monitor the possibility of a recession in 2024 and any potential impact on the City's finances.

The City was awarded \$8.5 million in State and Local Fiscal Recovery Funds (SLFRF), a part of the American Rescue Plan Act. The City designated a portion of the funding to be used for three additional fire fighters and other personnel costs beginning in FY 2023 and continuing through December 31, 2024. In addition, the City designated \$4.2 million for the City's broadband initiative. The remaining amount is reserved as the City assesses the best use of these funds.

CITY OF HOLLAND, MICHIGAN

Management's Discussion and Analysis

The City continues to see strong interest in economic development projects in the City and continues work on the Waterfront Holland project. Construction continues on several new and prior year investments in both commercial/industrial and housing. In addition, voters approved a bond issuance for a city-wide broadband initiative in August 2022 and issued bonds in October 2023. Design continues and construction will begin in FY 2024 on the expansion of the high-speed broadband system throughout the City, which is part of the Electric Utility for reporting purposes.

The Electric Utility anticipates spending \$14 million on a new electric distribution substation to accommodate industrial customer growth, including the LG Energy Solution expansion. Decommissioning continued at the James DeYoung power plant. The multi-year process that started when the power plant went offline in 2017 continues and the building was imploded in August 2023. Construction of a \$33.7 million anaerobic digester began in FY 2021 and is expected to be complete by mid FY 2024, spending through the end of FY 2023 was \$29 million.

As in prior budgets, the goal of the FY 2024 budget is to provide the citizens of the City with the best possible programs and services while building a foundation for long-term financial health. The City remains cautiously optimistic about future growth and the budget reflects the City Council's strategic goals as outlined in the City of Holland Strategic and Business Plan.

Requests for Information

This financial report is designed to provide a general overview of the City finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Lynn McCammon, City of Holland, 270 River Ave., Holland, Michigan 49423 or l.mccammon@cityofholland.com.

BASIC FINANCIAL STATEMENTS

CITY OF HOLLAND, MICHIGAN

Statement of Net Position

June 30, 2023

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and pooled investments	\$ 61,705,539	\$ 24,708,198	\$ 86,413,737	\$ 4,281,541
Investments	-	70,055,912	70,055,912	369,902
Beneficial interest in assets held by others	2,215,985	-	2,215,985	113,176
Receivables, net	4,541,322	32,180,553	36,721,875	16
Internal balances	(499,660)	499,660	-	-
Inventory	695,202	11,080,604	11,775,806	4,911
Prepaid items	275,469	3,112,252	3,387,721	6,516
Restricted assets:				
Cash and pooled investments	7,542,411	20,546,371	28,088,782	-
Investments	-	5,796,929	5,796,929	-
Regulatory cost for future recovery	-	457,345	457,345	-
Capital assets:				
Land	16,507,356	29,539,972	46,047,328	20,000
Construction in progress	5,658,175	46,595,922	52,254,097	-
Being depreciated/amortized, net	131,929,081	390,163,605	522,092,686	864,949
Total assets	230,570,880	634,737,323	865,308,203	5,661,011
Deferred outflows of resources				
Deferred pension amounts	8,372,419	5,633,588	14,006,007	-
Deferred other postemployment benefit amounts	606,341	-	606,341	-
Total deferred outflows of resources	8,978,760	5,633,588	14,612,348	-
Liabilities				
Payables	6,941,461	14,477,973	21,419,434	160,687
Unearned revenue	7,685,865	-	7,685,865	10,450
Deposits	1,236	1,164,681	1,165,917	-
Bonds, notes and other long-term liabilities:				
Due within one year from restricted assets	-	1,240,000	1,240,000	-
Due within one year	5,414,773	17,768,500	23,183,273	-
Due in more than one year from restricted assets	-	1,250,000	1,250,000	-
Due in more than one year	55,452,736	50,306,580	105,759,316	-
Net pension liability (due in more than one year)	19,531,371	12,607,545	32,138,916	-
Net other postemployment benefit liability (due in more than one year)	3,442,025	72,010	3,514,035	-
Total liabilities	98,469,467	98,887,289	197,356,756	171,137
Deferred inflows of resources				
Regulatory credits	-	28,274,462	28,274,462	-
Deferred other postemployment benefit amounts	2,304,796	530,864	2,835,660	-
Total deferred inflows of resources	2,304,796	28,805,326	31,110,122	-
Net position				
Net investment in capital assets	132,371,659	400,097,996	532,469,655	884,949
Restricted:				
Cemetery maintenance	94,892	-	94,892	-
Debt service	1,088,579	14,776,583	15,865,162	-
Street construction and maintenance	5,171,628	-	5,171,628	-
Grant programs	80,052	-	80,052	-
Welfare and social services	248,287	-	248,287	-
Capital projects and by agreement	2,893,681	11,566,717	14,460,398	510,509
Cemetery endowment corpus (nonexpendable)	2,447,847	-	2,447,847	-
Unrestricted (deficit)	(5,621,248)	86,237,000	80,615,752	4,094,416
Total net position	\$ 138,775,377	\$ 512,678,296	\$ 651,453,673	\$ 5,489,874

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

CITY OF HOLLAND, MICHIGAN

Statement of Activities

For the Year Ended June 30, 2023

Functions / Programs	Expenses	Program Revenues			Net (Expenses) Revenues
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government					
Governmental activities:					
General government	\$ 7,659,810	\$ 1,867,247	\$ 3,384,996	\$ 176,155	\$ (2,231,412)
Public safety	18,957,326	3,677,817	1,049,038	-	(14,230,471)
Public works	13,232,408	1,018,371	6,600,988	404,078	(5,208,971)
Welfare and social services	1,584,861	267,651	1,195,239	284,550	162,579
Parks and recreation	6,376,710	713,826	88,474	-	(5,574,410)
Interest on long-term debt	2,005,036	-	-	-	(2,005,036)
Total governmental activities	49,816,151	7,544,912	12,318,735	864,783	(29,087,721)
Business-type activities:					
Electric utility	86,159,789	104,412,007	1,513,083	52,087	19,817,388
Wastewater utility	13,672,926	13,094,805	185,468	574,027	181,374
Water utility	10,236,364	13,047,847	117,227	200,300	3,129,010
Refuse and recycling pickup	2,601,631	2,757,623	24,061	2,378	182,431
Windmill Island	1,215,298	1,952,807	91,880	13,705	843,094
Airport facilities and management system	817,453	-	-	-	(817,453)
Other enterprise activities	534,563	12,678	150	719	(521,016)
Total business-type activities	115,238,024	135,277,767	1,931,869	843,216	22,814,828
Total primary government	\$ 165,054,175	\$ 142,822,679	\$ 14,250,604	\$ 1,707,999	\$ (6,272,893)
Component units					
Downtown Development Authority	\$ 356,332	\$ 12,498	\$ 50,840	\$ -	\$ (292,994)
Holland Historical Trust	825,001	100,204	764,400	-	39,603
Brownfield Redevelopment Authority	2,093,789	-	75,982	-	(2,017,807)
SmartZone	316,081	-	568,091	-	252,010
Total component units	\$ 3,591,203	\$ 112,702	\$ 1,459,313	\$ -	\$ (2,019,188)

continued...

CITY OF HOLLAND, MICHIGAN

Statement of Activities

For the Year Ended June 30, 2023

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Change in net position				
Net revenues (expenses)	\$ (29,087,721)	\$ 22,814,828	\$ (6,272,893)	\$ (2,019,188)
General revenues:				
Property taxes	18,919,152	120,830	19,039,982	2,800,524
State shared revenues	4,156,819	-	4,156,819	-
Grants and contributions not restricted to specific programs	3,307,940	-	3,307,940	7,521
Unrestricted investment earnings	1,134,369	-	1,134,369	-
Transfers	7,959,338	(7,959,338)	-	-
Total general revenues and transfers	35,477,618	(7,838,508)	27,639,110	2,808,045
Change in net position	6,389,897	14,976,320	21,366,217	788,857
Net position, beginning of year	132,385,480	497,701,976	630,087,456	4,701,017
Net position, end of year	<u>\$ 138,775,377</u>	<u>\$ 512,678,296</u>	<u>\$ 651,453,673</u>	<u>\$ 5,489,874</u>

concluded

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

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CITY OF HOLLAND, MICHIGAN

Balance Sheet

Governmental Funds

June 30, 2023

	General Fund	American Rescue Plan Act Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and pooled investments	\$ 12,435,741	\$ -	\$ 39,922,613	\$ 52,358,354
Restricted cash and pooled investments	-	7,542,411	-	7,542,411
Beneficial interest in assets held by others	-	-	2,215,985	2,215,985
Receivables:				
Accounts	130,462	-	672,804	803,266
Taxes and special assessments	321	-	279,815	280,136
Interest	103,076	-	-	103,076
Notes	-	-	903,264	903,264
Due from other governmental units	683,475	-	1,031,730	1,715,205
Due from other funds	8,950	-	735,966	744,916
Prepaid items	44,617	-	35,695	80,312
Total assets	\$ 13,406,642	\$ 7,542,411	\$ 45,797,872	\$ 66,746,925
Liabilities				
Accounts payable	\$ 766,462	\$ -	\$ 3,614,670	\$ 4,381,132
Accrued payroll and benefits	605,632	-	71,382	677,014
Due to other governmental units	276,658	-	-	276,658
Due to other funds	155,187	294,388	775,297	1,224,872
Deposits	1,236	-	-	1,236
Unearned revenue	192,666	7,248,023	240,996	7,681,685
Total liabilities	1,997,841	7,542,411	4,702,345	14,242,597
Deferred inflows of resources				
Unavailable revenue:				
Special assessments receivable	-	-	279,716	279,716
Opioid settlement receivable	-	-	191,114	191,114
Total deferred inflows of resources	-	-	470,830	470,830
Fund balances				
Nonspendable	44,617	-	2,483,542	2,528,159
Restricted	-	-	26,528,508	26,528,508
Committed	-	-	11,612,647	11,612,647
Unassigned	11,364,184	-	-	11,364,184
Total fund balances	11,408,801	-	40,624,697	52,033,498
Total liabilities, deferred inflows of resources and fund balances	\$ 13,406,642	\$ 7,542,411	\$ 45,797,872	\$ 66,746,925

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

CITY OF HOLLAND, MICHIGAN

Reconciliation

Fund Balances of Governmental Funds
to Net Position of Governmental Activities
June 30, 2023

Fund balances - total governmental funds \$ 52,033,498

Amounts reported for *governmental activities* in the statement of net position are different because:

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

Land	16,507,356
Construction in progress	5,658,175
Capital assets being depreciated/amortized, net	131,929,081
Less capital assets accounted for in the internal service funds	(7,278,106)

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

Net position of governmental activities accounted for in the internal service funds	15,047,541
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The focus of governmental funds is on short-term financing. Accordingly, some assets will not be available to pay for current-period expenditures. Those assets (such as certain receivables) are offset by deferred inflows of resources in the governmental funds, and thus are not included in fund balance.

Deferred inflows from special assessments receivable	279,716
Deferred inflows from opioid settlement receivable	191,114

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

Bonds and notes payable	(57,517,710)
Lease liability	(98,388)
Subscription liability	(72,832)
Unamortized premium on bonds payable	(1,180,064)
Accrued interest on bonds payable	(424,572)

Certain pension and other postemployment benefit-related amounts, such as the net pension and other postemployment benefit liabilities and deferred amounts, are not due and payable in the current period or do not represent current financial resources, and therefore are not reported in the funds.

Net pension liability	(19,531,371)
Deferred outflows related to the net pension liability	8,372,419
Net other postemployment benefit liability	(3,442,025)
Deferred outflows related to the total other postemployment benefit liability	606,341
Deferred inflows related to the total other postemployment benefit liability	(2,304,796)

Net position of governmental activities \$ 138,775,377

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

CITY OF HOLLAND, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Year Ended June 30, 2023

	General Fund	American Rescue Plan Act Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Taxes	\$ 12,175,338	\$ -	\$ 6,743,814	\$ 18,919,152
Special assessments	-	-	903,998	903,998
Licenses and permits	3,039,686	-	-	3,039,686
Intergovernmental	6,581,238	-	9,608,936	16,190,174
Charges for services	1,889,908	-	359,069	2,248,977
Fines and fees	152,115	-	432,026	584,141
Contributions from private sector	-	-	2,648,950	2,648,950
Interest and rents	825,032	-	1,411,234	2,236,266
Miscellaneous	253,096	-	622,051	875,147
Total revenues	24,916,413	-	22,730,078	47,646,491
Expenditures				
Current:				
General government	4,675,246	-	572,250	5,247,496
Public safety	15,426,999	-	308,554	15,735,553
Public works	1,558,324	-	5,490,753	7,049,077
Welfare and social services	706,385	-	810,527	1,516,912
Parks and recreation	4,163,461	-	339,008	4,502,469
Other	662,904	-	-	662,904
Debt service:				
Principal retirement	64,578	-	3,490,906	3,555,484
Interest and fiscal charges	4,482	-	1,940,911	1,945,393
Capital outlay	-	-	9,738,636	9,738,636
Total expenditures	27,262,379	-	22,691,545	49,953,924
Revenues over (under) expenditures	(2,345,966)	-	38,533	(2,307,433)
Other financing sources (uses)				
Issuance of bonds and other long-term liabilities	217,798	-	17,270,000	17,487,798
Premium on issuance of bonds payable	-	-	1,060,699	1,060,699
Transfers in	6,411,094	-	7,589,899	14,000,993
Transfers out	(1,275,030)	-	(4,268,186)	(5,543,216)
Total other financing sources (uses)	5,353,862	-	21,652,412	27,006,274
Net changes in fund balances	3,007,896	-	21,690,945	24,698,841
Fund balances, beginning of year	8,400,905	-	18,933,752	27,334,657
Fund balances, end of year	\$ 11,408,801	\$ -	\$ 40,624,697	\$ 52,033,498

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

CITY OF HOLLAND, MICHIGAN

Reconciliation

Net Changes in Fund Balances of Governmental Funds
to Change in Net Position of Governmental Activities
For the Year Ended June 30, 2023

Net changes in fund balances - total governmental funds	\$ 24,698,841
Amounts reported for <i>governmental activities</i> in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital assets purchased/constructed	10,720,680
Depreciation and amortization expense	(7,719,918)
Loss on disposal of capital assets	(912,242)
Bond proceeds provide current financial resources to governmental funds in the period issued, but issuing bonds increases long-term debt in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term debt in the statement of net position.	
Principal payments on bonds, notes and other long-term liabilities	3,555,484
Issuance of bonds and other long-term liabilities	(17,487,798)
Premium on issuance of bonds payable	(1,060,699)
Internal service funds are used by management to charge the costs of certain equipment usage to individual governmental funds. The net revenues (expenses) attributable to those funds is reported with governmental activities.	
Loss from governmental activities in internal service funds	(1,261,216)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, but rather are deferred to the following fiscal year.	
Net change in special assessments receivable	(86,500)
Net change in opioid settlement receivable	191,114
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.	
Amortization of premium on bonds payable	66,045
Change in accrued interest on bonds payable	(125,688)
Change in the net pension liability and related deferred amounts	(4,355,199)
Change in the net other postemployment benefit liability and related deferred amounts	166,993
Change in net position of governmental activities	<u><u>\$ 6,389,897</u></u>

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

CITY OF HOLLAND, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - General Fund
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ 12,100,800	\$ 12,173,100	\$ 12,175,338	\$ 2,238
Licenses and permits	1,272,250	2,333,700	3,039,686	705,986
Intergovernmental	6,160,200	6,617,087	6,581,238	(35,849)
Charges for services	1,865,438	1,984,240	1,889,908	(94,332)
Fines and fees	135,900	130,250	152,115	21,865
Interest and rents	413,700	575,200	825,032	249,832
Miscellaneous	81,925	84,879	253,096	168,217
Total revenues	22,030,213	23,898,456	24,916,413	1,017,957
Expenditures				
Current:				
General government	4,687,855	4,968,750	4,675,246	(293,504)
Public safety	14,853,803	15,792,698	15,426,999	(365,699)
Public works	1,524,437	1,701,595	1,558,324	(143,271)
Welfare and social services	1,001,780	817,428	706,385	(111,043)
Parks and recreation	4,437,398	4,375,919	4,163,461	(212,458)
Other	897,440	846,995	662,904	(184,091)
Debt service:				
Principal retirement	-	-	64,578	64,578
Interest and fiscal charges	-	-	4,482	4,482
Total expenditures	27,402,713	28,503,385	27,262,379	(1,241,006)
Revenues over (under) expenditures	(5,372,500)	(4,604,929)	(2,345,966)	2,258,963
Other financing sources (uses)				
Issuance of other long-term liabilities	-	-	217,798	217,798
Transfers in	6,479,600	6,527,000	6,411,094	(115,906)
Transfers out	(1,201,110)	(1,482,343)	(1,275,030)	(207,313)
Total other financing sources (uses)	5,278,490	5,044,657	5,353,862	(309,205)
Net changes in fund balance	(94,010)	439,728	3,007,896	2,568,168
Fund balance, beginning of year	8,400,905	8,400,905	8,400,905	-
Fund balance, end of year	\$ 8,306,895	\$ 8,840,633	\$ 11,408,801	\$ 2,568,168

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

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CITY OF HOLLAND, MICHIGAN

Statement of Net Position

Proprietary Funds

June 30, 2023

	Business-type Activities - Enterprise Funds		
	Electric Utility	Wastewater Utility	Water Utility
Assets			
Current assets:			
Cash and pooled investments	\$ 6,193,964	\$ 6,354,288	\$ 8,372,658
Investments	37,146,864	13,144,335	4,041,114
Receivables:			
Accounts	13,035,238	1,887,411	2,657,575
Taxes and special assessments	-	26,957	12,047
Interest	196,684	24,452	83,558
Due from other governmental units	-	-	-
Due from other funds	1,078,411	3,264	81,142
Inventories	10,623,351	12,777	444,476
Prepaid items	3,044,174	44,456	23,622
Total current assets	<u>71,318,686</u>	<u>21,497,940</u>	<u>15,716,192</u>
Noncurrent assets:			
Restricted assets:			
Cash and pooled investments	12,784,882	6,009,788	1,751,701
Investments	5,796,929	-	-
Long-term investments	14,281,311	650,608	791,680
Due from local units	-	12,273,612	1,596,615
Regulatory cost for future recovery	457,345	-	-
Capital assets:			
Land	21,047,820	260,673	2,178,242
Construction in progress	14,452,369	29,957,289	2,186,264
Machinery and equipment	498,350,534	116,748,085	108,357,834
Accumulated depreciation	<u>(240,036,791)</u>	<u>(58,163,095)</u>	<u>(38,871,901)</u>
Total noncurrent assets	<u>327,134,399</u>	<u>107,736,960</u>	<u>77,990,435</u>
Total assets	<u>398,453,085</u>	<u>129,234,900</u>	<u>93,706,627</u>
Deferred outflows of resources			
Deferred pension amounts	<u>3,718,169</u>	<u>1,070,382</u>	<u>845,037</u>

Business-type Activities - Enterprise Funds		Governmental Activities
Nonmajor Enterprise Funds	Total	Internal Service Funds
\$ 3,787,288	\$ 24,708,198	\$ 9,347,185
-	54,332,313	-
386,401	17,966,625	313,721
3	39,007	-
-	304,694	-
-	-	422,654
260,436	1,423,253	75,393
-	11,080,604	695,202
-	3,112,252	195,157
<u>4,434,128</u>	<u>112,966,946</u>	<u>11,049,312</u>
-	20,546,371	-
-	5,796,929	-
-	15,723,599	-
-	13,870,227	-
-	457,345	-
6,053,237	29,539,972	-
-	46,595,922	231,459
20,705,044	744,161,497	16,215,079
(16,926,105)	(353,997,892)	(9,168,432)
<u>9,832,176</u>	<u>522,693,970</u>	<u>7,278,106</u>
<u>14,266,304</u>	<u>635,660,916</u>	<u>18,327,418</u>
-	5,633,588	-

continued...

CITY OF HOLLAND, MICHIGAN

Statement of Net Position

Proprietary Funds

June 30, 2023

	Business-type Activities - Enterprise Funds		
	Electric Utility	Wastewater Utility	Water Utility
Liabilities			
Current liabilities:			
Accounts payable	\$ 7,096,271	\$ 4,744,726	\$ 1,176,834
Claims payable	-	-	-
Accrued payroll and benefits	611,821	93,269	68,696
Accrued interest payable	83,160	145,176	158,156
Accrued interest payable from restricted assets	-	-	12,201
Due to other funds	345,144	112,529	435,827
Deposits	1,128,221	-	19,635
Unearned revenue	-	-	-
Current portion of bonds, notes and other long-term liabilities payable from restricted assets	-	-	1,240,000
Current portion of bonds, notes and other long-term liabilities	14,974,442	1,915,269	825,680
Total current liabilities	<u>24,239,059</u>	<u>7,010,969</u>	<u>3,937,029</u>
Noncurrent liabilities:			
Bonds, notes and other long-term liabilities payable from restricted assets	-	-	1,250,000
Bonds, notes and other long-term liabilities, net of current portion	2,694,856	28,122,200	19,489,524
Net pension liability	8,320,981	2,395,432	1,891,132
Net other postemployment benefit liability	44,422	15,030	12,558
Total noncurrent liabilities	<u>11,060,259</u>	<u>30,532,662</u>	<u>22,643,214</u>
Total liabilities	<u>35,299,318</u>	<u>37,543,631</u>	<u>26,580,243</u>
Deferred inflows of resources			
Regulatory credits	418,011	27,081,761	774,690
Deferred other postemployment benefit amounts	355,148	97,997	77,719
Total deferred inflows of resources	<u>773,159</u>	<u>27,179,758</u>	<u>852,409</u>
Net position			
Net investment in capital assets	280,633,710	58,310,589	51,321,521
Restricted for:			
Debt service	12,784,882	240,000	1,751,701
Capital projects and by agreement	5,796,929	5,769,788	-
Unrestricted	66,883,256	1,261,516	14,045,790
Total net position	<u>\$ 366,098,777</u>	<u>\$ 65,581,893</u>	<u>\$ 67,119,012</u>

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

Business-type Activities - Enterprise Funds		Governmental Activities
Nonmajor Enterprise Funds	Total	Internal Service Funds
\$ 251,084	\$ 13,268,915	\$ 887,179
-	-	243,466
36,579	810,365	51,440
-	386,492	-
-	12,201	-
30,093	923,593	95,097
16,825	1,164,681	-
-	-	4,180
-	1,240,000	-
53,109	17,768,500	1,512,000
<u>387,690</u>	<u>35,574,747</u>	<u>2,793,362</u>
-	1,250,000	-
-	50,306,580	486,515
-	12,607,545	-
-	72,010	-
-	<u>64,236,135</u>	<u>486,515</u>
<u>387,690</u>	<u>99,810,882</u>	<u>3,279,877</u>
-	28,274,462	-
-	530,864	-
-	<u>28,805,326</u>	-
9,832,176	400,097,996	7,278,106
-	14,776,583	-
-	11,566,717	-
<u>4,046,438</u>	<u>86,237,000</u>	<u>7,769,435</u>
<u>\$ 13,878,614</u>	<u>\$ 512,678,296</u>	<u>\$ 15,047,541</u>

concluded

CITY OF HOLLAND, MICHIGAN

Statement of Revenues, Expenses and Change in Fund Net Position

Proprietary Funds

For the Year Ended June 30, 2023

	Business-type Activities - Enterprise Funds		
	Electric Utility	Wastewater Utility	Water Utility
Operating revenues			
Usage fees and charges for services	\$ 104,412,007	\$ 13,094,805	\$ 13,047,847
Premiums	-	-	-
Admissions and fares	-	-	-
Rentals	-	-	-
Miscellaneous	-	-	-
Total operating revenues	<u>104,412,007</u>	<u>13,094,805</u>	<u>13,047,847</u>
Operating expenses			
Personnel services	8,805,020	2,741,766	2,362,304
Other current expenses	60,095,847	7,627,092	5,015,122
Depreciation and amortization	13,583,483	2,954,698	2,291,696
Total operating expenses	<u>82,484,350</u>	<u>13,323,556</u>	<u>9,669,122</u>
Operating income (loss)	<u>21,927,657</u>	<u>(228,751)</u>	<u>3,378,725</u>
Nonoperating revenues (expenses)			
Property taxes	-	-	-
Other private donations	-	-	-
Investment income	1,376,877	185,468	188,595
Interest expense	35,378	(370,088)	(567,768)
Other income (expense), net	136,206	-	(71,368)
Insurance recovery	-	-	-
Gain (loss) on sale and disposal of capital assets	(3,710,817)	20,718	526
Total nonoperating revenues (expenses)	<u>(2,162,356)</u>	<u>(163,902)</u>	<u>(450,015)</u>
Income (loss) before contributions and transfers	<u>19,765,301</u>	<u>(392,653)</u>	<u>2,928,710</u>
Contributions and transfers			
Capital contributions	-	535,432	200,300
Contributions from other local units	52,087	4,780,187	342,000
Regulatory credits	(418,011)	(6,297,960)	(342,000)
Federal and/or state capital grants	418,011	1,556,368	-
Transfers in	-	-	-
Transfers out	(8,456,856)	-	-
Net contributions and transfers	<u>(8,404,769)</u>	<u>574,027</u>	<u>200,300</u>
Change in net position	<u>11,360,532</u>	<u>181,374</u>	<u>3,129,010</u>
Net position, beginning of year	<u>354,738,245</u>	<u>65,400,519</u>	<u>63,990,002</u>
Net position, end of year	<u>\$ 366,098,777</u>	<u>\$ 65,581,893</u>	<u>\$ 67,119,012</u>

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

Business-type Activities - Enterprise Funds		Governmental Activities
Nonmajor Enterprise Funds	Total	Internal Service Funds
\$ 3,048,059	\$ 133,602,718	\$ 4,339,783
-	-	6,655,083
1,611,223	1,611,223	-
63,826	63,826	2,573,539
-	-	36,774
<u>4,723,108</u>	<u>135,277,767</u>	<u>13,605,179</u>
821,736	14,730,826	2,862,725
4,163,835	76,901,896	11,631,095
498,661	19,328,538	808,772
<u>5,484,232</u>	<u>110,961,260</u>	<u>15,302,592</u>
<u>(761,124)</u>	<u>24,316,507</u>	<u>(1,697,413)</u>
120,830	120,830	-
62,410	62,410	-
53,681	1,804,621	138,333
-	(902,478)	-
-	64,838	-
-	-	357,272
315,287	(3,374,286)	(9,299)
<u>552,208</u>	<u>(2,224,065)</u>	<u>486,306</u>
<u>(208,916)</u>	<u>22,092,442</u>	<u>(1,211,107)</u>
7,625	743,357	-
-	5,174,274	-
-	(7,057,971)	-
9,177	1,983,556	448,330
497,518	497,518	100,000
-	(8,456,856)	(598,439)
<u>514,320</u>	<u>(7,116,122)</u>	<u>(50,109)</u>
305,404	14,976,320	(1,261,216)
<u>13,573,210</u>	<u>497,701,976</u>	<u>16,308,757</u>
<u>\$ 13,878,614</u>	<u>\$ 512,678,296</u>	<u>\$ 15,047,541</u>

CITY OF HOLLAND, MICHIGAN

Statement of Cash Flows

Proprietary Funds

For the Year Ended June 30, 2023

	Business-type Activities - Enterprise Funds		
	Electric Utility	Wastewater Utility	Water Utility
Cash flows from operating activities			
Receipts from customers and users	\$ 106,331,548	\$ 13,165,053	\$ 13,953,980
Receipts from interfund services provided	-	-	-
Payments to suppliers	(65,306,454)	(7,570,477)	(10,891,278)
Payments to employees	(8,011,144)	(2,593,408)	(2,240,843)
Net cash provided by (used in) operating activities	<u>33,013,950</u>	<u>3,001,168</u>	<u>821,859</u>
Cash flows from noncapital financing activities			
Property taxes	-	-	-
Private donations	-	-	-
Insurance refunds	-	-	-
Other income (expense)	136,206	-	(71,368)
Intragovernmental receipts	-	-	-
Intragovernmental payments	(8,456,856)	-	-
Principal paid on pension bonds	(955,979)	(275,206)	(217,268)
Interest paid on pension bonds	(113,812)	(32,764)	(25,866)
Net cash provided by (used in) noncapital financing activities	<u>(9,390,441)</u>	<u>(307,970)</u>	<u>(314,502)</u>
Cash flows from capital and related financing activities			
Principal paid on capital related debt	-	(450,000)	(295,000)
Interest paid on capital related debt	25,065	(244,880)	(677,231)
Proceeds from Clean Water State Revolving Fund bonds	-	12,450,944	-
Capital contributions	470,098	4,590,268	722,300
Proceeds from sale of capital assets	41,184	20,718	526
Cost incurred on disposal of capital assets	(3,731,412)	-	-
Purchase/construction of capital assets	(18,377,873)	(11,011,615)	(11,196,868)
Net cash provided by (used in) capital and related financing activities	<u>(21,572,938)</u>	<u>5,355,435</u>	<u>(11,446,273)</u>
Cash flows from investing activities			
Proceeds from sales of investments	53,560,035	4,848,183	16,487,612
Purchase of investments	(57,146,937)	(13,794,574)	(4,835,606)
Investment income	1,182,726	167,543	125,094
Net cash provided by (used in) investing activities	<u>(2,404,176)</u>	<u>(8,778,848)</u>	<u>11,777,100</u>
Net increase (decrease) in cash and pooled investments	<u>(353,605)</u>	<u>(730,215)</u>	<u>838,184</u>
Cash and pooled investments, beginning of year	<u>19,332,451</u>	<u>13,094,291</u>	<u>9,286,175</u>
Cash and pooled investments, end of year	<u>\$ 18,978,846</u>	<u>\$ 12,364,076</u>	<u>\$ 10,124,359</u>

Business-type Activities - Enterprise Funds		Governmental Activities
Nonmajor Enterprise Funds	Total	Internal Service Funds
\$ 4,683,321	\$ 138,133,902	\$ -
-	-	13,075,677
(4,288,440)	(88,056,649)	(10,822,946)
(805,699)	(13,651,094)	(2,799,210)
<u>(410,818)</u>	<u>36,426,159</u>	<u>(546,479)</u>
120,840	120,840	-
62,410	62,410	-
-	-	357,272
-	64,838	-
503,425	503,425	100,000
(29,596)	(8,486,452)	(598,439)
-	(1,448,453)	-
-	(172,442)	-
<u>657,079</u>	<u>(9,355,834)</u>	<u>(141,167)</u>
-	(745,000)	-
-	(897,046)	-
-	12,450,944	-
16,802	5,799,468	448,330
706,409	768,837	126,722
-	(3,731,412)	-
(58,340)	(40,644,696)	(1,709,649)
<u>664,871</u>	<u>(26,998,905)</u>	<u>(1,134,597)</u>
-	74,895,830	-
-	(75,777,117)	-
53,681	1,529,044	138,333
<u>53,681</u>	<u>647,757</u>	<u>138,333</u>
964,813	719,177	(1,683,910)
<u>2,822,475</u>	<u>44,535,392</u>	<u>11,031,095</u>
<u>\$ 3,787,288</u>	<u>\$ 45,254,569</u>	<u>\$ 9,347,185</u>

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CITY OF HOLLAND, MICHIGAN

Statement of Cash Flows

Proprietary Funds

For the Year Ended June 30, 2023

	Business-type Activities - Enterprise Funds		
	Electric Utility	Wastewater Utility	Water Utility
Classified on the statement of net position as			
Cash and pooled investments	\$ 6,193,964	\$ 6,354,288	\$ 8,372,658
Restricted cash and pooled investments	12,784,882	6,009,788	1,751,701
	<u>\$ 18,978,846</u>	<u>\$ 12,364,076</u>	<u>\$ 10,124,359</u>
Cash flows from operating activities			
Operating income (loss)	\$ 21,927,657	\$ (228,751)	\$ 3,378,725
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	13,506,185	2,954,698	2,291,696
Amortization of regulatory credits	77,298	-	-
Change in:			
Accounts receivable	1,886,265	70,267	(361,379)
Due from other governmental units	-	-	122,613
Due from other funds	3,984	91	1,144,634
Inventories	(4,042,271)	3,268	109,985
Prepaid items	126,706	12,947	26,338
Accounts payable	(1,350,988)	(69,243)	(6,433,709)
Claims payable	-	-	-
Accrued payroll and benefits	200,020	(25,167)	(33,235)
Due to other funds	79,156	109,643	421,230
Unearned revenue	-	-	-
Accrued compensated absences	170,176	23,734	32,852
Deposits	29,292	(110)	265
Landfill postclosure liability	(23,210)	-	-
Net pension liability	6,824,601	1,964,658	1,551,046
Deferred outflows of resources related to the net pension liability	(3,311,598)	(953,340)	(752,636)
Deferred inflows of resources related to the net pension liability	(2,956,972)	(851,249)	(672,039)
Net other postemployment benefit liability	(106,509)	(19,957)	(14,342)
Deferred outflows of resources related to the total other postemployment benefit liability	11,453	2,655	2,041
Deferred inflows of resources related to the total other postemployment benefit liability	(37,295)	7,024	7,774
Net cash provided by (used in) operating activities	<u>\$ 33,013,950</u>	<u>\$ 3,001,168</u>	<u>\$ 821,859</u>

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

Business-type Activities - Enterprise Funds		Governmental Activities
Nonmajor Enterprise Funds	Total	Internal Service Funds
\$ 3,787,288	\$ 24,708,198	\$ 9,347,185
-	20,546,371	-
<u>\$ 3,787,288</u>	<u>\$ 45,254,569</u>	<u>\$ 9,347,185</u>
\$ (761,124)	\$ 24,316,507	\$ (1,697,413)
498,661	19,251,240	808,772
-	77,298	-
(16,799)	1,578,354	(90,920)
-	122,613	(422,654)
-	1,148,709	(51,821)
-	(3,929,018)	43,546
950	166,941	(52,508)
(125,555)	(7,979,495)	692,523
-	-	124,588
5,596	147,214	12,228
-	610,029	31,713
(22,988)	(22,988)	4,180
10,441	237,203	51,287
-	29,447	-
-	(23,210)	-
-	10,340,305	-
-	(5,017,574)	-
-	(4,480,260)	-
-	(140,808)	-
-	16,149	-
-	(22,497)	-
<u>\$ (410,818)</u>	<u>\$ 36,426,159</u>	<u>\$ (546,479)</u>

concluded

CITY OF HOLLAND, MICHIGAN

Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2023

	OPEB Trust Fund	Custodial Fund
Assets		
Cash and pooled investments	\$ -	\$ 2,189,781
MERS total market portfolio	412,101	-
Contribution receivable	116,472	-
	<u>528,573</u>	<u>2,189,781</u>
Total assets		
Liabilities		
Undistributed receipts	<u>-</u>	<u>25,072</u>
Net position restricted for		
Other postemployment benefits	528,573	-
Other government units	<u>-</u>	<u>2,164,709</u>
	<u>\$ 528,573</u>	<u>\$ 2,164,709</u>
Total restricted net position		

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

CITY OF HOLLAND, MICHIGAN

Statement of Change in Fiduciary Fund Net Position

Fiduciary Funds

For the Year Ended June 30, 2023

	OPEB Trust Fund	Custodial Fund
Additions		
Employer contributions	\$ 116,472	\$ -
Investment income	28,631	-
Contributions/benefit from general operating funds	177,038	-
Airport collections	-	1,175,362
Registration fees collected	-	5,880
Property tax collected	-	45,924,330
	<hr/>	<hr/>
Total additions	322,141	47,105,572
Deductions		
Benefit payments, including refunds of employee contributions	177,038	-
Administrative expenses	725	-
Airport distributions	-	288,875
Registration fees distributed	-	5,880
Property tax distributed	-	45,924,330
	<hr/>	<hr/>
Total deductions	177,763	46,219,085
Change in net position	144,378	886,487
Net position, beginning of year	<hr/>	<hr/>
	384,195	1,278,222
Net position, end of year	<u>\$ 528,573</u>	<u>\$ 2,164,709</u>

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

CITY OF HOLLAND, MICHIGAN

Combining Statement of Net Position

Discretely Presented Component Units

June 30, 2023

	Downtown Development Authority	Holland Historical Trust	Brownfield Redevelopment Authority	SmartZone	Total
Assets					
Cash and pooled investments	\$ 264,482	\$ 126,227	\$ 3,073,615	\$ 817,217	\$ 4,281,541
Investments	-	369,902	-	-	369,902
Beneficial interest in assets held by others	-	113,176	-	-	113,176
Receivables, net	16	-	-	-	16
Inventory	-	4,911	-	-	4,911
Prepaid items	200	6,316	-	-	6,516
Capital assets:					
Land	-	20,000	-	-	20,000
Being depreciated, net of depreciation	96,081	768,868	-	-	864,949
Total assets	360,779	1,409,400	3,073,615	817,217	5,661,011
Liabilities					
Accounts payable	8,766	20,044	96	61,217	90,123
Accrued payroll and benefits	3,329	19,760	-	-	23,089
Due to other governmental units	-	-	47,475	-	47,475
Unearned revenue	-	10,450	-	-	10,450
Total liabilities	12,095	50,254	47,571	61,217	171,137
Net position					
Investment in capital assets	96,081	788,868	-	-	884,949
Restricted	-	510,509	-	-	510,509
Unrestricted	252,603	59,769	3,026,044	756,000	4,094,416
Total net position	\$ 348,684	\$ 1,359,146	\$ 3,026,044	\$ 756,000	\$ 5,489,874

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

CITY OF HOLLAND, MICHIGAN

Combining Statement of Activities

Discretely Presented Component Units

For the Year Ended June 30, 2023

	Downtown Development Authority	Holland Historical Trust	Brownfield Redevelopment Authority	SmartZone	Total
Expenses					
Downtown Development Authority	\$ 356,332	\$ -	\$ -	\$ -	\$ 356,332
Holland Historical Trust	-	825,001	-	-	825,001
Brownfield Redevelopment Authority	-	-	2,093,789	-	2,093,789
SmartZone	-	-	-	316,081	316,081
Total expenses	356,332	825,001	2,093,789	316,081	3,591,203
Program revenues					
Charges for services	12,498	100,204	-	32,530	112,702
Operating grants and contributions	50,840	764,400	75,982	535,561	1,426,783
Total program revenues	63,338	864,604	75,982	568,091	1,539,485
Net expenses (revenues)	(292,994)	39,603	(2,017,807)	252,010	(2,051,718)
General revenues					
Property taxes	237,018	-	2,563,506	-	2,800,524
Unrestricted grants and contributions	2,062	-	5,459	-	7,521
Total general revenues	239,080	-	2,568,965	-	2,808,045
Change in net position	(53,914)	39,603	551,158	252,010	788,857
Net position, beginning of year	402,598	1,319,543	2,474,886	503,990	4,701,017
Net position, end of year	\$ 348,684	\$ 1,359,146	\$ 3,026,044	\$ 756,000	\$ 5,489,874

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

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NOTES TO FINANCIAL STATEMENTS

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The Reporting Entity

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

Blended Component Units

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

Holland Energy Fund ("HEF") – The HEF, a Michigan not-for-profit corporation, is governed by a six-member board, consisting of three City Council members, two Holland Board of Public Works board members and the City Finance Director, and is reported as if it were part of the primary government under GASB Statement 80 because the City is the sole corporate member. The purpose of the HEF is to facilitate and/or finance building energy labeling and the retrofitting of homes, commercial, and industrial facilities in the City with energy conservation measures.

Discretely Presented Component Units

Downtown Development Authority – The Downtown Development Authority was created to correct and prevent deterioration in the downtown district, to encourage historical preservation, and to promote economic growth within the downtown district. The members of the governing board of the Downtown Development Authority are appointed by the City Council. The budgets and expenditures of the Downtown Development Authority must be approved by the City Council. The City also has the ability to significantly influence operations of the Downtown Development Authority. Separate financial statements are not prepared for this entity.

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

Holland Historical Trust – The Holland Historical Trust ("HHT") is a not-for-profit corporation organized under Section 501(c)(3) of the internal revenue code for the purpose of operating the Holland Museum, the Cappel House, and the Settlers House. HHT's budget is subject to review by the City Council prior to final decision concerning a General Fund contribution toward HHT's operations. In addition, the City continues to make capital investments in the buildings the HHT uses for operations. Complete financial statements for Holland Historical Trust may be obtained at the administrative office located at 31 West 10th Street, Holland, MI 49423. Due to the long-standing financial and operational relationship between the City and HHT, management believes it would be misleading to exclude HHT from the City's reporting entity.

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

Economic Development Corporation (the "EDC") – The EDC was created to provide means and methods for the encouragement and assistance of industrial and commercial enterprises in relocating, purchasing, constructing, improving or expanding within the City so as to provide needed services and facilities of such enterprises to the residents of the City. In certain situations, members of the Board of Directors may be removed by a majority of the City Council. Separate financial statements are not prepared for this entity. The EDC had no activity during the year, and has therefore not been included in the financial statements.

SmartZone Local Development Finance Authority (the "LDFA") – The City established the LDFA to prevent conditions of unemployment and to promote economic growth within the boundaries of the City. The LDFA's board is comprised of four members appointed by the City, three members appointed by the Charter Township of Holland, one member appointed by the County of Ottawa, two members appointed by Holland Public Schools, and two members appointed by West Ottawa Schools. The City has the authority to dissolve or inactivate the LDFA, upon which the assets of LDFA would revert to the City. Separate financial statements are not prepared for this entity.

Fiduciary Component Unit

The City sponsors and administers the City of Holland Retiree Healthcare Plan (the "Plan"), a single-employer, defined benefit other postemployment benefits plan, that provides healthcare benefits to plan members and their beneficiaries and is open to select Board of Public Works employees. The Plan was established and may be amended by the City Council who appoints a voting majority of the Board of Trustees. The Plan is administered through a qualified trust. The Plan is included as a fiduciary component unit of the City because (1) the Plan is a legally separate entity; (2) the City Council appoints a voting majority of the Plan Board of Trustees; and (3) the City makes contributions to the Plan on behalf of its participants.

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

Government-wide and Fund Financial Statements

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

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements.

Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. After March 1, any delinquent taxes on real property are paid by the county which is responsible for collecting any outstanding taxes on real property as of that date. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

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

The City reports the following major governmental fund:

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

The *American Rescue Plan Act Fund* accounts for the funding from The American Rescue Plan Act of 2021 (ARPA). These funds are considered multi-year and are intended to replace lost revenue due to COVID-19 or invest in critical infrastructure.

The City reports the following major enterprise funds:

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

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

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

Collectively the Electric, Wastewater and Water Utility funds are referred to as "the Board" throughout the footnotes.

The Board follows the accounting and reporting requirements of GASB 62, paragraphs 476-500, which require that the effects of the ratemaking process be recorded in the financial statements. Such effects primarily concern the time at which various items enter into the determination of the change in net position in order to follow the principle of matching costs and revenues. Accordingly, the Board records various regulatory assets and liabilities to reflect the regulator's actions (see Note 22). Management believes that the Board meets the criteria for application of GASB 62 paragraphs 476-500, but will continue to evaluate its applicability based on changes in the regulatory and competitive environment.

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

Additionally, the City reports the following fund types:

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects that comprise, or are expected to comprise a substantial portion of the fund's total reported inflows.

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

Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

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

Enterprise Funds account for those operations that are financed and operated in a manner similar to private business or where the City has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

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

The *Custodial Fund* is used to account for assets that the government holds for others in a custodial capacity (such as property tax collections, West Michigan Airport Authority collections).

The *Other Postemployment Benefits (OPEB) Trust Fund* accounts for the accumulated resources for other postemployment benefit payments to qualified employees of the Board.

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

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

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

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

Restricted net position are assets that are subject to restrictions beyond the City's control. The restrictions may be externally imposed or imposed by law. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Equity

Cash and Pooled Investments

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

Investments displayed on the financial statements and included in the cash and pooled investment caption are recorded at fair value or amortized cost.

State statutes authorize the City to invest in:

- Bonds, securities, other obligations and repurchase agreements of the United States, or an agency or instrumentality of the United States.
- Certificates of deposit, savings accounts, deposit accounts or depository receipts of a qualified financial institution.
- Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.
- Bankers' acceptances of United States banks.
- Obligations of the State of Michigan and its political subdivisions, that, at the time of purchase are rated as investment grade by at least one standard rating service.
- Mutual funds registered under the Investment Company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation.
- External investment pools as authorized by Public Act 20 as amended through December 31, 1997.

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

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

Beneficial Interest in Assets Held by Others

Beneficial interest in assets held by others represent assets transferred to the Holland/Zeeland Area Community Foundation to establish the City of Holland Cemetery Perpetual Care Fund to provide support to the City for the ongoing care and maintenance of the cemeteries managed by the City. The investments held at the Foundation, which were contributed by the City to the City of Holland Cemetery Perpetual Care Fund along with the earnings on these investments, are reported at fair value as assets of the City.

In addition, the Holland Historic Trust has an endowment fund, the Holland Museum Reserve Fund, that is perpetual in nature with the Holland/Zeeland Area Community Foundation.

Receivables

All receivables are recorded at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Leases

Lessee. The City is a lessee for a noncancellable lease of equipment. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The City recognizes lease liabilities with an initial, individual value of \$10,000 or more.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments. The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price (if applicable) that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

Subscription-Based Information Technology Arrangements (SBITA)

The City has a noncancellable subscription-based information technology arrangement. The City recognizes a subscription liability and an intangible right-to-use subscription asset in the government-wide financial statements. The City recognizes subscription liabilities with an initial, individual value of \$10,000 or more.

At the commencement of a subscription, the City initially measures the subscription liability at the present value of payments expected to be made during the SBITA term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at or before the subscription commencement date, plus certain initial direct costs. Subsequently, the subscription asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to subscriptions include how the City determines (1) the discount rate it uses to discount the expected SBITA payments to present value, (2) subscription term, and (3) subscription payments. The City uses the interest rate charged by the SBITA vendor as the discount rate. When the interest rate charged by the SBITA vendor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for SBITAs. The subscription term includes the noncancellable period of the subscription. Subscription payments included in the measurement of the subscription liability are composed of fixed payments and purchase option price (if applicable) that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its subscription and will remeasure the subscription asset and subscription liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

Due To/From Other Funds

During the course of its operations, the City has numerous transactions between funds to finance operations, to provide services, construct assets and service debt. To the extent that certain transactions between funds had not been paid or received as of fiscal year-end, balances of interfund accounts receivable or payable have been recorded.

Due To/From Other Governmental Units

Amounts due to other governments include amounts collected for payments in lieu of taxes that have not yet been remitted to other governmental agencies. Amounts due from other governments include amounts due from grantors for specific programs and capital projects. Program and capital grants are recorded as receivables and revenue at the time reimbursable costs are incurred. Amount received in advance of costs being incurred are reported as unearned revenue.

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

Due From Local Units

In fiscal year 2021, the Board entered into a long term agreement with Park Township to provide retail water services to approximately 3,800 residential and commercial customers. To facilitate these services, the Board agreed to replace existing customer water meters with units compatible with the Board's automated meter reading system, at an estimated cost of \$1.6 million. Park Township agreed to fund \$0.9 million of the cost, ratably over 5 years. At June 30, 2023, Park Township had paid \$0.5 million, leaving a balance due of \$0.4 million, of which \$0.2 million is a noncurrent asset and \$0.2 is included in accounts receivable as it is due in one year.

To mitigate the rising costs and increasing logistical challenges of sewage sludge disposal at its water reclamation facility ("WRF"), the Board, as the operator of the facility, proposed to install an anaerobic digester at its WRF. The digester is anticipated to reduce the volume of biosolids by approximately 50% and allow for future beneficial reuse of the biosolids. The total project estimate is \$33.7 million. This plan was approved by both the City of Holland, and the Administrative Committee comprised of all township participants in the facility. During fiscal year 2021, the Board was approved for a \$30.0 million low interest loan through the Clean Water State Revolving Fund ("SRF") and is expected to receive \$6.0 million in principal forgiveness through the Green Project Reserve ("GPR"), offered through SRF. Capital costs, net of principal forgiveness, for the digester are to be shared equally by the Northern and Southern service areas, in accordance with the Holland Area Wastewater Treatment Facilities 2017 Restated Contract. Construction began October 1, 2020. The anaerobic digester is expected to be completed during fiscal year 2024.

The Northern service area is represented by Holland Charter Township ("HCT"). Total project costs (net of a proportionate share of the principal forgiveness described above) incurred as of fiscal year 2023 were \$30.0 million, resulting in an accrued amount due from HCT of \$12.3 million.

The Board entered into a cost sharing agreement with the City of Wyoming to finance and construct the Wyoming Interconnect Water Project to be financed by a State Drinking Water Revolving fund bond issue. Upon completion, an estimated 15% of the related debt is scheduled to be forgiven by the grantor agency. Completion of the construction project and repayment of the associated bonds will be the responsibility of the Board. Under the cost sharing agreement, 47.54% of the assets constructed have been transferred to the City of Wyoming, along with an equal proportion of the related debt payments to be paid to the Board by the City of Wyoming, based on the installment payments on the related debt. The balance of this receivable at June 30, 2023 is equal to 47.54% of the assets completed and capitalized at that date, less a ratable share of the estimated debt forgiveness and principal payments made by the City of Wyoming.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

Inventories

Inventories recorded in the enterprise and internal service funds and in the Holland Historical Trust are expended as consumed and are valued at historical cost determined on a moving average basis. In other funds, payments for the inventory type supplies are recorded as expenditures at the time of purchase as they are immaterial to the City's financial position.

Capital Assets and Depreciation

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exists. Donated capital assets are valued at their estimated acquisition cost as of the date of donation. The amount reported for infrastructure includes easements added since 1980 and other infrastructure dating back to 1959.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Depreciation on the capital assets (including infrastructure) of the primary government, as well as the component units, is computed using the straight-line method over the following estimated useful lives:

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

Restricted Assets

Certain proceeds of the City's enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position because they are maintained in separate accounts and their use is limited by applicable bond covenants. The bond and interest redemption fund account is used to segregate resources accumulated for debt service payments over the next twelve months. The bond and interest reserve account is used to report resources set aside to make up potential future deficiencies in the revenue bond current debt service account. The equipment replacement account is used to report resources set aside to meet unexpected contingencies or to fund asset renewals and replacements.

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

Additionally, the American Rescue Plan Act Fund has restricted pool cash and cash equivalents that are restricted to be used on allowable grant specific expenditures.

Deferred Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports deferred outflows of resources related to its pension and other postemployment benefits plans. A portion of these costs represent contributions to the pension plan subsequent to the plan measurement date.

Bond Premiums and Discounts

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts 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.

Unearned Revenue

The City reports unearned revenue in connection with assets received or receivable that are not considered to have yet been earned. At the end of the current fiscal year, the various components of unearned revenue were as follows:

	Governmental Activities	Component Units
Grant drawdowns in excess of amounts expended:		
Culture and community improvement	\$ 76,731	\$ -
Infrastructure projects	83,536	-
General government	7,248,023	-
Debt service federal revenue	130,551	-
Other	4,180	-
Fees collected in excess of amounts earned	<u>142,844</u>	<u>10,450</u>
Total unearned revenue	<u><u>\$ 7,685,865</u></u>	<u><u>\$ 10,450</u></u>

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

Pensions and Other Postemployment Benefits

For purposes of measuring the net pension and net other postemployment benefits liabilities, deferred outflows of resources and deferred inflows of resources related to pension and other postemployment benefits, and pension and other postemployment benefit expense, information about the fiduciary net position of the plans and additions to/deductions from the plans fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Property Taxes

Properties are assessed as of December 31 and become a lien at that time. The related property taxes are levied and billed on July 1 of the following year, and are due without penalty on or before August 15. Summer tax bills include the City property taxes and taxes billed on behalf of various school districts, authorities within the City limits and other entities. Real property taxes that have not been collected as of March 1 are turned over to Ottawa and Allegan Counties for collection. The counties advance the City 100% for the delinquent real property taxes. Collection of delinquent personal property taxes and IFT's remains the responsibility of the City Treasurer.

The taxable value at December 31, 2022 was \$1,399,444,255 which provides a City-wide valuation equivalency that allows for a uniform millage rate across all taxable properties, including tax-abated properties. The tax levy was based on the following rates:

	Millage Rate Used	Authorized Millage Rate	Authorized By
General operating	8.7512		
Street development and improvement	1.2000		
Sidewalk development and improvement	0.1500		
Municipal capital projects	0.2545		
Debt service general obligation	3.4200		
	<u>13.7757</u>	14.9903	1
		17.5000	City Charter
West Michigan Airport Authority	0.0935	0.1000	1 & 2

1. Formula limitation required by 1978 State Constitutional amendment.
2. Airport support agreement between City of Holland, Park Township, and City of Zeeland effective January of 2007.

Interfund Transactions

During the course of normal operations, the City has numerous transactions between funds, including expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect operating subsidies as transfers.

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

Electric Utility Fund Transfers

The City Charter authorizes an annual transfer from the Electric Utility Fund to the general purposes of the City. The current formula for determining this transfer is based upon 6.25% of Electric Utility Fund budgeted revenues of the same fiscal year. Based on this formula, a \$6,372,000 transfer was made to the General Fund. Additionally, the City receives a portion of the electric wholesale sales designated for the capital improvement fund. The total for fiscal year 2023 was \$2,084,856 allocated to the Municipal Facilities/Land Improvements Projects Fund. For fiscal year 2023, total transfers of \$8,456,856 were made.

Compensated Absences

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

Vacation hours are credited to each public safety bargaining unit employee on the anniversary date of hire. The number of hours is dependent upon years of service. Sick leave hours are credited to each employee as earned during a calendar year up to a maximum of 104 hours for police bargaining union and 145.60 for fire bargaining union. Police bargaining employees are compensated for 40 percent, based on the date of hire, of total accumulated sick leave hours in excess of 720 hours for the year ended June 30, 2023. Fire bargaining employees receive no pay out upon termination for accumulated sick leave hours.

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

Deferred Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The governmental funds report unavailable revenues, which arises only under a modified accrual basis of accounting, from special assessments and opioid settlement receivables. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In addition, the City reports deferred inflows of resources related to its other postemployment benefits plan.

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

Additionally, as authorized by City resolution, the City has adopted the provisions for regulatory accounting as promulgated by GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and other AICPA Pronouncements*. This Statement provides for the deferral of expense and revenue recognition through the use of regulatory assets and liabilities in order to follow the principle of matching costs and revenues as part of the ratemaking process. See Note 22 Regulatory Accounting for details.

Fund Equity

Governmental funds report nonspendable fund balance for amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Restricted fund balance is reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws or regulations of other governments. Committed fund balance is reported for amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City Council (the government's highest level of decision-making authority). A formal resolution of the City Council is required to establish, modify, or rescind a fund balance commitment. The City reports assigned fund balance for amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. The City currently has no assigned fund balance, as the City Council has not yet given the Authority for the making of such assignments. Unassigned fund balance is the residual classification for the General Fund. In other funds, the unassigned classification should be only used to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

When the City incurs an expenditure for purposes for which various fund balance classifications can be used, it is the City's policy to use restricted fund balance first, then committed fund balance, assigned fund balance, and finally unassigned fund balance.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

2. BUDGETARY INFORMATION

Budgets presented in the financial statements were prepared on the same basis as the accounting basis used to reflect actual results. The General Fund, Special Revenue funds and Permanent Fund are subject to legal budgetary accounting controls and all are budgeted annually. Debt service, capital projects, enterprise and internal service funds are also included in the budgetary process; however, State statutes do not require legally adopted budgets for such funds. The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The City Manager is responsible for submitting the proposed operating budget for the following fiscal year to the City Council. The City Council, during its review, holds a public hearing to obtain taxpayer comments. The budget is legally enacted by resolution of the Council.
2. The City Finance Director is authorized to transfer budget amounts between accounts within the same department of any fund upon written request by a department or division head and approval by the City Manager. Transfers between departments or any revisions that alter total appropriations of any fund must be approved by the City Council. Budgeted appropriations lapse each year; however, appropriations for continuing projects and programs which the City intends to complete are included in the budget of the ensuing year.
3. Budgeted amounts are as originally adopted or as amended by the City Council during the year. The budgets have been prepared in accordance with generally accepted accounting principles. Supplemental appropriations were necessary during the year.
4. The budget has been adopted on a department level basis; expenditures at this level in excess of amounts budgeted are a violation of Michigan law.
5. Annual budgets are legally adopted for the General Fund, special revenue and permanent funds as required by the Uniform Budgeting Act (P.A. 621 of 1978) of the State of Michigan.
6. Informal annual budgets are also adopted for the debt service, enterprise and internal service funds, and component units.
7. Informal budgets are adopted for the capital projects funds on a “multi-year” inception-to-completion basis.

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

3. BUDGETARY COMPLIANCE

The Uniform Budgeting Act (P.A. 621 of 1978) of the State of Michigan requires that all General, Special Revenue, and Permanent Funds adopt annually balanced budgets on the modified accrual basis of accounting. Given there were no budgeted or actual revenue and expenditures in the American Rescue Plan Act Fund in the current fiscal year, a budget to actual statement was not required.

For the year ended June 30, 2023, expenditures exceeded appropriations at the legal level of budgetary control in the following funds:

	Total Appropriations	Amount of Expenditure	Budget Variance
General Fund			
General government:			
Legal services	\$ 246,450	\$ 288,491	\$ 42,041
Public safety:			
Police	10,228,278	10,268,919	40,641
Debt service:			
Principal retirement	-	64,578	64,578
Interest and fiscal charges	-	4,482	4,482
Budget stabilization:			
General government:			
Other services and charges	38,000	59,133	21,133
Transfers out:			
Anti-Drug Abuse Grants	232,575	232,983	408
Nonmajor Governmental Funds			
Major Streets Fund			
Public works - personnel services	615,555	629,717	14,162
CATV (Public Access Channels) Fund			
General government:			
Personnel services	228,640	229,481	841
Other services and charges	55,245	70,378	15,133
Revolving Cash Assistance Fund			
Transfers out	110,418	147,385	36,967

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

4. DEPOSITS AND INVESTMENTS

The City's reporting entity deposits and investments as of June 30, 2023 are included in the financial statements under the following classifications:

	Statement of Net Position			Statement of Fiduciary Net Position	Total
	Governmental Activities	Business-type Activities	Component Units	Fiduciary Funds	
Cash and pooled investments	\$ 61,705,539	\$ 24,708,198	\$ 4,281,541	\$ 2,189,781	\$ 92,885,059
Investments	-	70,055,912	369,902	-	70,425,814
Restricted assets:					
Cash and pooled investments	7,542,411	20,546,371	-	-	28,088,782
Investments	-	5,796,929	-	-	5,796,929
MERS total market portfolio	-	-	-	412,101	412,101
Total	\$ 69,247,950	\$ 121,107,410	\$ 4,651,443	\$ 2,601,882	\$ 197,608,685

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

Petty cash	\$ 13,130
Deposits (checking/savings accounts)	39,711,113
Certificate of deposit (due within one year)	2,910,671
Certificate of deposit (due within one to five years)	1,725,529
Investments:	
Primary government	152,466,239
Component units	369,902
Fiduciary funds	412,101
	<u>\$ 197,608,685</u>

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

Investment and Deposit Risk

Primary Government and Fiduciary Funds

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

Maturity dates for investments held at year-end are summarized as follows:

	No maturity	Due < 1 year	Due in 1-5 years	Due > 5 years	Totals
Treasury notes	\$ -	\$ 15,072,588	\$ 12,858,907	\$ -	\$ 27,931,495
Government bonds	-	13,253,119	17,051,965	-	30,305,084
Municipal bonds	-	-	4,222,104	438,860	4,660,964
Money market funds	59,672,179	-	-	-	59,672,179
Michigan CLASS government investment pool	25,725,412	-	-	-	25,725,412
MPPA investments	4,171,105	-	-	-	4,171,105
MERS total market portfolio	412,101	-	-	-	412,101
	<u>\$ 89,980,797</u>	<u>\$ 28,325,707</u>	<u>\$ 34,132,976</u>	<u>\$ 438,860</u>	<u>\$ 152,878,340</u>

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

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

Credit risk ratings, where applicable, are summarized as follows:

S&P AAAm	\$ 103,011,015
S&P AA+	22,554,850
S&P AA	2,463,902
S&P AA-	713,348
S&P AA1	2,466,062
Moody's AAA	14,979,553
Moody's Aa1	2,106,404
Not subject to credit risk	<u>4,583,206</u>
	<u>\$ 152,878,340</u>

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned. State law does not require and the City's investment policy does not have specific limits in excess of state law pertaining to custodial credit risk. As of year-end, \$41,623,844 of the bank balance of \$45,996,209 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial Credit Risk – Investments. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. State law does not require and the City does not have a specific policy pertaining to investment custodial credit risk which is more restrictive than state law.

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

Fair Value Measurements. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; level 2 inputs are significant other observable inputs; level 3 inputs are significant unobservable inputs.

Debt and equity securities classified in level 2 are valued using the following approaches: debt securities are normally valued based on price data obtained from observed transactions and market price quotations from broker dealers and/or pricing vendors; equity securities are valued using fair value per share for each fund. Amounts held with the Michigan Public Power Agency classified in level 2 are based upon unobservable inputs.

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

The City has the following recurring fair value measurements as of June 30, 2023:

	Level 1	Level 2	Level 3	Total
Treasury notes	\$ -	\$ 27,931,495	\$ -	\$ 27,931,495
Government bonds	-	30,305,084	-	30,305,084
Municipal bonds	-	4,660,964	-	4,660,964
Michigan Public Power Agency	-	4,171,105	-	4,171,105
MERS total market portfolio	412,101	-	-	412,101
	<u>\$ 412,101</u>	<u>\$ 67,068,648</u>	<u>\$ -</u>	<u>67,480,749</u>
Assets carried at amortized cost:				
Money market funds				59,672,179
Assets carried at net asset value:				
Michigan CLASS government investment pool				<u>25,725,412</u>
Total investments				<u><u>\$ 152,878,340</u></u>

Investments in Entities that Calculate Net Asset Value per Share. The City holds shares in Michigan CLASS whereby the fair value of the investment is measured on a recurring basis using net asset value per share (or its equivalent) of the investment pool as a practical expedient.

At year end, the net asset value of the City's investment in Michigan CLASS was \$25,725,412. The investment pool had no unfunded commitments, specific redemption frequency or redemption notice period required. The Michigan CLASS investment pool invests in U.S. treasury obligations, federal agency obligations of the U.S. government, high-grade commercial paper (rated 'A-1' or better) collateralized bank deposits, repurchase agreements (collateralized at 102% by Treasuries and agencies), and approved money-market funds. The program seeks to provide safety, liquidity, convenience, and competitive rates of return, and is designed to meet the needs of Michigan public sector investors. It purchases securities that are legally permissible under state statutes and are available for investment by Michigan counties, cities, townships, school districts, authorities and other public agencies.

The Board has earmarked cash, investment and accrued interest balances for system expansion, future debt payments, maintenance and insurance risk retention as follows:

City trunkage	\$ 4,240,362
System expansion and decommissioning	24,924,906
Future debt payments	17,634,292
Maintenance	8,073,439
Operating	13,744,233
Insurance/risk retention	7,935,390
Decommissioning	<u>2,160,000</u>
	<u><u>\$ 78,712,622</u></u>

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

Component Unit - Holland Historical Trust

Interest Rate Risk. The Holland Historical Trust is a not-for-profit corporation organized under Section 501(c)(3) of the internal revenue code and thus is not subject to the same limitations pertaining to allowable investments as the Primary Government. The maturity dates for each investment held by the HHT are identified below for investments held at year-end.

Credit Risk. The HHT's investment policy does not have specific limits pertaining to investment credit risk. The ratings for each investment held by the HHT are identified below for investments held at year-end.

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the HHT's deposits may not be returned. The HHT's investment policy does not have specific limits pertaining to custodial credit risk. As of year-end, none of the bank balance of \$138,976 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial Credit Risk – Investments. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the HHT will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. HHT does not have a specific policy pertaining to investment custodial credit risk. In accordance with the HHT's investment policy, all investments are held in the name of the HHT and are evidenced by a safekeeping receipt confirmation, and thus not exposed to custodial credit risk.

	Fair Value	Interest Rate	Maturity Date	Rating
Bond mutual funds	\$ 89,674	n/a	n/a	Various
Equity mutual funds	217,352	n/a	n/a	n/a
Corporate equities, domestic	55,272	n/a	n/a	n/a
Real estate mutual funds	<u>7,604</u>	n/a	n/a	n/a
	<u>\$ 369,902</u>			

Fair Value Measurements. HHT categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; level 2 inputs are significant other observable inputs; level 3 inputs are significant unobservable inputs. HHT's investments detailed above are considered level 1.

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

5. RECEIVABLES

Receivables are comprised of the following at year-end:

	Governmental Activities	Business-type Activities	Component Units
Accounts	\$ 1,308,335	\$ 18,059,897	\$ 15
Allowance for uncollectible accounts receivable	(191,348)	(93,272)	-
Taxes and special assessments	284,334	39,035	114
Allowance for uncollectible taxes and special assessments	(4,198)	(28)	(113)
Notes	933,264	-	-
Allowance for notes receivable	(30,000)	-	-
Interest	103,076	304,694	-
Due from other governmental units	2,137,859	-	-
Due from local units	-	13,870,227	-
	<u>\$ 4,541,322</u>	<u>\$ 32,180,553</u>	<u>\$ 16</u>

Of the governmental activities amounts reported for receivables above, special assessments and notes receivable in the amount of \$185,028 and \$850,045 are not expected to be collected within one year. Of the business-type activities amounts reported for receivables above, due from local units in the amount of \$13,870,227 is not expected to be collected within one year.

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

6. CAPITAL ASSETS

Primary government

Capital asset activity for the primary government for the year ended June 30, 2023, was as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Governmental activities					
Capital assets, not being depreciated/amortized:					
Land	\$ 16,507,356	\$ -	\$ -	\$ -	\$ 16,507,356
Construction in progress	2,672,592	5,452,116	(670,847)	(1,795,686)	5,658,175
	<u>19,179,948</u>	<u>5,452,116</u>	<u>(670,847)</u>	<u>(1,795,686)</u>	<u>22,165,531</u>
Capital assets, being depreciated/amortized:					
Land improvements	32,836,058	180,124	(32,400)	306,108	33,289,890
Buildings	53,691,721	190,705	(213,853)	41,373	53,709,946
Machinery and equipment	10,651,278	1,474,493	(283,571)	72,003	11,914,203
Vehicles	11,667,917	687,249	(1,112,555)	126,972	11,369,583
Infrastructure	139,528,069	4,227,844	(834,744)	1,249,230	144,170,399
Lease equipment (Note 9)	-	125,259	-	-	125,259
Subscription asset (Note 10)	-	92,539	-	-	92,539
	<u>248,375,043</u>	<u>6,978,213</u>	<u>(2,477,123)</u>	<u>1,795,686</u>	<u>254,671,819</u>
Less accumulated depreciation/amortization for:					
Land improvements	(18,425,805)	(1,305,222)	32,400	-	(19,698,627)
Buildings	(22,979,041)	(1,509,634)	200,523	-	(24,288,152)
Machinery and equipment	(6,926,780)	(502,400)	262,193	-	(7,166,987)
Vehicles	(6,393,689)	(615,514)	994,248	-	(6,014,955)
Infrastructure	(61,588,440)	(4,552,356)	610,343	-	(65,530,453)
Lease equipment	-	(25,056)	-	-	(25,056)
Subscription asset	-	(18,508)	-	-	(18,508)
	<u>(116,313,755)</u>	<u>(8,528,690)</u>	<u>2,099,707</u>	<u>-</u>	<u>(122,742,738)</u>
Total capital assets being depreciated/amortized, net	<u>132,061,288</u>	<u>(1,550,477)</u>	<u>(377,416)</u>	<u>1,795,686</u>	<u>131,929,081</u>
Governmental activities capital assets, net	<u>\$ 151,241,236</u>	<u>\$ 3,901,639</u>	<u>\$ (1,048,263)</u>	<u>\$ -</u>	<u>\$ 154,094,612</u>

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Business-type activities					
Capital assets, not being depreciated:					
Land	\$ 29,931,094	\$ -	\$ (391,122)	\$ -	\$ 29,539,972
Construction in progress	37,517,156	40,586,356	-	(31,507,590)	46,595,922
	<u>67,448,250</u>	<u>40,586,356</u>	<u>(391,122)</u>	<u>(31,507,590)</u>	<u>76,135,894</u>
Capital assets, being depreciated:					
Land improvements	15,669,723	-	-	-	15,669,723
Buildings	3,944,219	-	-	-	3,944,219
Machinery and equipment	689,133,978	58,340	(1,168,884)	30,966,729	718,990,163
Vehicles	5,162,219	-	(145,688)	540,861	5,557,392
	<u>713,910,139</u>	<u>58,340</u>	<u>(1,314,572)</u>	<u>31,507,590</u>	<u>744,161,497</u>
Less accumulated depreciation for:					
Land improvements	(12,845,008)	(416,073)	-	-	(13,261,081)
Buildings	(2,710,115)	(67,385)	-	-	(2,777,500)
Machinery and equipment	(316,401,739)	(18,805,392)	1,163,873	-	(334,043,258)
Vehicles	(3,592,322)	(453,841)	130,110	-	(3,916,053)
	<u>(335,549,184)</u>	<u>(19,742,691)</u>	<u>1,293,983</u>	<u>-</u>	<u>(353,997,892)</u>
Total capital assets being depreciated, net	<u>378,360,955</u>	<u>(19,684,351)</u>	<u>(20,589)</u>	<u>31,507,590</u>	<u>390,163,605</u>
Business-type activities capital assets, net	<u>\$ 445,809,205</u>	<u>\$ 20,902,005</u>	<u>\$ (411,711)</u>	<u>\$ -</u>	<u>\$ 466,299,499</u>

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

Depreciation/amortization of governmental activities by function

General government	\$ 263,984
Public safety	691,337
Public works	4,935,195
Parks and recreation	1,803,349
Welfare and social services	26,053
Internal service funds	808,772
	<u>\$ 8,528,690</u>

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

Depreciation of business-type activities by function

Electric Utility	\$ 13,583,483
Wastewater Utility	2,954,698
Water Utility	2,291,696
Nonmajor enterprise funds	498,661
Amortization (see note below)	<u>414,153</u>
	<u><u>\$ 19,742,691</u></u>

Depreciation and amortization expense as noted on the Statement of Revenues, Expenses, and Changes in Fund Net Position includes \$(77,298) of current year amortization expense related to regulatory cost for future recovery and \$491,451 of current year amortization expense related to regulatory credits, see Note 22 Regulatory Accounting, that off-sets the depreciation of \$19,742,691 as noted above.

Discretely presented component units

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Component Unit -					
Downtown Development Authority					
Capital assets, being depreciated:					
Land improvements	\$ 427,257	\$ -	\$ -	\$ -	\$ 427,257
Less accumulated depreciation for:					
Land improvements	<u>(319,942)</u>	<u>(11,234)</u>	<u>-</u>	<u>-</u>	<u>(331,176)</u>
Downtown Development Authority					
capital assets, net	<u>\$ 107,315</u>	<u>\$ (11,234)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 96,081</u>

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Component Unit -					
Holland Historical Trust					
Capital assets, not being depreciated:					
Land	\$ 20,000	\$ -	\$ -	\$ -	\$ 20,000
Capital assets, being depreciated:					
Buildings and improvements	3,004,763	-	-	-	3,004,763
Furniture and equipment	56,105	-	-	-	56,105
	<u>3,060,868</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,060,868</u>
Less accumulated depreciation for:					
Buildings and improvements	(2,192,552)	(50,916)	-	-	(2,243,468)
Furniture and equipment	(46,784)	(1,748)	-	-	(48,532)
	<u>(2,239,336)</u>	<u>(52,664)</u>	<u>-</u>	<u>-</u>	<u>(2,292,000)</u>
Total capital assets being depreciated, net	<u>821,532</u>	<u>(52,664)</u>	<u>-</u>	<u>-</u>	<u>768,868</u>
Holland Historical Trust capital assets, net	<u>\$ 841,532</u>	<u>\$ (52,664)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 788,868</u>

7. PAYABLES

Payables are comprised of the following at year-end:

	Governmental Activities	Business-type Activities	Component Units
Accounts	\$ 5,268,311	\$ 13,268,915	\$ 90,123
Accrued payroll and benefits	728,454	810,365	23,089
Claims payable	243,466	-	-
Accrued interest payable	424,572	386,492	-
Accrued interest payable from restricted assets	-	12,201	-
Due to other governmental units	276,658	-	47,475
	<u>\$ 6,941,461</u>	<u>\$ 14,477,973</u>	<u>\$ 160,687</u>

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

8. BONDS, NOTES AND OTHER LONG-TERM LIABILITIES

Bonds, notes and other long-term liabilities debt at June 30, 2023, is comprised of the following:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Governmental activities					
General obligation bonds	\$ 18,640,000	\$ 17,270,000	\$ (1,175,000)	\$ 34,735,000	\$ 1,375,000
Pension bonds	21,947,210	-	(1,826,548)	20,120,662	1,879,278
Bonds and notes from direct borrowings and direct placements	3,169,406	-	(507,358)	2,662,048	524,170
Lease liability (Note 9)	-	125,259	(26,871)	98,388	27,269
Subscription liability (Note 10)	-	92,539	(19,707)	72,832	20,187
Total installment liabilities	43,756,616	17,487,798	(3,555,484)	57,688,930	3,825,904
Premium on bonds payable	185,410	1,060,699	(66,045)	1,180,064	76,869
Compensated absences	1,947,228	1,562,935	(1,511,648)	1,998,515	1,512,000
Totals governmental activities	\$ 45,889,254	\$ 20,111,432	\$ (5,133,177)	\$ 60,867,509	\$ 5,414,773

General obligation bonds

\$17,270,000 2022 Capital Improvement Bonds, due in annual installments of \$200,000 to \$1,175,000, plus interest at 5.0%, payable semi-annually, through May 1, 2047.

\$ 17,070,000

\$9,835,000 2016B Limited Tax General Obligation Bonds, due in annual installments of \$175,000 to \$750,000, plus interest ranging from 1.18 to 4.36%, payable semi-annually, through August 1, 2036.

8,485,000

\$3,475,000 2016A Limited Tax General Obligation Bonds, due in annual installments of \$195,000 to \$635,000, plus interest ranging from 2.25 to 4.00%, payable semi-annually, through August 1, 2026.

2,480,000

\$7,000,000 2018 Capital Improvement Bonds, due in annual installments of \$100,000 to \$500,000, plus interest ranging from 3.25 to 3.625% payable semi-annually, through November 1, 2042.

6,700,000

Total general obligation bonds

\$ 34,735,000

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

Pension bonds

\$10,910,000 2016 Pension Bonds (City portion), due in annual installments of \$992,810 to \$1,232,830 plus interest ranging from 0.76 to 3.42%, payable semi-annually, through December 1, 2025. \$ 3,580,662

\$19,890,000 2018 Pension Bonds, due in annual installments of \$640,000 to \$1,295,000 plus interest ranging from 1.95 to 3.90%, payable semi-annually, through December 1, 2039. 16,540,000

Total pension bonds \$ 20,120,662

Bonds and notes from direct borrowings and direct placements

\$1,955,000 2022 Refunding Bonds, due in annual installments of \$180,000 to \$260,000 plus interest at 1.72%, payable semi-annually, through May 1, 2030. \$ 1,595,000

\$3,000,000 2016 note payable, due in semi-annual installments of \$134,991 to \$166,023 plus interest at a rate of 2.19%, payable semi-annually, through June 1, 2026. 969,548

\$180,000 2018 note payable, due in monthly installments of \$1,500 interest free through November 1, 2028. 97,500

Total bonds and notes from direct borrowings and direct placements \$ 2,662,048

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Business-type activities					
Direct placement revenue					
bonds	\$ 15,250,000	\$ -	\$ -	\$ 15,250,000	\$ 14,000,000
Revenue bonds	28,596,979	12,450,944	(295,000)	40,752,923	1,295,000
Pension bonds	6,072,791	-	(1,448,453)	4,624,338	1,490,722
Installment sales agreement	7,030,000	-	(450,000)	6,580,000	462,500
Total installment liabilities	56,949,770	12,450,944	(2,193,453)	67,207,261	17,248,222
Premium on bonds payable	1,247,685	-	(138,407)	1,109,278	138,407
Landfill liability	649,880	-	(23,210)	626,670	-
Compensated absences	1,384,668	1,612,387	(1,375,184)	1,621,871	1,621,871
Total business-type activities	<u><u>\$ 60,232,003</u></u>	<u><u>\$ 14,063,331</u></u>	<u><u>\$ (3,730,254)</u></u>	<u><u>\$ 70,565,080</u></u>	<u><u>\$ 19,008,500</u></u>

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

Direct Placement Revenue bonds

\$4,995,000 2021 Water Supply Systems Revenue Refunding Bonds, due in annual installments of \$1,220,000 to \$1,285,000 plus interest at 0.98%, payable semi-annually, through July 1, 2024. \$ 2,490,000

\$32,760,000 2021 Electric Utility System Revenue Refunding Bonds, due in annual installments of \$12,760,000 to \$20,000,000 plus interest at 0.39%, payable semi-annually, through July 1, 2023. 12,760,000

Total direct placement revenue bonds \$ 15,250,000

Revenue bonds

\$5,935,110 2011A Drinking Water Revolving Bonds, due in annual installments of \$236,500 to \$368,610 plus interest at 2.5%, payable semi-annually, through April 1, 2032. \$ 3,018,610

\$15,335,000 2022 Water Revenue Bonds, due in annual installments of \$430,000 to \$1,385,000 plus interest ranging from 3.375% to 5.00%, payable semi-annually, through April 1, 2042. 15,335,000

\$30,000,000 2021 Wastewater Revenue Bonds, \$6,000,000 expected to be forgiven, \$27,999,141 drawn as of June 30, 2023, net of \$5,999,828 forgiveness, due in annual installments of \$990,000 to \$1,440,000 plus interest at 2.0%, payable semi-annually, through April 1, 2043. 22,399,313

Total revenue bonds \$ 40,752,923

Pension bonds

\$14,090,000 2016 Pension Bonds (Board portion), due in annual installments of \$1,282,190 to \$1,592,170 plus interest ranging from 0.76 to 3.42%, payable semi-annually, through December 1, 2025. \$ 4,624,338

Installment sales agreement

\$9,500,000 2015 Installment sales agreement to the County of Ottawa, due in annual installments of \$387,500 to \$657,500 plus interest ranging from 0.75 to 3.4%, payable semi-annually, through June 1, 2035. \$ 6,580,000

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

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

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

The annual requirements to pay principal and interest on general obligation, pension and revenue bonds outstanding at June 30, 2023 are as follows:

Year Ended June 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2024	\$ 3,254,278	\$ 2,187,531	\$ 2,785,722	\$ 1,308,817
2025	3,363,554	2,074,810	2,856,446	1,232,927
2026	3,547,830	1,950,954	3,367,170	1,152,648
2027	2,415,000	1,841,008	1,825,000	1,075,422
2028	2,270,000	1,753,088	1,880,000	1,023,798
2029-2033	12,450,000	7,365,574	10,218,610	4,279,598
2034-2038	13,880,000	4,626,995	11,850,000	2,650,560
2039-2043	9,295,000	2,095,057	12,195,000	873,120
2044-2047	4,380,000	560,750	-	-
	<u>\$ 54,855,662</u>	<u>\$ 24,455,767</u>	46,977,948	<u>\$ 13,596,890</u>
Less amounts not yet drawn			<u>(1,600,687)</u>	
			<u>\$ 45,377,261</u>	

The annual requirements to maturity on installment sales agreement outstanding as of June 30, 2023 are as follows:

Year Ended June 30,	Business-type Activities	
	Principal	Interest
2024	\$ 462,500	\$ 189,640
2025	472,500	179,465
2026	485,000	168,598
2027	500,000	156,957
2028	512,500	144,208
2029-2033	2,855,000	4,914,210
2034-2035	1,292,500	65,665
	<u>\$ 6,580,000</u>	<u>\$ 5,818,743</u>

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

The annual requirements to pay principal and interest notes from direct borrowings and direct placements outstanding at June 30, 2023 are as follows:

Year Ended June 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2024	\$ 524,170	\$ 46,946	\$ 14,000,000	\$ 49,284
2025	541,132	36,716	1,250,000	12,250
2026	563,246	26,156	-	-
2027	248,000	17,028	-	-
2028	263,000	13,072	-	-
2029-2030	522,500	13,330	-	-
	<u>\$ 2,662,048</u>	<u>\$ 153,248</u>	<u>\$ 15,250,000</u>	<u>\$ 61,534</u>

Revenue Bonds

Covenants of the Revenue Bond Resolution provide for, among other things, restrictions on the transfer of funds, issuance of additional debt, creation of liens, and the sale and lease of property. In addition, the covenants require that the rates be set sufficient to cover the scheduled debt service.

Pledged Revenues

Electric. The Board has pledged future electric customer revenues, net of specified operating expenses, to repay \$32.76 million in electric utility system revenue refunding bonds issued in June 2021. Proceeds from the initial bonds provided financing for the construction of the Holland Energy Park. The bonds are payable solely from electric customer net revenues and are payable through 2023. Annual principal and interest payments on the bonds are expected to require less than 24% of net revenues. The total principal and interest paid for the current year and total customer net revenues were \$24,882 and \$35,511,140, respectively.

Wastewater. The Board has pledged future wastewater customer revenues, net of specified operating expenses, to repay \$9.50 million (50% of \$19 million) in Ottawa County sewage disposal bonds issued in April 2015. Proceeds from the bonds provided financing for the construction to the Holland area sewage disposal system. The bonds are payable solely from wastewater customer net revenues and are payable through 2035. Annual principal and interest payments on the bonds are expected to require less than 5% of net revenues. The total principal and interest paid for the current year and total customer net revenues were \$648,865 and \$2,725,947, respectively.

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

The Board has pledged future wastewater customer revenues, net of specified operating expenses, to repay \$24.0 million (\$30 million loan amount less \$6 million forgiveness) in Wastewater revenue bonds issued in September 2020. Proceeds from the bonds provided financing for an anaerobic digestion process and associated facilities and equipment to treat biosolids and utilize biogas. The bonds are payable solely from wastewater customer net revenues and are payable through 2043. Annual principal and interest payments on the bonds are expected to require less than 11% of net revenues. The total principal and interest paid for the current year and total customer net revenues were \$200,290 and \$2,725,947, respectively.

Water. The Board has pledged future water customer revenues, net of specified operating expenses, to repay \$5.00 million in water supply revenue refunding bonds issued in February 2021. Proceeds from the initial bonds provided financing for the construction for various water infrastructure projects. The bonds are payable solely from water customer net revenues and are payable through 2024. Annual principal and interest payments on the bonds are expected to require less than 12% of net revenues. The total principal and interest paid for the current year and total customer net revenues were \$12,201 and \$5,670,421, respectively.

The Board has pledged future water customer revenues, net of specified operating expenses, to repay \$15.335 million in Water supply system revenue bonds issued in March 2022. Proceeds from the bonds provided financing for transmission main projects. The bonds are payable solely from water customer net revenues and are payable through 2042. Annual principal and interest payments on the bonds are expected to require less than 9% of net revenues. The total principal and interest paid for the current year and total customer net revenues were \$602,653 and \$5,670,421, respectively.

The Board has pledged future water customer revenues, net of specified operating expenses, to repay \$5.94 million in drinking water program bonds issued in September 2011. Proceeds from the bonds provided financing for the construction of the Holland/Wyoming Interconnect. The bonds are payable solely from water customer net revenues and are payable through 2032. Annual principal and interest payments on the bonds are expected to require less than 2% of net revenues. The total principal and interest paid for the current year and total customer net revenues were \$377,840 and \$5,670,421, respectively.

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

Landfill Liability

State and federal laws and regulations require the Board to place a final cover on its fly ash and wastewater treatment bio solids landfill when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The Board has received a letter from the Department of Environment, Great Lakes and Energy (EGLE) acknowledging the landfill closed effective July 10, 2020. The remaining liability is for the estimated cost for postclosure care for the next 27 years.

The Board is required by state and federal laws and regulations to make annual contributions to a trust to finance closure and postclosure care. The Board is in compliance with these requirements. At June 30, 2023, the closure and postclosure costs have been assured by a \$100,000 letter of credit and \$18,913 held in trust.

Compensated Absences

The compensated absences liability attributable to the governmental activities will be liquidated by the General Fund, the Public Parking System, Principal Shopping District and CATV special revenue funds. As the balance of earned compensated absences at June 30, 2023 for the business-type activities is substantially equal to amounts estimated to be paid out for such balances during the next year, all compensated balances for business-type activities are believed to be due in one year.

9. LEASES

Lessee - The City is involved in one agreement as a lessee that qualifies as a long-term lease agreement. Below is a summary of the nature of this agreement. This agreement qualifies as an intangible, right-to-use asset and not a financed purchase, as the City will not own the asset at the end of the contract term and the noncancelable term of the agreement surpasses one year.

Asset Type	Remaining Term of Agreements
Equipment	42 months

The right-to-use asset and the related activity are included in Note 6, Capital Assets. The lease liability and related activity is presented in Note 8, Bonds, Notes and Other Long-term Liabilities.

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

The net present value of future minimum payments as of June 30, 2023, were as follows:

Year Ended June 30,	Principal	Interest
2024	\$ 27,269	\$ 2,071
2025	27,933	1,407
2026	28,614	726
2027	14,572	98
	<u>\$ 98,388</u>	<u>\$ 4,302</u>

10. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

The City is involved in an arrangement that qualifies as a long-term subscription-based information technology arrangement (SBITA). Below is a summary of the nature of this arrangement. This arrangement qualifies as an intangible, right-to-use subscription asset as the City has the control of the right to use another party's IT software and the noncancelable term of the arrangement surpasses one year. The present values are discounted using an interest rate of 2.41 percent based on the City's incremental borrowing rate.

Asset Type	Remaining Term of Arrangement
Subscription asset	42 months

The right-to-use subscription and the related activity are included in Note 6, Capital Assets. The subscription liability and related activity is presented in Note 8, Bonds, Notes and Other Long-term Liabilities.

The net present value of future minimum payments as of June 30, 2023, were as follows:

Year Ended June 30,	Principal	Interest
2024	\$ 20,187	\$ 1,533
2025	20,679	1,041
2026	21,183	537
2027	10,783	76
	<u>\$ 72,832</u>	<u>\$ 3,187</u>

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

11. LINES OF CREDIT

At the beginning of the fiscal year, HHT had available two \$100,000 lines of credit. One of the lines of credit has variable interest based on 0.50% plus lender's prime commercial rate (effective rate of 8.75% at June 30, 2023). The line expires on February 2, 2024 and is secured by HHT's assets. For the year ended June 30, 2023, interest expense on borrowings was \$5,736.

The other line of credit expired on June 17, 2023 and was not renewed. For the year ended June 30, 2023 interest expense on the borrowings was \$2,496.

	Beginning Balance	Additions	Deductions	Ending Balance
Total lines of credit	\$ 105,000	\$ 245,000	\$ (350,000)	\$ -

12. JOINT VENTURES

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

Under the joint venture, the Board has entered into Power Sales Contracts and Project Support Contracts. These contracts provide for the Board to purchase from MPPA 15.66% of the energy generated by MPPA's 18.61% ownership in Detroit Edison's Belle River, which became operational in August 1984, 26.35% of MPPA's 4.8% ownership in Consumers Energy's Campbell Unit No. 3, which became operational in September 1980, and 13.35% of PPA's 5.16% ownership in the AMP Fremont Energy Center (AFEC), which became operational in June 2012. The contracts required the Board to purchase approximately 38 and 11 megawatts of power, respectively, in 1995 and thereafter for the Belle River and Campbell projects. The contracts relating to the Fremont project requires the Board to purchase approximately 5 megawatts of power in 2013 and thereafter.

For the year ended June 30, 2023, the Board recognized expenses totaling \$1,142,113 under the terms of the contracts which represented \$389,984 for fixed operating costs, \$357,625 for debt service and \$394,504 for the purchase of power. Accounts payable to MPPA totaled net \$914,883 at June 30, 2023. Under the terms of its contracts, the Board must make minimum annual payments equal to its share of debt service and its share of the fixed operating costs of Consumers Energy's Campbell Unit No. 3 and AMP's Fremont Energy Center Project (AFEC). The estimated required payments presented below consider the dynamics of the PJM and MISO markets. Debt service payments assume no early calls or refinancing of existing revenue bonds.

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

A summary of future transactions with the MPPA is as follows:

Year Ended June 30,	Debt Service	Fixed Operating	Total
2024	\$ 358,135	\$ 426,411	\$ 784,546
2025	357,892	447,731	805,623
2026	357,576	470,118	827,694
2027	357,854	493,624	851,478
2028	357,380	518,305	875,685
2029-2032	1,431,153	2,345,657	3,776,810
	<u>\$ 3,219,990</u>	<u>\$ 4,701,846</u>	<u>\$ 7,921,836</u>

Debt service requirements for the Belle River project expired in 2018. Debt service requirements for the Campbell project expired in 2022. Debt service requirements for the Fremont project expire in 2032. At June 30, 2023, the total debt service for Fremont was \$3,219,990, ending June 30, 2032. The above amounts include estimated fixed operating costs for the same period as the debt service. The contracts for the Board's commitment for fixed operating costs to extend beyond these dates is dependent upon the use of the facilities. The joint venture is a result of an ongoing financial responsibility. The Board did not have an initial equity interest and does not participate in net income or losses.

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

13. INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2023, was as follows:

	Due from Other Funds							Total
	General Fund	Nonmajor Govern-mental Funds	Electric Utility	Wastewater Utility	Water Utility	Nonmajor Enterprise Funds	Internal Service Funds	
Due to other funds								
General Fund	\$ -	\$ -	\$ 143,922	\$ 436	\$ 10,829	\$ -	\$ -	\$ 155,187
American Rescue Plan Act	-	-	273,019	826	20,543	-	-	294,388
Nonmajor Governmental Funds	-	88,349	637,085	1,928	47,935	-	-	775,297
Electric Utility	3,457	211,962	-	-	-	100,602	29,123	345,144
Wastewater Utility	1,127	69,107	-	-	-	32,800	9,495	112,529
Water Utility	4,366	267,652	-	-	-	127,034	36,775	435,827
Nonmajor Enterprise Funds	-	5,907	22,430	68	1,688	-	-	30,093
Internal Service Funds	-	92,989	1,955	6	147	-	-	95,097
	<u>\$ 8,950</u>	<u>\$ 735,966</u>	<u>\$ 1,078,411</u>	<u>\$ 3,264</u>	<u>\$ 81,142</u>	<u>\$ 260,436</u>	<u>\$ 75,393</u>	<u>\$ 2,243,562</u>

These balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

For the year ended June 30, 2023, interfund transfers consisted of the following:

	Transfers in				Total
	General Fund	Nonmajor Govern-mental Funds	Nonmajor Enterprise Funds	Internal Service Funds	
Transfers out					
General Fund	\$ -	\$ 777,512	\$ 497,518	\$ -	\$ 1,275,030
Nonmajor Governmental Funds	39,094	4,129,092	-	100,000	4,268,186
Electric Utility	6,372,000	2,084,856	-	-	8,456,856
Internal Service Funds	-	598,439	-	-	598,439
	<u>\$ 6,411,094</u>	<u>\$ 7,589,899</u>	<u>\$ 497,518</u>	<u>\$ 100,000</u>	<u>\$ 14,598,511</u>

Transfers are used to move funds based on City Council resolutions or move revenues from the funds required to collect them to the funds required or allowed to expend them.

General Fund transfer to nonmajor government funds include funding for capital related projects and City matching share of grants. General Fund transfers to nonmajor enterprise funds represents funding for Civic Center Place operations. Nonmajor governmental funds transfers primarily consist of infrastructure projects financed by inter-fund transfers from several special revenue funds. Also included are transfers for General Fund contributions to support other fund operations. The Electric Utility fund transfer is authorized by City Charter and for the year ended June 30, 2023 is 6.25% of the average of the previous three year sales. Internal service funds transfers include allocation for capital expenditures.

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

14. NET INVESTMENT IN CAPITAL ASSETS

The composition of net investment in capital assets as of June 30, 2023, was as follows:

	Governmental Activities	Business-type Activities	Component Units
Capital assets:			
Land	\$ 16,507,356	\$ 29,539,972	\$ 20,000
Construction in progress	5,658,175	46,595,922	-
Capital assets being depreciated/amortized, net	131,929,081	390,163,605	864,949
	<u>154,094,612</u>	<u>466,299,499</u>	<u>884,949</u>
Related debt:			
Total installment liabilities	57,688,930	67,207,261	-
Less: bonds payable related to pension obligations	(20,120,662)	(4,624,338)	-
Net bond premium	1,180,064	1,109,278	-
Unspent bond proceeds	(17,025,379)	-	-
Retainage payable related to capital purchases	-	2,509,302	-
	<u>21,722,953</u>	<u>66,201,503</u>	<u>-</u>
Net investment in capital assets	<u><u>\$ 132,371,659</u></u>	<u><u>\$ 400,097,996</u></u>	<u><u>\$ 884,949</u></u>

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

15. FUND BALANCES - GOVERNMENTAL FUNDS

Detailed information on fund balances of governmental funds is as follows:

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable			
Prepaid items	\$ 44,617	\$ 35,695	\$ 80,312
Cemetery endowment corpus	-	2,447,847	2,447,847
	<u>44,617</u>	<u>2,483,542</u>	<u>2,528,159</u>
Restricted			
Street construction and maintenance	-	5,148,146	5,148,146
Cemetery maintenance and improvements	-	94,892	94,892
Parking system and maintenance	-	196,357	196,357
Downtown promotion	-	181,293	181,293
Grant and support programs	-	133,275	133,275
Specified donations	-	1,857,380	1,857,380
Assistance programs	-	378,635	378,635
Unspent bond proceeds - fire station construction	-	17,025,379	17,025,379
Debt service	-	1,513,151	1,513,151
	<u>-</u>	<u>26,528,508</u>	<u>26,528,508</u>
Committed			
Parking system and maintenance	-	92,062	92,062
Public access television	-	303,561	303,561
Grant and support programs	-	129	129
Capital improvements	-	10,326,768	10,326,768
Energy conservation	-	890,127	890,127
	<u>-</u>	<u>11,612,647</u>	<u>11,612,647</u>
Unassigned	<u>11,364,184</u>	<u>-</u>	<u>11,364,184</u>
Total fund balances - governmental funds	<u>\$ 11,408,801</u>	<u>\$ 40,624,697</u>	<u>\$ 52,033,498</u>

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

16. PENSION PLAN

General Information About the Plan

Plan Description. The City's defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The City participates in the Municipal Employees Retirement System (MERS) of Michigan. MERS is an agent multiple-employer, statewide public employee pension plan established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine member Retirement Board. MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained accessing the MERS website at www.mersofmich.com.

Benefits Provided. Pension benefits vary by division/bargaining unit and are calculated as final average compensation (based on a 5 year period) and multipliers ranging from 2.0 to 2.5%. Participants are considered to be fully vested in the plan after 10 years. Normal retirement age is 60 with early retirement at age 50 with 25 years of service, or age 55 with 25 years of service, depending on division/bargaining unit.

Employees Covered by Benefit Terms. At the December 31, 2022 valuation date, plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits	380
Inactive employees entitled to but not yet receiving benefits	45
Active employees	<u>117</u>
Total membership	<u><u>542</u></u>

Contributions. The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS Retirement Board. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. In addition, the employer may establish contribution rates to be paid by its covered employees.

Employer and employee contribution amounts or rates, by division/bargaining unit, were as follows for the year ended June 30, 2023:

Division/Bargaining Unit	Employer Contribution	Employee Contribution	Status
01 - Gen. NonUnion	\$37,752/month	3.00%	Closed
02 - Public Safety Command	\$11,666/month	3.00%	Closed
11 - PubWks Local 586	\$58,229/month	3.00%	Closed
13 - PubWks-NonUnion	\$24,338/month	3.00%	Closed
14 - Clerical	\$4,664/month	3.00%	Closed
20 - Police FOP	\$38,463/month	6.00%	Closed
50 - Fire Local 759	\$20,143/month	6.65%	Closed

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

Net Pension Liability. The City's net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.00% in the long-term
Investment rate of return	7.00%, net of investment and administrative expense including inflation

The base mortality tables used are constructed as described below and are based on are amount weighted sex distinct rates:

- Pre-retirement mortality based on 100% of Pub-2010 Juvenile Mortality Tables for ages 0-17, 100% of PubG-2010 Employee Mortality Tables for Ages 18-80, and 100% of PubG-2010 Healthy Retiree Tables for ages 81-120
- Non-disabled retired plan members and beneficiaries mortality based on 106% of Pub-2010 Juvenile Mortality Tables for ages 0-17, 106% of PubG-2010 Employee Mortality Tables for Ages 18-49, and 106% of PubG-2010 Healthy Retiree Tables for ages 50-120
- Disabled retired plan members mortality based on 100% of Pub-2010 Juvenile Mortality Tables for ages 0-17, and 100% of PubNS-2010 Disabled Retiree Tables for ages 18-120

The actuarial assumptions used in the December 31, 2022 valuation were based on the results of the most recent actuarial experience study of 2014-2018.

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

Long-term Expected Rate of Return. The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment and administrative expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Global equity	60.0%	4.50%	2.70%
Global fixed income	20.0%	2.00%	0.40%
Private investments	20.0%	7.00%	1.40%
	<u>100.0%</u>		
Inflation			2.50%
Administrative expenses netted above			<u>0.25%</u>
Investment rate of return			<u><u>7.25%</u></u>

Discount Rate. The discount rate used to measure the total pension liability as of December 31, 2022 was 7.25%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

Changes in Net Pension Liability

The components of the change in the net pension liability are summarized as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at December 31, 2021	\$ 157,165,510	\$ 151,372,029	\$ 5,793,481
Changes for the year:			
Service cost	1,154,127	-	1,154,127
Interest	11,066,663	-	11,066,663
Differences between expected and actual experience	825,135	-	825,135
Employer contributions	-	3,059,635	(3,059,635)
Employee contributions	-	581,756	(581,756)
Net investment loss	-	(16,667,528)	16,667,528
Benefit payments, including refunds of employee contributions	(10,197,887)	(10,197,887)	-
Administrative expense	-	(273,373)	273,373
Net changes	<u>2,848,038</u>	<u>(23,497,397)</u>	<u>26,345,435</u>
Balances at December 31, 2022	<u>\$ 160,013,548</u>	<u>\$ 127,874,632</u>	<u>\$ 32,138,916</u>

The statement of net position presents a net pension liability of \$19,531,371 and \$12,607,545 for governmental and business-type activities, respectively.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability of the City, calculated using the discount rate of 7.25%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1% lower (6.25%) or 1% higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate	1% Increase (8.25%)
Net pension liability	\$ 49,025,216	\$ 32,138,916	\$ 17,663,864

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Plan financial statements.

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended June 30, 2023, the City recognized pension expense of \$7,890,733. The City reported deferred outflows/inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 12,484,474	\$ -	\$ 12,484,474
Contributions subsequent to the measurement date	1,521,533	-	1,521,533
Total	\$ 14,006,007	\$ -	\$ 14,006,007

The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the year ending June 30, 2024. Other amounts reported as deferred outflows/inflows of resources related to the pension will be recognized in pension expense as follows:

Year Ended June 30,	Amount
2024	\$ 908,380
2025	2,244,650
2026	3,852,562
2027	5,478,882
Total	\$ 12,484,474

Payable to the Pension Plan. At June 30, 2023, the City reported a payable of \$220,868 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2023.

For the governmental activities, the net pension liability is generally liquidated by the General Fund.

Defined Contribution Pension Plan

The City participates in a defined contribution retirement plan which is administered by the MERS for nonbargaining employees. The defined contribution provisions of the plan require the City to contribute 6% to 8% of covered employee payroll and to match employee contributions up to 2%. The participants direct their investments under defined contribution provisions. The City contributed \$1,702,916 and employees contributed \$515,567 to the defined contribution plan for the year ended June 30, 2023.

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

Deferred Compensation Plan

The City offers a supplemental retirement program in accordance with Section 457 of the Internal Revenue Code (IRC) that will provide for payments on retirement, as well as death benefits in the event of death prior to retirement. The Plan assets are held in trust for the exclusive benefit of participants and their beneficiaries. As such, these amounts have not been included in the financial statements. The City contributed \$0 and employees contributed \$415,529 to the defined compensation plan.

17. OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN

Plan Description. The City of Holland Retiree Healthcare Plan (the "OPEB Plan"), is a single-employer defined benefit healthcare plan administered by the City. The OPEB Plan provides 100% of health insurance benefits to eligible retirees and their dependents. The benefit is provided upon the employee attaining 50 or 55 years of age, depending on employment contract, and 25 years of service to the City or 60 years of age and 10 years of service. The coverage is maintained until the employee is eligible for federal Medicare coverage at age 65. Stand-alone financial statements are not issued for the OPEB Plan.

Management of the OPEB Plan is vested with the City Council.

Effective May 13, 2020, the City adopted the Michigan Municipal Employees' Retirement System (MERS) Retiree Health Funding Vehicle to fund the obligation. The MERS Retiree Health Funding Vehicle became operational in the fall of 2004, and was made available to all municipalities in Michigan. Participating municipalities can contribute monies to the Trust as desired and no contribution method is imposed. These funds constitute a health care fund, which enable municipalities to accumulate monies to provide or subsidize health benefits for retirees and beneficiaries as defined by Code Section 213. The Retiree Health Funding Vehicle accounts are invested in the MERS portfolio choices and earnings are tax exempt as a result of the MERS Private Letter Ruling. Plan provisions and requirements are specified in the MERS Health Care Savings Program and Retiree Health Funding Vehicle Plan Document and Trust.

Benefits Provided. The City Council has the authority to establish or amend benefit terms, to determine the types of benefits provided through the OPEB Plan, and to determine the classes of plan members covered. The City provides a monthly subsidy payment for the retiree health insurance premium charged by the City's Health and Dental Insurance Fund for single or two-person coverage, depending on employment contract. No subsidy payment is made if the retiree can obtain no cost coverage through other employment or through a spouse's employment. However, retired employees who are eligible to receive hospital, surgical and medical coverage from another employer sponsored plan may request reimbursement for any premium cost up to the maximum amounts.

Contributions. OPEB Plan members are not required to contribute to the OPEB Plan. The contribution requirements are established and may be amended by the City Council. The required contribution is based on projected pay-as-you go financing requirements, with an additional amount to prefund benefits as determined annually by the City.

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

Plan Membership. At June 30, 2022, the date of the most recent actuarial valuation, OPEB Plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefit payments	18
Active plan members	<u>262</u>
Total membership	<u><u>280</u></u>

Net OPEB Liability. The City's net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2022, rolled forward to the measurement date of June 30, 2023.

Actuarial Assumptions. The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5%
Salary increases	2.0%
Investment rate of return	7.0%
Healthcare cost trend rate	7.25% trending to 4.5%
Utilization	85% of eligible employees will elect coverage at early retirement; actual coverage used for non-active
Mortality	Public General 2010 Employee and Healthy Retiree, Headcount weighted, MP-2021

Investment Policy. The OPEB Plan's policy in regard to the allocation of invested assets is established and may be amended by the City Council. The investment policy has been formulated based on consideration of a wide range of policies and describes the prudent investment process that the City Council deems appropriate. The OPEB Plan's asset allocation policy as of June 30, 2023 is summarized in the table below.

Rate of Return. For the year ended June 30, 2023, the actual annual money-weighted rate of return on investments, net of investment expense, was 7.47 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

Long-term Expected Rate of Return. The long-term expected rate of return on OPEB Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of retirement plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Global equity	60.0%	4.50%	2.70%
Global fixed income	20.0%	2.00%	0.40%
Private investments	20.0%	7.00%	1.40%
	<u>100.0%</u>		
Inflation			<u>2.50%</u>
Investment rate of return			<u><u>7.00%</u></u>

Discount Rate – City. The discount rate used to measure the total OPEB liability for the portion of the net OPEB liability allocated to funds of the City other than the Holland Board of Public Works as of June 30, 2023 was 4.13%. Because this portion of the net OPEB liability does not have a dedicated trust, there are no assets projected to be sufficient to make projected future benefit payments of current plan members. Projected benefits were discounted at a discount rate reflecting a 20-year AA/Aa tax-exempt municipal bond yield. A single equivalent discount rate that yields the same present value of benefits is calculated. This discount rate is used to determine the total OPEB liability.

Discount Rate – Board of Public Works. In connection with the amount of the net OPEB liability allocated to the Holland Board of Public Works, the discount rate used to measure the total OPEB liability as of June 30, 2023 was 7.00%. The projection of cash flows used to determine the discount rate assumes that the Board will fully fund the OPEB Plan by contributing the actuarially determined contribution. Based on these assumptions, the OPEB Plan’s fiduciary net position was projected to be available to pay all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB Plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

Changes in the Net OPEB Liability

The components of the change in the net OPEB liability are summarized as follows:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2022	\$ 3,844,083	\$ 384,195	\$ 3,459,888
Changes for the year:			
Service cost	113,548	-	113,548
Interest	175,885	-	175,885
Differences between expected and actual experience	56,955	-	56,955
Changes in assumptions	29,175	-	29,175
Employer contributions	-	116,472	(116,472)
Contributions/benefit from general operating funds	-	177,038	(177,038)
Net investment income	-	28,631	(28,631)
Benefit payments, including refunds of employee contributions	(177,038)	(177,038)	-
Administrative expense	-	(725)	725
Net changes	<u>198,525</u>	<u>144,378</u>	<u>54,147</u>
Balances at June 30, 2023	<u>\$ 4,042,608</u>	<u>\$ 528,573</u>	<u>\$ 3,514,035</u>

The statement of net position presents a net OPEB liability of \$3,442,025 and \$72,010 for governmental and business-type activities, respectively.

Changes in Assumptions. Amounts reported as changes in assumptions resulted from a increase in the discount rate from 4.09% to 4.13% (City rate) and medical trend updates.

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate. The following presents the net OPEB liability of the City, calculated using the discount rate of 4.13% for the City and 7.00% for the Board of Public Works, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1% lower (3.13% / 6.00%) or 1% higher (5.13% / 8.00%) than the current rate:

	1% Decrease (3.13% / 6.00%)	Current Discount Rate (4.13% / 7.00%)	1% Increase (5.13% / 8.00%)
Net OPEB liability	\$ 3,863,149	\$ 3,514,035	\$ 3,194,691

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following presents the net OPEB liability of the City, calculated using the healthcare cost trend rate of 7.25% trending to 4.5%, as well as what the City's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1% lower (6.25% trending to 3.5%) or 1% higher (8.25% trending to 5.5%) than the current rate:

	1% Decrease (6.25% trending to 3.5%)	Current Healthcare Cost Trend Rate (7.25% trending to 4.5%)	1% Increase (8.25% trending to 5.5%)
Net OPEB liability	\$ 3,272,291	\$ 3,514,035	\$ 3,799,436

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended June 30, 2023, the City recognized OPEB expense of \$(23,901). The City reported deferred outflows/inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Differences between expected and actual experience	\$ 258,517	\$ 1,917,080	\$ (1,658,563)
Changes of assumptions	347,824	909,181	(561,357)
Net difference between projected and actual earnings on OPEB plan investments	-	9,399	(9,399)
Total	\$ 606,341	\$ 2,835,660	\$ (2,229,319)

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

Amounts reported as deferred outflows/inflows of resources related to the OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	Amount
2024	\$ (310,007)
2025	(310,005)
2026	(304,350)
2027	(312,633)
2028	(307,712)
Thereafter	<u>(684,612)</u>
Total	<u>\$ (2,229,319)</u>

Payable to the OPEB Plan. At June 30, 2023, the City had a \$116,472 payable for contributions to the OPEB plan.

For the governmental activities, the total OPEB liability is generally liquidated by the General Fund.

18. CONTINGENT LIABILITIES

Management of the City is of the opinion that the outcome of legal actions will not have a material effect on the financial position of the City and, therefore, has not reflected loss reserves in the financial statements.

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

19. RISK MANAGEMENT

The City estimates the liability for the partially self-funded insurance claims that have been incurred through the end of the fiscal year, including both those claims that have been reported as well as those that have not yet been reported. These estimates are recorded in Internal Service Funds. Changes in the estimated liability for the past two fiscal years were as follows:

	Health and Dental	Vehicle Insurance	Property and Liability	Workers' Compensation	Income Protection	Total
Estimated liability, June 30, 2021	\$ 232,919	\$ -	\$ 425	\$ -	\$ -	\$ 233,344
Estimated claims incurred	5,660,199	60,868	236,867	-	45,827	6,003,761
Claim payments	(5,774,240)	(60,868)	(237,292)	-	(45,827)	(6,118,227)
Estimated liability, June 30, 2022	118,878	-	-	-	-	118,878
Estimated claims incurred	7,119,813	166,526	83,993	-	90,863	7,461,195
Claim payments	(7,039,701)	(166,526)	(83,993)	-	(88,780)	(7,379,000)
Estimated liability, June 30, 2023	\$ 198,990	\$ -	\$ -	\$ -	\$ 2,083	\$ 201,073

The City has in place a risk management program that encompasses annual retention levels, depending upon the specific coverage. Employee health and dental coverage assumes risk up to \$130,000 for each contract. Vehicle liability insurance provides first-dollar coverage on all claims. The City assumes total unlimited risk for damage to its vehicles, except fire vehicles, with small deductibles for damages. Damages to all other forms of property are established with a \$250,000 deductible per incident. Retentions for general and public liability risks are currently \$250,000 per incident.

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

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

The City's amount of settlements did not exceed insured coverage for fiscal year ended June 30, 2023, but the settlements did exceed insured coverage for the fiscal years ended June 30, 2022 and 2021.

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

20. COMMITMENTS

At June 30, 2023, the City had the following outstanding commitments:

- \$23,414,000 for road construction and related infrastructure projects
- \$19,131,000 for various electric utility projects
- \$4,119,000 for various water utility projects
- \$6,951,000 for various wastewater utility projects

21. TAX ABATEMENTS

The City has offered tax incentives and abatements to create jobs, stimulate investment, provide affordable housing, rehabilitate existing residential, commercial and industrial properties, clean up environmentally contaminated properties, redevelop functionally obsolete properties, encourage high tech innovation, and enhance economic growth in the region.

The seven tax incentive programs provided by the City as of December 31, 2022, and the amount of taxes abated for each of the programs for the year ended June 30, 2023 were as follows:

Industrial Facility Tax Exemption (IFT)	\$ 320,239
Payment in Lieu of Taxes (PILOT)	190,483
New Personal Property Exemption	5,780
Commercial Rehabilitation Act	5,562
Michigan Renaissance Zone	382,316
Neighborhood Enterprise Zone Act (NEZ)	105,577
Brownfield Redevelopment Financing Act	<u>669,720</u>
	<u>\$ 1,679,677</u>

City Council's Incentive Criteria For Decision Making

Individual projects are evaluated with consideration of impact on existing city infrastructure (roads, storm systems/drainage, water/sewer, and public safety) and possible need for increased capacity, environmental impact, impact on the local economy, the quality of jobs created/retained including income levels, the level and type of investment, redevelopment of blighted or contaminated property, need for affordable housing and more. Some projects are approved in partnership with State of Michigan and in collaboration with a regional economic development organization called Lakeshore Advantage. Agreements are signed with developers that outline expectations of all parties, including claw back provisions.

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

22. REGULATORY ACCOUNTING

The Board has established various regulatory assets and credits that result in differences between the recognition of revenues and expenses for ratemaking purposes, as described above. These actions result in regulatory assets and credits (deferred inflow of resources), which are summarized below. Changes to these balances, and their inclusion in rates, occur only at the direction of the Board. A summary of the balances of regulatory assets and credits as of June 30, 2023 is as follows:

	Electric Utility	Wastewater Utility	Water Utility	Total
Regulatory Assets				
Gas Pipeline Inspection	\$ 457,345	\$ -	\$ -	\$ 457,345
Regulatory Credits				
Contributions in aid of construction:				
Biosolids Improvement	\$ -	\$ 6,140,940	\$ -	\$ 6,140,940
Vista Green Housing	-	224,356	336,531	560,887
Anaerobic Digester	-	15,031,661	-	15,031,661
NSA Equipment Replacement	-	2,884,893	-	2,884,893
Grant contributions:				
Anaerobic Digester	-	2,799,911	-	2,799,911
Interconnect	-	-	438,159	438,159
Holland Fiber	418,011	-	-	418,011
	<u>\$ 418,011</u>	<u>\$ 27,081,761</u>	<u>\$ 774,690</u>	<u>\$ 28,274,462</u>

Regulatory Assets - Regulatory Cost for Future Recovery

Holland Energy Park Natural Gas Pipeline Inspection - \$541,095 was expended in fiscal year 2022 to inspect the natural gas pipeline serving the Holland Energy Park. These inspections are required every 7 years. The regulatory asset established for these costs will be amortized over 84 months beginning June 2022 and charged to gas pipeline operations and maintenance expense. Amortization expense for the year ended June 30, 2023 related to these regulatory assets was \$77,298.

Regulatory Credits - Deferred Inflows of Resources

Electric Grant

Holland Fiber – The City of Holland is making American Rescue Plan funds available to provide partial funding for materials related to build-out of the fiber network. The project began ramping up in fiscal year 2023, during which \$418,011 was received. Amortization of the regulatory credit will begin at the time the fiber project is placed in service and will be recognized as an offset to depreciation expense.

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

Wastewater Contributions in Aid of Construction (CAIC)

Biosolids Improvement Project – This asset was placed in service in April 2018 at a cost of \$21,609,872. The Northern Service Area contributed \$9,447,600 toward the project, recognized as contributed capital (CAIC) in the fiscal years received. The Board will amortize this credit over the life of the asset, recognizing the revenue as an offset to depreciation expense.

Vista Green Housing Project – Developer contributed wastewater infrastructure assets valued at \$228,000 during fiscal year 2023. The regulatory credit is amortized over the life of the assets as an offset to depreciation expense.

Anaerobic Digester – Construction started in fiscal year 2021 with completion expected in fiscal year 2024. Contributed capital (CAIC) toward the project from the Northern Service Area of \$10,503,634 received from the Northern Service Area through the end of fiscal year 2022 and \$4,528,027 was received in fiscal year 2023. Additional contributions will be recognized as regulatory credits as construction continues. Amortization of the regulatory credit will begin at the time the digester is placed in service and will be recognized as revenue over the life of the asset as an offset to depreciation expense.

NSA Equipment Replacement Fund Contributions – Pursuant to an agreement between the Northern Service Area (NSA) and the Board, the NSA makes annual payments to the Board to be used for the acquisition of new or replacement capital equipment. As the funds are expended, they will be recognized as contributed capital on the Statement of Revenues, Expenses, and Changes in Net Position.

The NSA, comprised of all of Holland and Park Townships located north of Lake Macatawa and the Macatawa River (excluding those areas of Holland Township located within the City of Zeeland Waste Water Treatment Plant service area) has contracted for a 50% capacity interest in the Board's wastewater reclamation facility.

Wastewater Grant

Anaerobic Digester – A loan from the Clean Water State Revolving Fund (CWSRF) was used to finance \$30,000,000 of the estimated \$33,525,000 in project costs for the digester. The project also qualified for a grant, in the form of debt principal forgiveness, under the CWSRF Green Project Reserve. The total grant award is \$6,000,000 (20% of the CWSRF loan). The Board allocates 50% of grant income to the NSA due to its capacity interest. Additional loan forgiveness under the grant will be recognized as regulatory credits as future loan draws are made. Amortization of the regulatory credit will begin at the time the digester is placed in service and will be recognized as revenue over the life of the asset as an offset to depreciation expense.

Water Contributions in Aid of Construction (CAIC)

Vista Green Housing Project – Developer contributed wastewater infrastructure assets valued at \$342,000 during fiscal year 2023. The regulatory credit is amortized over the life of the assets as an offset to depreciation expense.

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

Water Grant

Wyoming Water Interconnect Project – Financial assistance from the CWSRF was used to finance \$6,638,648 of project costs for the Interconnect. The project also qualified for a grant, in the form of debt principal forgiveness, under the CWSRF Green Project Reserve. The grant amount was \$995,797 (15% of the CWSRF loan). The Board has a 50% interest in the project, and recognized \$497,899 as grant income in fiscal year 2017. The Board will amortize this credit over the life of the asset recognizing the revenue as an offset to depreciation expense.

23. BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

Michigan Compiled Laws, Section 128.4, authorizes the municipality to establish and maintain an irrevocable endowment and perpetual care fund as a component fund within a community foundation by entering into an irrevocable agreement with the community foundation. The amounts deposited are required to be held in perpetuity by the community foundation except that the community foundation shall annually authorize two distributions of interest and other earnings to the municipality for care and maintenance of the cemetery.

The City has established the City of Holland Cemetery Perpetual Care Fund with the Holland/Zeeland Area Community Foundation (Foundation) identifying itself as the beneficiary of the Fund. The Foundation maintains variance power and legal ownership of such funds and, as such, continues to report the funds as assets of the Foundation, with a corresponding liability, agency endowment fund.

The City of Holland Cemetery Perpetual Care Fund was established by the City to provide support to the City for the ongoing care and maintenance of the cemeteries managed by the City. The investments held at the Foundation, which were contributed by the City along with the earnings on these investments, are reported at fair value as assets of the City. Changes in fair value and earnings on beneficial interest in assets held by others are recognized in the period in which they occur.

The Foundation invests the contributions to the fund in various types of marketable equity and debt securities, U.S. Treasuries, commercial paper, and certificates of deposit. The majority of these deposits are uninsured and uncollateralized.

A summary of changes in the assets at fair value of the City of Holland Cemetery Perpetual Care Fund for the year ended June 30, 2023 are as follows:

Balance, beginning of year	\$ 2,066,302
Interest and dividends	29,279
Realized gains	28,555
Unrealized gains	110,427
Administrative fees	<u>(18,578)</u>
Balance, end of year	<u>\$ 2,215,985</u>

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

The Foundation has authority to exercise its variance power to modify any restriction or condition on the distribution of funds from the City of Holland Cemetery Perpetual Care Fund for any specified charitable purpose or to any specified organization if, in the sole judgment of the Foundation's Board of Trustees, the restriction or donation becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the area that the Foundation serves.

Beneficial interest in assets held by others in the amount of \$2,215,985 are valued based on the City's allocable share of the Holland/Zeeland Area Community Foundation pooled investment portfolio applied to the total fair value of the portfolio. Fair value measurements of underlying investments held by the Foundation are based upon quoted market prices unless the facts and circumstances indicate that the fair value would be different from the present value of estimated future distributions. The underlying assets cannot be liquidated or redeemed by the City. As such, no quoted prices or active markets are available for this asset (Level 3). As a practical expedient, the carrying value of this asset is equal to the fair value of the underlying assets held by the Foundation. The Foundation controls the investments and makes all management and investment decisions.

24. OPIOID SETTLEMENT

The City is part of a \$21 billion nationwide settlement reached in July 2021 to resolve all Opioids litigation brought by states and local political subdivisions against the three largest pharmaceutical distributors: McKesson, Cardinal Health, and AmerisourceBergen (Distributors), and a \$5 billion nationwide settlement with manufacturer Janssen Pharmaceuticals, Inc. and its parent company Johnson & Johnson (Janssen). The term of the settlement varies by entity; however, the City expects to receive eighteen (18) installments from the Distributors with the first two installments being paid early in 2023 in the amount of \$14,412 and the remaining 16 installments expected to be made annually beginning in 2024. Additionally, the City expects to receive eleven (11) installments from Janssen with the first five installments being paid early in 2023 in the amount of \$42,761 and the remaining installments expected to be made annually beginning in 2026. The City is currently allocated approximately 0.0956% of the total State of Michigan local unit settlement and the total amount of the settlement is expected to be \$248,543 and \$57,127 from the Distributors and Janssen, respectively.

As a result of the payment terms issued to the Directing Administrator of the National Opioid Settlements, the receivable for the Distributor and Janssen settlement agreements was recorded at the net present value, using a discount rate for payments to be received subsequent to 2023 of 3%. The net present value of the combined settlement payments to be received as of June 30, 2023 is \$191,114.

Additional settlements with pharmacies and manufacturers were entered into during 2022 and 2023, including CVS, Walgreens, Walmart, Allergan and Teva. However, as of June 30, 2023, the amounts to be allocated to and collected by the City were not able to be determined, and as such, no amounts have been reported related to these settlements in the financial statements.

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

25. SUBSEQUENT EVENT

In October 2023, the City issued 2023 general obligation bonds in the amount of \$17,535,000 for enhancements for broadband construction. The bonds bear interest at 5% and are payable through May 1, 2043.



REQUIRED SUPPLEMENTARY INFORMATION

CITY OF HOLLAND, MICHIGAN

Required Supplementary Information

MERS Agent Multiple-Employer Defined Benefit Pension Plan

Schedule of Changes in the City's Net Pension Liability and Related Ratios

	Year Ended June 30,			
	2023	2022	2021	2020
Total pension liability				
Service cost	\$ 1,154,127	\$ 1,077,831	\$ 1,213,447	\$ 1,318,778
Interest	11,066,663	10,970,359	10,630,795	10,591,696
Changes in benefit terms	-	-	-	-
Differences between expected and actual experience	825,135	974,146	(1,212,317)	414,602
Changes of assumptions	-	5,294,071	3,608,442	4,468,033
Benefit payments, including refunds of employee contributions	(10,197,887)	(9,917,610)	(9,491,615)	(9,023,916)
Net change in total pension liability	<u>2,848,038</u>	<u>8,398,797</u>	<u>4,748,752</u>	<u>7,769,193</u>
Total pension liability, beginning of year	<u>157,165,510</u>	<u>148,766,713</u>	<u>144,017,961</u>	<u>136,248,768</u>
Total pension liability, end of year	<u>160,013,548</u>	<u>157,165,510</u>	<u>148,766,713</u>	<u>144,017,961</u>
Plan fiduciary net position				
Employer contributions	3,059,635	2,754,448	2,581,911	1,852,924
Employee contributions	581,756	558,437	492,738	764,175
Net investment income (loss)	(16,667,528)	18,489,966	17,575,093	15,974,927
Benefit payments, including refunds of employee contributions	(10,197,887)	(9,917,610)	(9,491,615)	(9,023,916)
Administrative expense	(273,373)	(219,566)	(255,384)	(275,124)
Net change in plan fiduciary net position	<u>(23,497,397)</u>	<u>11,665,675</u>	<u>10,902,743</u>	<u>9,292,986</u>
Plan fiduciary net position, beginning of year	<u>151,372,029</u>	<u>139,706,354</u>	<u>128,803,611</u>	<u>119,510,625</u>
Plan fiduciary net position, end of year	<u>127,874,632</u>	<u>151,372,029</u>	<u>139,706,354</u>	<u>128,803,611</u>
City's net pension liability	<u>\$ 32,138,916</u>	<u>\$ 5,793,481</u>	<u>\$ 9,060,359</u>	<u>\$ 15,214,350</u>
Plan fiduciary net position as a percentage of total pension liability	79.9%	96.3%	93.9%	89.4%
Covered payroll	\$ 10,196,261	\$ 10,398,594	\$ 10,642,964	\$ 11,549,838
City's net pension liability as a percentage of covered payroll	315.2%	55.7%	85.1%	131.7%

See notes to required supplementary information.



Year Ended June 30,				
2019	2018	2017	2016	2015
\$ 1,333,190	\$ 1,403,351	\$ 1,422,305	\$ 1,395,000	\$ 1,451,999
10,403,124	10,216,997	10,095,787	9,806,547	9,570,281
7,165	27,530	-	(35,121)	-
(559,110)	(767,736)	(1,674,442)	(1,624,003)	-
-	-	-	6,009,942	-
<u>(8,616,101)</u>	<u>(8,420,858)</u>	<u>(8,217,231)</u>	<u>(8,254,623)</u>	<u>(8,005,271)</u>
2,568,268	2,459,284	1,626,419	7,297,742	3,017,009
<u>133,680,500</u>	<u>131,221,216</u>	<u>129,594,797</u>	<u>122,297,055</u>	<u>119,280,046</u>
<u>136,248,768</u>	<u>133,680,500</u>	<u>131,221,216</u>	<u>129,594,797</u>	<u>122,297,055</u>
21,016,269	1,924,547	3,033,757	28,953,539	3,989,428
603,517	680,007	667,112	592,609	543,411
(5,051,853)	13,521,596	11,009,981	(1,046,066)	4,785,679
(8,616,101)	(8,420,858)	(8,217,231)	(8,254,623)	(8,005,271)
<u>(246,616)</u>	<u>(214,540)</u>	<u>(217,181)</u>	<u>(172,535)</u>	<u>(175,174)</u>
7,705,216	7,490,752	6,276,438	20,072,924	1,138,073
<u>111,805,409</u>	<u>104,314,657</u>	<u>98,038,219</u>	<u>77,965,295</u>	<u>76,827,222</u>
<u>119,510,625</u>	<u>111,805,409</u>	<u>104,314,657</u>	<u>98,038,219</u>	<u>77,965,295</u>
<u>\$ 16,738,143</u>	<u>\$ 21,875,091</u>	<u>\$ 26,906,559</u>	<u>\$ 31,556,578</u>	<u>\$ 44,331,760</u>

87.7% 83.6% 79.5% 75.6% 63.8%

\$ 11,648,336 \$ 12,718,509 \$ 12,389,202 \$ 12,891,251 \$ 13,451,949

143.7% 172.0% 217.2% 244.8% 329.6%

CITY OF HOLLAND, MICHIGAN

Required Supplementary Information

MERS Agent Multiple-Employer Defined Benefit Pension Plan
 Schedule of Contributions

Fiscal Year Ended June 30,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess	Covered Payroll	Contributions as Percentage of Covered Payroll
2023	\$ 2,343,060	\$ 2,693,060	\$ 350,000	\$ 10,548,420	25.5%
2022	2,792,397	3,292,397	500,000	10,668,955	30.9%
2021	2,100,312	2,400,312	300,000	11,052,938	21.7%
2020	1,443,603	2,253,603	810,000	11,773,698	19.1%
2019	1,260,941	1,760,941	500,000	12,121,532	14.5%
2018	1,578,501	21,411,336	19,832,835	11,844,334	180.8%
2017	1,789,641	1,789,641	-	12,668,001	14.1%
2016	2,993,524	29,100,495	26,106,971	13,542,326	214.9%
2015	4,060,347	4,060,347	-	13,157,543	30.9%

See notes to required supplementary information.

CITY OF HOLLAND, MICHIGAN

Required Supplementary Information

Other Postemployment Benefits Plan

Schedule of Changes in the City's Net OPEB Liability and Related Ratios

	Year Ended June 30,					
	2023	2022	2021	2020	2019	2018
Total OPEB liability						
Service cost	\$ 113,548	\$ 191,749	\$ 200,343	\$ 230,274	\$ 235,620	\$ 255,182
Interest	175,885	148,007	142,627	171,123	164,726	177,821
Differences between expected and actual experience	56,955	(1,134,546)	(140,437)	(1,088,406)	(57,067)	39,706
Changes of assumptions	29,175	(559,330)	(120,737)	453,601	-	(684,747)
Benefit payments, including refunds of employee contributions	(177,038)	(32,937)	(24,502)	(133,175)	(116,165)	(293,674)
Net change in total OPEB liability	<u>198,525</u>	<u>(1,387,057)</u>	<u>57,294</u>	<u>(366,583)</u>	<u>227,114</u>	<u>(505,712)</u>
Total OPEB liability, beginning of year	<u>3,844,083</u>	<u>5,231,140</u>	<u>5,173,846</u>	<u>5,540,429</u>	<u>5,313,315</u>	<u>5,819,027</u>
Total OPEB liability, end of year	<u>4,042,608</u>	<u>3,844,083</u>	<u>5,231,140</u>	<u>5,173,846</u>	<u>5,540,429</u>	<u>5,313,315</u>
Plan fiduciary net position						
Employer contributions	116,472	119,881	270,382	-	-	-
Contributions/benefit from general operating funds	177,038	32,937	24,502	-	-	-
Net investment income (loss)	28,631	(37,000)	31,855	-	-	-
Benefit payments, including refunds of employee contributions	(177,038)	(32,937)	(24,502)	-	-	-
Administrative expense	(725)	(654)	(269)	-	-	-
Net change in plan fiduciary net position	<u>144,378</u>	<u>82,227</u>	<u>301,968</u>	<u>-</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position, beginning of year	<u>384,195</u>	<u>301,968</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position, end of year	<u>528,573</u>	<u>384,195</u>	<u>301,968</u>	<u>-</u>	<u>-</u>	<u>-</u>
City's net OPEB liability	<u>\$ 3,514,035</u>	<u>\$ 3,459,888</u>	<u>\$ 4,929,172</u>	<u>\$ 5,173,846</u>	<u>\$ 5,540,429</u>	<u>\$ 5,313,315</u>
Plan fiduciary net position as a percentage of total pension liability	13.1%	10.0%	5.8%	0.0%	0.0%	0.0%
Covered payroll	\$ 23,056,949	\$ 22,453,714	\$ 22,181,457	\$ 21,879,905	\$ 24,991,574	\$ 23,993,330
City's net OPEB liability as a percentage of covered payroll	15.2%	15.4%	23.6%	23.6%	22.2%	22.1%

See notes to required supplementary information.

CITY OF HOLLAND, MICHIGAN

Required Supplementary Information

Other Postemployment Benefits Plan Schedule of Contributions

Fiscal Year Ending June 30,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution (Deficiency) Excess	Covered Payroll	Contributions as Percentage of Covered Payroll
2023	\$ 585,566	\$ 293,510	\$ (292,056)	\$ 23,056,949	1.3%
2022	754,877	152,818	(602,059)	22,453,714	0.7%
2021	714,954	294,884	(420,070)	22,181,457	1.3%
2020	702,308	-	(702,308)	21,879,905	0.0%
2019	658,867	-	(658,867)	24,991,574	0.0%
2018	699,655	-	(699,655)	23,993,330	0.0%

For the year ended June 30, 2023, the actuarially determined contribution for the Holland Board of Public Works was \$46,472 and for the remaining funds of the City \$539,094. Contributions in relation to the actuarially determined contribution for the Holland Board of Public Works were \$132,111 and for the remaining funds of the City \$161,399.

See notes to required supplementary information.

CITY OF HOLLAND, MICHIGAN

Required Supplementary Information

Other Postemployment Benefits Plan
Schedule of Investment Returns

Fiscal Year Ending June 30,	Annual Money- Weighted Rate of Return, Net of Investment Expense
2023	7.47%
2022	-8.23%
2021	23.37%
2020	N/A
2019	N/A
2018	N/A

See notes to required supplementary information.

CITY OF HOLLAND, MICHIGAN

Notes to Required Supplementary Information

Mortality

- Pre-retirement mortality based on 100% of Pub-2010 Juvenile Mortality Tables for ages 0-17, 100% of PubG-2010 Employee Mortality Tables for Ages 18-80, and 100% of PubG-2010 Healthy Retiree Tables for ages 81-120
- Non-disabled retired plan members and beneficiaries mortality based on 106% of Pub-2010 Juvenile Mortality Tables for ages 0-17, 106% of PubG-2010 Employee Mortality Tables for Ages 18-49, and 106% of PubG-2010 Healthy Retiree Tables for ages 50-120
- Disabled retired plan members mortality based on 100% of Pub-2010 Juvenile Mortality Tables for ages 0-17, and 100% of PubNS-2010 Disabled Retiree Tables for ages 18-120

Other Postemployment Benefits Plan

Notes to the Schedule of Changes in the City's Net OPEB Liability and Related Ratios

GASB 75 was implemented in fiscal year 2018. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

The OPEB Plan's trust fund was initially funded during the year ended June 30, 2021.

Changes in Assumptions. Changes in assumptions for the June 30, 2018 actuarial valuation include mortality updated to 2018 IRC rates for all groups, discount rate lowered to 3.0% to reflect current municipal bond rates, and medical trend rates were reset starting at 8.0% in 2019.

Changes in assumptions for the June 30, 2020 actuarial valuation include mortality updated to Public employer tables, discount rate lowered from 3.0% to 2.66% to reflect current municipal bond rates, and medical trend rates were changed to 5.0%. Because premiums are set and fully phased in such that pre-65 costs for those groups are expected to be fully covered by the amount charged, no subsidy beyond the stipend was valued for these groups.

Changes in assumptions for the June 30, 2021 actuarial valuation resulted from changes in the discount rate, and mortality rates and medical trends updated.

Changes in assumptions for the June 30, 2022 actuarial valuation resulted from a decrease in the discount rate from 7.35% to 7.00%, and the mortality improvement scale updated from MP-2020 to MP-2021.

Changes in assumptions for the June 30, 2023 actuarial valuation resulted from an increase in the discount rate from 4.09% to 4.13% (City rate), and medical trends updated.

CITY OF HOLLAND, MICHIGAN

Notes to Required Supplementary Information

Notes to Schedule of Contributions

GASB 75 was implemented in fiscal year 2018. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

Valuation Date June 30, 2022

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-age normal
Amortization method	Level percent of payroll, open
Remaining amortization period	10 years
Asset valuation method	Market value of assets
Inflation	2.5%
Salary increases	2.0%
Investment rate of return	7.00%, including inflation
Mortality	Public General 2010 Employee and Healthy Retiree, Headcount weighted, MP-2021
Healthcare cost trend rates	7.25% graded down by 0.25% per year to an ultimate rate of 4.50%

Notes to the Schedule of Investment Returns

GASB 75 was implemented in fiscal year 2018. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

The OPEB Plan's trust fund was initially funded during the year ended June 30, 2021.

**COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES**

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CITY OF HOLLAND, MICHIGAN

General Fund

The General Fund is a governmental fund, and represents the basic and primary operating fund of general government operations. This fund records financial resources used for day-to-day general government service activities, such as City administration, public safety, public works, community & neighborhood services, parks and recreation, cemeteries, etc. Certain activities, programs and projects are financed and recorded in other funds, in accordance with legal restrictions and by Governmental Accounting Standards Board (GASB) requirements.

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

Although not a fixed rule, an attempt is made – through the annual budgeting process – to maintain the fund balance within a 15% to 20% range of the ensuing year's adopted budget appropriation for this fund. This is in addition to the balance in the Budget Stabilization Fund denoted below.

Budget Stabilization (Rainy Day) Fund

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

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

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

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

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

CITY OF HOLLAND, MICHIGAN

Combining Balance Sheet

General Fund - By Activity
June 30, 2023

	General	Budget Stabilization	Total General Fund
Assets			
Cash and pooled investments	\$ 10,639,866	\$ 1,795,875	\$ 12,435,741
Receivables:			
Accounts	130,462	-	130,462
Taxes	321	-	321
Interest	103,076	-	103,076
Due from other governmental units	683,475	-	683,475
Due from other funds	8,950	-	8,950
Prepaid items	44,617	-	44,617
Total assets	<u>\$ 11,610,767</u>	<u>\$ 1,795,875</u>	<u>\$ 13,406,642</u>
Liabilities			
Accounts payable	\$ 746,034	\$ 20,428	\$ 766,462
Accrued payroll and benefits	605,632	-	605,632
Due to other governmental units	276,658	-	276,658
Due to other funds	155,187	-	155,187
Deposits	1,236	-	1,236
Unearned revenue	192,666	-	192,666
Total liabilities	<u>1,977,413</u>	<u>20,428</u>	<u>1,997,841</u>
Fund balances			
Nonspendable	44,617	-	44,617
Unassigned	9,588,737	1,775,447	11,364,184
Total fund balances	<u>9,633,354</u>	<u>1,775,447</u>	<u>11,408,801</u>
Total liabilities and fund balances	<u>\$ 11,610,767</u>	<u>\$ 1,795,875</u>	<u>\$ 13,406,642</u>

CITY OF HOLLAND, MICHIGAN

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances

General Fund - By Activity

For the Year Ended June 30, 2023

	General	Budget Stabilization	Elimination	Total General Fund
Revenues				
Taxes	\$ 12,175,338	\$ -	\$ -	\$ 12,175,338
Licenses and permits	3,039,686	-	-	3,039,686
Intergovernmental	6,581,238	-	-	6,581,238
Charges for services	1,889,908	-	-	1,889,908
Fines and fees	152,115	-	-	152,115
Interest and rents	825,032	-	-	825,032
Miscellaneous	253,096	-	-	253,096
Total revenues	24,916,413	-	-	24,916,413
Expenditures				
Current:				
General government	4,616,113	59,133	-	4,675,246
Public safety	15,426,999	-	-	15,426,999
Public works	1,558,324	-	-	1,558,324
Welfare and social services	706,385	-	-	706,385
Parks and recreation	4,163,461	-	-	4,163,461
Other	662,904	-	-	662,904
Debt service:				
Principal retirement	64,578	-	-	64,578
Interest and fiscal charges	4,482	-	-	4,482
Total expenditures	27,203,246	59,133	-	27,262,379
Revenue under expenditures	(2,286,833)	(59,133)	-	(2,345,966)
Other financing sources (uses)				
Issuance of long-term liabilities	217,798	-	-	217,798
Transfers in	6,411,094	154,070	(154,070)	6,411,094
Transfers out	(1,429,100)	-	154,070	(1,275,030)
Total other financing sources (uses)	5,199,792	154,070	-	5,353,862
Net changes in fund balances	2,912,959	94,937	-	3,007,896
Fund balances, beginning of year	6,720,395	1,680,510	-	8,400,905
Fund balances, end of year	\$ 9,633,354	\$ 1,775,447	\$ -	\$ 11,408,801

CITY OF HOLLAND, MICHIGAN

Detailed Schedule of Revenues

Budget and Actual - General Fund
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
<i>General Fund revenues</i>				
Taxes:				
Property	\$ 11,342,300	\$ 11,342,400	\$ 11,315,468	\$ (26,932)
Penalties and interest on delinquent taxes	60,000	90,000	107,395	17,395
Administration fee	637,000	679,200	686,172	6,972
Public service charge in lieu of property tax	60,000	60,000	64,764	4,764
Other miscellaneous taxes	1,500	1,500	1,539	39
Total taxes	12,100,800	12,173,100	12,175,338	2,238
Licenses and permits:				
Business	24,250	24,700	30,356	5,656
Nonbusiness	1,248,000	2,309,000	3,009,330	700,330
Total licenses and permits	1,272,250	2,333,700	3,039,686	705,986
Intergovernmental:				
State	5,254,100	5,746,855	5,681,815	(65,040)
Federal	806,100	770,232	807,389	37,157
Other	100,000	100,000	92,034	(7,966)
Total intergovernmental	6,160,200	6,617,087	6,581,238	(35,849)
Charges for services:				
Fees	908,638	957,991	933,042	(24,949)
Services rendered	801,200	836,499	798,231	(38,268)
Sales	155,600	189,750	158,635	(31,115)
Total charges for services	1,865,438	1,984,240	1,889,908	(94,332)
Fines and fees	135,900	130,250	152,115	21,865
Interest and rents:				
Investment earnings	98,000	250,000	528,027	278,027
Rents	315,700	325,200	297,005	(28,195)
Total interest and rents	413,700	575,200	825,032	249,832
Miscellaneous	81,925	84,879	253,096	168,217
Total revenues	\$ 22,030,213	\$ 23,898,456	\$ 24,916,413	\$ 1,017,957

CITY OF HOLLAND, MICHIGAN

Detailed Schedule of Expenditures

Budget and Actual - General Fund
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Expenditures				
<i>General Fund expenditures</i>				
General government:				
City council	\$ 252,447	\$ 270,195	\$ 241,432	\$ (28,763)
City manager	441,997	483,668	463,791	(19,877)
Elections	110,295	123,050	115,680	(7,370)
City finance	776,761	778,357	766,386	(11,971)
Independent audit	52,000	51,200	49,399	(1,801)
City assessor	481,245	525,715	518,797	(6,918)
Legal services	232,500	246,450	288,491	42,041
City clerk	313,988	333,855	331,170	(2,685)
Human resources	458,506	452,448	403,555	(48,893)
City treasurer	174,560	179,956	175,910	(4,046)
City hall and grounds	250,909	220,255	207,612	(12,643)
Cemetery	765,356	850,454	667,959	(182,495)
Boards and commissions	10,768	9,523	8,155	(1,368)
Planning commission	361,523	405,624	377,776	(27,848)
Total general government	4,682,855	4,930,750	4,616,113	(314,637)
Public safety:				
Police	9,736,847	10,228,278	10,268,919	40,641
Fire	3,674,137	3,700,146	3,640,298	(59,848)
Environmental health/inspections	519,336	540,145	538,608	(1,537)
Construction inspections	923,483	1,324,129	979,174	(344,955)
Total public safety	14,853,803	15,792,698	15,426,999	(365,699)
Public works:				
Streets	1,258,962	1,436,006	1,310,231	(125,775)
Transportation management/engineering	265,475	265,589	248,093	(17,496)
Total public works	1,524,437	1,701,595	1,558,324	(143,271)
Welfare and social services:				
Housing and neighborhood	106,557	107,041	105,221	(1,820)
Economic development assistance	488,937	310,570	265,867	(44,703)
Human relations commission	346,286	344,817	280,297	(64,520)
Social services assistance	60,000	55,000	55,000	-
Total welfare and social services	1,001,780	817,428	706,385	(111,043)

continued...

CITY OF HOLLAND, MICHIGAN

Detailed Schedule of Expenditures

Budget and Actual - General Fund
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Expenditures (concluded)				
General Fund expenditures (concluded)				
Parks and recreation:				
Parks	\$ 2,439,977	\$ 2,333,054	\$ 2,276,634	\$ (56,420)
Nature center	80,023	90,465	79,395	(11,070)
Cultural-recreational	110,600	101,370	101,367	(3)
Recreation	1,589,975	1,635,117	1,510,580	(124,537)
Market	216,823	215,913	195,485	(20,428)
Total parks and recreation	<u>4,437,398</u>	<u>4,375,919</u>	<u>4,163,461</u>	<u>(212,458)</u>
Other:				
Insurance	259,840	313,540	312,904	(636)
MERS payment	-	350,000	350,000	-
Contingencies	637,600	183,455	-	(183,455)
Total other	<u>897,440</u>	<u>846,995</u>	<u>662,904</u>	<u>(184,091)</u>
Debt service:				
Principal retirement	-	-	64,578	64,578
Interest and fiscal charges	-	-	4,482	4,482
Total debt service	<u>-</u>	<u>-</u>	<u>69,060</u>	<u>69,060</u>
Total general fund expenditures	27,397,713	28,465,385	27,203,246	(1,262,139)
Budget Stabilization Fund expenditures				
General government:				
Other services and charges	<u>5,000</u>	<u>38,000</u>	<u>59,133</u>	<u>21,133</u>
Total expenditures	<u><u>\$ 27,402,713</u></u>	<u><u>\$ 28,503,385</u></u>	<u><u>\$ 27,262,379</u></u>	<u><u>\$ (1,241,006)</u></u>

concluded

CITY OF HOLLAND, MICHIGAN

Detailed Schedule of Transfers

Budget and Actual - General Fund
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Transfers in				
Permanent Fund:				
Cemetery Perpetual Care	\$ 57,600	\$ 145,000	\$ 6,031	\$ (138,969)
Capital Projects Funds:				
Municipal Facilities/Land Improvement	50,000	10,000	33,063	23,063
Enterprise Funds:				
Electric Utility	6,372,000	6,372,000	6,372,000	-
Budget Stabilization Fund	-	154,070	154,070	-
Elimination	-	(154,070)	(154,070)	-
Total transfers in	\$ 6,479,600	\$ 6,527,000	\$ 6,411,094	\$ (115,906)
Transfers out				
Special Revenue Funds:				
Miscellaneous Government Functions:				
Dangerous Structures	\$ 21,900	\$ 47,274	\$ 19,529	\$ (27,745)
Public Safety Grants:				
Anti-Drug Abuse Grants	-	232,575	232,983	408
Public Works:				
Holland Energy	275,000	275,000	275,000	-
Capital Projects Funds:				
Municipal Facilities/Land Improvement Projects	250,000	250,000	250,000	-
Enterprise Funds:				
Civic Center	654,210	677,494	497,518	(179,976)
Budget Stabilization Fund	89,010	-	-	-
Elimination	(89,010)	-	-	-
Total transfers out	\$ 1,201,110	\$ 1,482,343	\$ 1,275,030	\$ (207,313)

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CITY OF HOLLAND, MICHIGAN

Nonmajor Governmental Funds

Special Revenue Funds

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

Motor Vehicle Highway Major Street Fund

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

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

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

Motor Vehicle Highway Local Street Fund

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

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

Allegan County Road Tax Fund

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

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

CITY OF HOLLAND, MICHIGAN

Nonmajor Governmental Funds

Special Revenue Funds (Continued)

Ottawa County Road Tax Fund

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

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

Street Improvements Reserve Fund

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

This fund provides financial accountability for this purpose. Primary funding is attained from a property tax levy of 1.2 mill. Funding can also be provided in the form of bond proceeds when debt is issued for multiple street construction projects. Outlays are in the form of interfund transfers to designated capital projects for streets, bridges, and right-of-ways.

Downtown Operations Public Parking System Fund

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

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

Downtown Operations Snowmelt Operating System Fund

As part of a 1988 Downtown Streetscape Project, the City installed steam-heated pipes and tubes into the streets and adjacent sidewalks for several blocks of the shopping district. Since that original installation, this system has gradually been extended, with significant expansions and repairs completed during the fiscal years ended June 30, 2007, 2008, 2009 and 2016. The City's municipal electric-generating plant provides temperature-regulated steam through the pipes and tubes that melt the ice and snow on paved surfaces.

CITY OF HOLLAND, MICHIGAN

Nonmajor Governmental Funds

Special Revenue Funds (Continued)

Revenues are received from an annual operating special assessment levied against property owners within a designated downtown district that benefits from the snowmelt system. Public space assessments for the City Police and Ottawa County Court Complex parking lot and parking deck, the 8th Street Market Circle and the 7th and 9th Street Parking Decks are also received. Additionally, transfers in are received from the Motor Vehicle Highway Major Streets Fund and the Downtown Parking System Fund. Expenditures are applied toward operating and maintaining the snowmelt system.

Downtown Operations Principal Shopping District Fund

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

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

CATV (Public Access Channels) Fund

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

City staff provides local cable television programming services for and by various religious, educational, governmental, ethnic, professional, cultural and other special interest groups.

Revolving Cash Assistance Fund

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

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

CITY OF HOLLAND, MICHIGAN

Nonmajor Governmental Funds

Special Revenue Funds (Continued)

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

Specified Donations Fund

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

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

Dangerous Structures Fund

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

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

Police Criminal Justice Training Fund

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

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

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

CITY OF HOLLAND, MICHIGAN

Nonmajor Governmental Funds

Special Revenue Funds (Continued)

Anti-Drug Abuse Grants Fund

The City is recipient to grant funding from the U.S. Department of Justice pursuant to provisions of the federal Anti-Drug Abuse Act; and administered by the State of Michigan – Department of Community Health, Office of Drug Control Policy. This program is identified by the drug enforcement agency that it supports, referred to as West Michigan Enforcement Team (WEMET). The designated purpose is to financially support efforts of a consortium of area police departments that assign specific police officers (three) to investigate and prosecute illegal drug trafficking activity.

These funds support multi-year revenues and expenditures spanning inception to completion of the grant. However, for annual financial reporting purposes, revenues and expenditures are also recognized by fiscal year. Open budget balances at June 30, 2023, of estimated revenues and appropriations are carried forward to the ensuing fiscal year.

Law Enforcement Block Grant Fund

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

These funds support multi-year revenues and expenditures spanning inception to completion of the grant. However, for annual financial reporting purposes, revenues and expenditures are also recognized by fiscal year. Open budget balances at June 30, 2023, of estimated revenues and appropriations are carried forward to the ensuing fiscal year.

District Library Taxation Fund

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

Effective July 1, 2017, Herrick District Library became a taxing authority. Delinquent receivables in this fund are for tax year 2016 and prior.

Community Development Block Grant (CDBG) Fund

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

CITY OF HOLLAND, MICHIGAN

Nonmajor Governmental Funds

Special Revenue Funds (Continued)

This fund supports multi-year revenues and expenditures spanning inception to completion of the grant. However, for annual financial reporting purposes, revenues and expenditures are also recognized by fiscal year. Open budget balances at June 30, 2023, of estimated revenues and appropriations are carried forward to the ensuing fiscal year.

Clean Energy Program Fund

The City is recipient of funding from Good Samaritan Ministries to implement a Pilot Program to establish a revolving loan to improve energy efficiency for rental properties currently participating in Good Samaritan Ministries Transitional Housing Program. Good Samaritan Ministries identifies the properties eligible for this program and provide City staff with the information needed to manage each loan.

This fund supports multi-year revenues and expenditures spanning to completion of the grant. However, for annual financial reporting purposes, revenue and expenditures are also recognized by fiscal year. Open budget balances at June 30, 2023, of estimated revenues and appropriations are carried forward to the ensuing fiscal year.

Eating Health For Life - EBT Program Fund

The City is recipient to grant funding from the *U.S. Dept. of Agriculture Farmers Market Promotion Program*; and administered by the *State of Michigan - Department of Community Health and Human Services. Ottawa County Health Department* has entered into a contractual agreement with the City to implement the EBT Program at the Holland Farmer's Market. The designated purpose is to fund the wages paid to employees administering the EBT Programs allowing citizens to use their Bridge Cards to purchase fresh fruits and vegetables at the Holland Farmer's Market.

Private contributions supports the operations in this fund. Open budget balances at June 30, 2023 are carried forward to the ensuing fiscal year.

OJP Grant Fund

The City is recipient to grant funding from the *U.S. Department of Justice*; and administered by the *Michigan State Police*. The specific designated purpose is to improve National Criminal History records with the purchase of a fingerprint device.

Opioid Settlement Fund

The City is part of a \$21 billion nationwide settlement reached in July 2021 to resolve all Opioids litigation brought by states and local political subdivisions against the three largest pharmaceutical distributors. The funding will be used for the allowable purposes in the settlement.

CITY OF HOLLAND, MICHIGAN

Nonmajor Governmental Funds

Special Revenue Funds (Concluded)

Holland Energy Fund

Holland Energy Fund is a Michigan non-profit corporation as authorized by the Home Rule Cities Act and the Municipal Utility Residential Clean Energy Program Act. The board of directors consist of three City Council members, two Holland Board of Public Works board members and the City Finance Director. It was established to facilitate and/or finance building energy labeling and retrofit homes, commercial and industrial facilities in the City with energy conservation measures.

Debt Service Funds

Debt service funds are governmental funds that account for financial resources accumulated to provide payment of principal, interest, and fees on general obligation, limited tax general obligation, pension obligation, note payable, and special assessment long-term debt.

General Obligation Debt Service Fund

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

- as “rental payments” to the City of Holland – Building Authority Debt Service Fund for annual debt service requirements of the 2016 Building Authority Refunding Bond Issue and to the City of Holland - Act 99 Debt Service Fund.
- as “debt service payment” of annual principal and interest on a ten year pension obligation bond dated November 18, 2015 for paying down the Unfunded Liability on the closed defined benefit divisions.
- as “debt service payment” of annual principal and interest on a ten year Limited Tax Obligation bond dated December 8, 2016 for additions to snowmelt, around the Civic Center.
- as “debt service payment” of annual principal and interest on a twenty year Limited Tax Obligation bond dated December 8, 2016 for the Civic Center Place project.
- as “debt service payment” 20 year pension obligation bond dated January 19, 2018 for paying down the Unfunded Liability on the closed union benefit divisions.
- as "debt service payment" of annual principal and interest on a twenty-three year Act 34 Capital Improvement bond dated September 25, 2028 for construction of the 9th Street Parking Deck.
- as "debt service payment" of annual principal and interest on a nine year refunding Limited Tax Obligation bond dated March 10, 2022 for the 7th Street Parking Deck.

Alternative Special Assessment Debt Service Fund

This fund accounts for deferred "special assessment" revenue that will be received when certain conditions in a designated special assessment district are met.

CITY OF HOLLAND, MICHIGAN

Nonmajor Governmental Funds

Debt Service Funds (Concluded)

Act 99 Debt Service Fund

This fund accounts for the scheduled debt service maturity payments on the Installment Purchase Agreement dated February 25, 2016. The revenues are derived from the 'rental payments' from the City of Holland – General Obligation Debt Service Fund (via property taxation).

Capital Projects Funds

Capital Project Funds are governmental funds that account for financial resources designated for the acquisition or construction of major capital facilities (other than those projects that are financed by proprietary funds).

Infrastructure Projects and Municipal Facilities/Land Improvements Projects Funds

Capital Project Funds are established for new construction or major improvements / enhancements to municipal facilities, non-infrastructure land or equipment improvements, and infrastructure. Such projects are most frequently of a multi-year nature (i.e., a duration that overlaps two or more fiscal years). As budget appropriations for various municipal capital improvement projects are established, corresponding reserves are established to assure project financing requirements are met.

Financing for capital projects is derived from various sources, to include property taxes and special assessments, grants from other government and non-government agencies, inter-fund transfers, contributions from private sector, investment earnings, etc. Larger projects frequently will require financing through the issuance of long-term debt instruments, such as bond issues, allowable borrowing arrangements with financial institutions, and land contracts.

Each capital project fund supports multi-year revenues and expenditures spanning inception to completion. However, for annual financial reporting purposes, revenues and expenditures are also recognized by fiscal year. Open budget balances at June 30, 2023, of estimated revenues and appropriations are carried forward to the ensuing fiscal year.

CITY OF HOLLAND, MICHIGAN

Nonmajor Governmental Funds

Capital Projects Funds (Concluded)

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

CAPITAL PROJECTS DETAIL LISTING MUNICIPAL FACILITIES/LAND IMPROVEMENTS AND INFRASTRUCTURE PROJECTS

Parks and Recreation

- Replacing Playground Equipment
- Moran Park Improvements
- DeGraaf Nature Center Improvements

All Other Municipal Projects & Programs

- Community and Neighborhood:
 - Snowmelt Improvements
- Planning:
 - Waterfront Redevelopment
 - Museum Renovation
 - Ice Rink
- Facilities:
 - City Hall 1st Floor Renovation
 - Police Building - Shooting Range Improvements
 - Fire Station Renovation

Street Development and/or Redevelopment Projects

- Annual Resurfacing Program of Various Streets
- 6th Street Improvements
- County Club, 8th Street to Legion Park Drive
- 28th Street & Wildwood
- Pine Ave, 9th Street to Michigan
- 40th Street Improvements

Sidewalk Projects:

- Sidewalk Repair / Replacement

Drain Projects:

- 32nd Street Culvert Replacement

Permanent Fund

Cemetery Perpetual Care Fund

The City maintains a permanent Cemetery Trust, which provides funds for perpetual care of cemetery lots and cremain inurnment in niches. This fund is used to record the activity of this Trust.



CITY OF HOLLAND, MICHIGAN

Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2023

	Special Revenue Funds				
	Street Maintenance and Improvements				
	Major Street	Local Street	Allegan County Road Tax	Ottawa County Road Tax	Street Improvements Reserve
Assets					
Cash and pooled investments	\$ 2,299,311	\$ -	\$ 1,141,468	\$ 137,124	\$ 801,977
Beneficial interest in assets held by others	-	-	-	-	-
Receivables:					
Accounts	10,061	3,125	-	7	-
Taxes and special assessments	-	-	-	-	-
Notes	-	-	-	-	-
Due from other governmental units	692,224	194,382	-	-	-
Due from other funds	-	1,942	-	-	-
Prepaid items	17,762	5,720	-	-	-
Total assets	<u>\$ 3,019,358</u>	<u>\$ 205,169</u>	<u>\$ 1,141,468</u>	<u>\$ 137,131</u>	<u>\$ 801,977</u>
Liabilities					
Accounts payable	\$ 38,257	\$ 14,516	\$ -	\$ -	\$ -
Accrued payroll and benefits	18,218	17,685	-	-	-
Due to other funds	40,439	4,360	-	-	-
Unearned revenue	-	-	-	-	-
Total liabilities	<u>96,914</u>	<u>36,561</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources					
Unavailable revenue:					
Special assessment receivable	-	-	-	-	-
Opioid settlement receivable	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances					
Nonspendable	17,762	5,720	-	-	-
Restricted	2,904,682	162,888	1,141,468	137,131	801,977
Committed	-	-	-	-	-
Total fund balances	<u>2,922,444</u>	<u>168,608</u>	<u>1,141,468</u>	<u>137,131</u>	<u>801,977</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,019,358</u>	<u>\$ 205,169</u>	<u>\$ 1,141,468</u>	<u>\$ 137,131</u>	<u>\$ 801,977</u>



Special Revenue Funds						
Downtown Operations			Miscellaneous Governmental Functions			
Public Parking System	Snowmelt Operating System	Principal Shopping District	CATV - (Public Access Channels)	Revolving Cash Assistance	Specified Donations	Dangerous Structures
\$ 150,507	\$ 115,303	\$ 183,940	\$ 207,888	\$ 378,635	\$ 1,879,174	\$ 5,000
-	-	-	-	-	-	-
52,898	-	2,850	105,133	-	463	-
-	-	-	-	269,199	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	300	-	-	-	-
<u>\$ 203,405</u>	<u>\$ 115,303</u>	<u>\$ 187,090</u>	<u>\$ 313,021</u>	<u>\$ 647,834</u>	<u>\$ 1,879,637</u>	<u>\$ 5,000</u>
\$ 1,488	\$ -	\$ 399	\$ -	\$ -	\$ 22,257	\$ 5,000
2,636	-	5,098	9,460	-	-	-
2,924	23,241	-	-	-	-	-
-	-	-	-	-	-	-
<u>7,048</u>	<u>23,241</u>	<u>5,497</u>	<u>9,460</u>	<u>-</u>	<u>22,257</u>	<u>5,000</u>
-	-	-	-	269,199	-	-
-	-	-	-	-	-	-
-	-	-	-	269,199	-	-
-	-	300	-	-	-	-
196,357	-	181,293	-	378,635	1,857,380	-
-	92,062	-	303,561	-	-	-
<u>196,357</u>	<u>92,062</u>	<u>181,593</u>	<u>303,561</u>	<u>378,635</u>	<u>1,857,380</u>	<u>-</u>
<u>\$ 203,405</u>	<u>\$ 115,303</u>	<u>\$ 187,090</u>	<u>\$ 313,021</u>	<u>\$ 647,834</u>	<u>\$ 1,879,637</u>	<u>\$ 5,000</u>

continued...

CITY OF HOLLAND, MICHIGAN

Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2023

	Special Revenue Funds				
	Public Safety			Culture and Community Improvement	
	Police Criminal Justice Training	Anti-Drug Abuse Grants	Law Enforcement Block Grant	District Library Taxation	Community Development Block Grant (CDBG)
Assets					
Cash and pooled investments	\$ 11,356	\$ 9,334	\$ -	\$ 129	\$ 44,652
Beneficial interest in assets held by others	-	-	-	-	-
Receivables:					
Accounts	-	-	-	-	5,832
Taxes and special assessments	-	-	-	-	-
Notes	-	-	-	-	-
Due from other governmental units	-	2,449	3,782	-	138,893
Due from other funds	-	-	-	-	-
Prepaid items	-	-	-	-	-
Total assets	<u>\$ 11,356</u>	<u>\$ 11,783</u>	<u>\$ 3,782</u>	<u>\$ 129</u>	<u>\$ 189,377</u>
Liabilities					
Accounts payable	\$ 795	\$ -	\$ -	\$ -	\$ 83,198
Accrued payroll and benefits	-	9,959	-	-	2,248
Due to other funds	-	1,824	3,782	-	75,200
Unearned revenue	-	-	-	-	-
Total liabilities	<u>795</u>	<u>11,783</u>	<u>3,782</u>	<u>-</u>	<u>160,646</u>
Deferred inflows of resources					
Unavailable revenue:					
Special assessment receivable	-	-	-	-	-
Opioid settlement receivable	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances					
Nonspendable	-	-	-	-	-
Restricted	10,561	-	-	-	28,731
Committed	-	-	-	129	-
Total fund balances	<u>10,561</u>	<u>-</u>	<u>-</u>	<u>129</u>	<u>28,731</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 11,356</u>	<u>\$ 11,783</u>	<u>\$ 3,782</u>	<u>\$ 129</u>	<u>\$ 189,377</u>



Special Revenue Funds				
Culture and Community Improvement			Welfare & Social Services	Public Works
Clean Energy Program	Eat Healthy For Life - EBT Program	OJP Grant	Opioid Settlement	Holland Energy
\$ 29,938	\$ 22,853	\$ -	\$ 57,173	\$ 564,115
-	-	-	-	-
-	15,000	-	191,114	1,933
-	-	-	-	-
-	-	-	-	903,264
-	-	-	-	-
-	-	-	-	25,922
-	3,950	-	-	-
<u>\$ 29,938</u>	<u>\$ 41,803</u>	<u>\$ -</u>	<u>\$ 248,287</u>	<u>\$ 1,495,234</u>
\$ -	\$ 122	\$ -	\$ -	\$ 18,819
-	-	-	-	-
-	3,950	-	-	586,288
-	26,909	-	-	-
-	30,981	-	-	605,107
-	-	-	-	-
-	-	-	191,114	-
-	-	-	191,114	-
-	3,950	-	-	-
29,938	6,872	-	57,173	-
-	-	-	-	890,127
29,938	10,822	-	57,173	890,127
<u>\$ 29,938</u>	<u>\$ 41,803</u>	<u>\$ -</u>	<u>\$ 248,287</u>	<u>\$ 1,495,234</u>

continued...

CITY OF HOLLAND, MICHIGAN

Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2023

	Debt Service Funds			Capital Projects Funds	
	General Obligation Debt Service	Alternative Special Assessments	Act 99 Debt Service	Infrastructure Projects	Municipal Facilities/Land Improvements Projects
Assets					
Cash and pooled investments	\$ 1,567,919	\$ -	\$ -	\$ 1,383,652	\$ 28,609,261
Beneficial interest in assets held by others	-	-	-	-	-
Receivables:					
Accounts	75,684	-	-	-	203,854
Taxes and special assessments	99	10,517	-	-	-
Notes	-	-	-	-	-
Due from other governmental units	-	-	-	-	-
Due from other funds	-	-	-	520,857	187,245
Prepaid items	-	-	-	7,963	-
Total assets	<u>\$ 1,643,702</u>	<u>\$ 10,517</u>	<u>\$ -</u>	<u>\$ 1,912,472</u>	<u>\$ 29,000,360</u>
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ 1,565,488	\$ 1,864,331
Accrued payroll and benefits	-	-	-	6,078	-
Due to other funds	-	-	-	33,289	-
Unearned revenue	130,551	-	-	83,536	-
Total liabilities	<u>130,551</u>	<u>-</u>	<u>-</u>	<u>1,688,391</u>	<u>1,864,331</u>
Deferred inflows of resources					
Unavailable revenue:					
Special assessment receivable	-	10,517	-	-	-
Opioid settlement receivable	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>10,517</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances					
Nonspendable	-	-	-	7,963	-
Restricted	1,513,151	-	-	-	17,025,379
Committed	-	-	-	216,118	10,110,650
Total fund balances	<u>1,513,151</u>	<u>-</u>	<u>-</u>	<u>224,081</u>	<u>27,136,029</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,643,702</u>	<u>\$ 10,517</u>	<u>\$ -</u>	<u>\$ 1,912,472</u>	<u>\$ 29,000,360</u>



Permanent Fund		
Cemetery Perpetual Care		Total
\$ 321,904	\$ 39,922,613	
2,215,985	2,215,985	
4,850	672,804	
-	279,815	
-	903,264	
-	1,031,730	
-	735,966	
-	35,695	
<u>\$ 2,542,739</u>	<u>\$ 45,797,872</u>	
\$ -	\$ 3,614,670	
-	71,382	
-	775,297	
-	240,996	
<u>-</u>	<u>4,702,345</u>	
-	279,716	
-	191,114	
<u>-</u>	<u>470,830</u>	
2,447,847	2,483,542	
94,892	26,528,508	
-	11,612,647	
<u>2,542,739</u>	<u>40,624,697</u>	
<u>\$ 2,542,739</u>	<u>\$ 45,797,872</u>	

concluded

CITY OF HOLLAND, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2023

	Special Revenue Funds				
	Street Maintenance and Improvements				
	Major Street	Local Street	Allegan County Road Tax	Ottawa County Road Tax	Street Improvements Reserve
Revenues					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 1,551,418
Special assessments	-	-	-	-	-
Intergovernmental	4,445,024	1,145,449	634,003	441,577	167,098
Charges for services	26,592	24,461	-	-	-
Fines and fees	-	-	-	-	-
Contributions from private sector	-	-	-	-	-
Interest and rents	59,831	2,346	27,234	6,902	21,832
Miscellaneous	10,259	582	-	-	-
Total revenues	<u>4,541,706</u>	<u>1,172,838</u>	<u>661,237</u>	<u>448,479</u>	<u>1,740,348</u>
Expenditures					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	3,501,242	1,160,019	-	-	-
Welfare and social services	-	-	-	-	-
Parks and recreation	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Capital outlay	711	711	-	-	-
Total expenditures	<u>3,501,953</u>	<u>1,160,730</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenue over (under) expenditures	<u>1,039,753</u>	<u>12,108</u>	<u>661,237</u>	<u>448,479</u>	<u>1,740,348</u>
Other financing sources (uses)					
Issuance of bonds payable	-	-	-	-	-
Premium on issuance of bonds payable	-	-	-	-	-
Transfers in	-	154,500	-	-	-
Transfers out	(154,500)	-	(954,818)	(500,000)	(1,423,660)
Total other financing sources (uses)	<u>(154,500)</u>	<u>154,500</u>	<u>(954,818)</u>	<u>(500,000)</u>	<u>(1,423,660)</u>
Net changes in fund balances	885,253	166,608	(293,581)	(51,521)	316,688
Fund balances, beginning of year	<u>2,037,191</u>	<u>2,000</u>	<u>1,435,049</u>	<u>188,652</u>	<u>485,289</u>
Fund balances, end of year	<u>\$ 2,922,444</u>	<u>\$ 168,608</u>	<u>\$ 1,141,468</u>	<u>\$ 137,131</u>	<u>\$ 801,977</u>

Special Revenue Funds

Downtown Operations			Miscellaneous Governmental Functions			
Public Parking System	Snowmelt Operating System	Principal Shopping District	CATV - (Public Access Channels)	Revolving Cash Assistance	Specified Donations	Dangerous Structures
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
251,016	354,880	211,602	-	86,500	-	-
1,391	-	2,585	4,219	-	-	-
98,391	-	67,229	660	-	-	-
-	-	-	432,026	-	-	-
-	-	53,399	-	-	1,485,648	-
2,952	1,879	2,980	3,794	24,405	20,353	-
-	-	-	1,590	-	-	-
<u>353,750</u>	<u>356,759</u>	<u>337,795</u>	<u>442,289</u>	<u>110,905</u>	<u>1,506,001</u>	<u>-</u>
-	-	-	299,859	-	252,862	19,529
-	-	-	-	-	-	-
384,629	214,374	-	-	-	-	-
-	-	-	-	-	-	-
-	-	339,008	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	565	19,894	-	521	-
<u>384,629</u>	<u>214,374</u>	<u>339,573</u>	<u>319,753</u>	<u>-</u>	<u>253,383</u>	<u>19,529</u>
<u>(30,879)</u>	<u>142,385</u>	<u>(1,778)</u>	<u>122,536</u>	<u>110,905</u>	<u>1,252,618</u>	<u>(19,529)</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	19,529
-	(145,856)	-	(100,000)	(147,385)	-	-
-	(145,856)	-	(100,000)	(147,385)	-	19,529
(30,879)	(3,471)	(1,778)	22,536	(36,480)	1,252,618	-
<u>227,236</u>	<u>95,533</u>	<u>183,371</u>	<u>281,025</u>	<u>415,115</u>	<u>604,762</u>	<u>-</u>
<u>\$ 196,357</u>	<u>\$ 92,062</u>	<u>\$ 181,593</u>	<u>\$ 303,561</u>	<u>\$ 378,635</u>	<u>\$ 1,857,380</u>	<u>\$ -</u>

continued...

CITY OF HOLLAND, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2023

	Special Revenue Funds				
	Public Safety			Culture and Community Improvement	
	Police Criminal Justice Training	Anti-Drug Abuse Grants	Law Enforcement Block Grant	District Library Taxation	Community Development Block Grant (CDBG)
Revenues					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-
Intergovernmental	12,721	69,739	5,153	-	620,168
Charges for services	-	-	-	-	-
Fines and fees	-	-	-	-	-
Contributions from private sector	-	-	-	-	160,877
Interest and rents	-	-	-	-	-
Miscellaneous	-	-	-	-	13,123
Total revenues	<u>12,721</u>	<u>69,739</u>	<u>5,153</u>	<u>-</u>	<u>794,168</u>
Expenditures					
Current:					
General government	-	-	-	-	-
Public safety	5,832	302,722	-	-	-
Public works	-	-	-	-	-
Welfare and social services	-	-	-	-	784,642
Parks and recreation	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Capital outlay	-	-	5,153	-	-
Total expenditures	<u>5,832</u>	<u>302,722</u>	<u>5,153</u>	<u>-</u>	<u>784,642</u>
Revenue over (under) expenditures	<u>6,889</u>	<u>(232,983)</u>	<u>-</u>	<u>-</u>	<u>9,526</u>
Other financing sources (uses)					
Issuance of bonds payable	-	-	-	-	-
Premium on issuance of bonds payable	-	-	-	-	-
Transfers in	-	232,983	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>232,983</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	<u>6,889</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,526</u>
Fund balances, beginning of year	<u>3,672</u>	<u>-</u>	<u>-</u>	<u>129</u>	<u>19,205</u>
Fund balances, end of year	<u>\$ 10,561</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 129</u>	<u>\$ 28,731</u>



Special Revenue Funds				
Culture and Community Improvement			Welfare & Social Services	Public Works
Clean Energy Program	Eat Healthy For Life - EBT Program	OJP Grant	Opioid Settlement	Holland Energy
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	6,912	-	-
-	-	-	57,173	-
-	-	-	-	-
-	17,487	-	-	100
543	-	-	-	68,677
-	-	-	-	-
<u>543</u>	<u>17,487</u>	<u>6,912</u>	<u>57,173</u>	<u>68,777</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	230,489
-	25,885	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	6,912	-	-
-	25,885	6,912	-	230,489
<u>543</u>	<u>(8,398)</u>	<u>-</u>	<u>57,173</u>	<u>(161,712)</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	275,000
-	-	-	-	-
-	-	-	-	275,000
543	(8,398)	-	57,173	113,288
<u>29,395</u>	<u>19,220</u>	<u>-</u>	<u>-</u>	<u>776,839</u>
<u>\$ 29,938</u>	<u>\$ 10,822</u>	<u>\$ -</u>	<u>\$ 57,173</u>	<u>\$ 890,127</u>

continued...

CITY OF HOLLAND, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds
For the Year Ended June 30, 2023

	Debt Service Funds			Capital Projects Funds	
	General Obligation Debt Service	Alternative Special Assessments	Act 99 Debt Service	Infrastructure Projects	Municipal Facilities/Land Improvements Projects
Revenues					
Taxes	\$ 4,669,548	\$ -	\$ -	\$ 193,868	\$ 328,980
Special assessments	-	-	-	-	-
Intergovernmental	740,780	-	-	354,965	957,152
Charges for services	-	-	-	-	-
Fines and fees	-	-	-	-	-
Contributions from private sector	-	-	-	725,167	206,272
Interest and rents	52,681	-	-	3,266	956,589
Miscellaneous	538,624	-	-	-	57,873
Total revenues	6,001,633	-	-	1,277,266	2,506,866
Expenditures					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Welfare and social services	-	-	-	-	-
Parks and recreation	-	-	-	-	-
Debt service:					
Principal retirement	3,181,548	-	309,358	-	-
Interest and fiscal charges	1,914,588	-	26,323	-	-
Capital outlay	-	-	-	4,727,595	4,976,574
Total expenditures	5,096,136	-	335,681	4,727,595	4,976,574
Revenue over (under) expenditures	905,497	-	(335,681)	(3,450,329)	(2,469,708)
Other financing sources (uses)					
Issuance of bonds payable	-	-	-	-	17,270,000
Premium on issuance of bonds payable	-	-	-	-	1,060,699
Transfers in	142,356	-	335,681	3,496,555	2,933,295
Transfers out	(335,681)	-	-	-	(500,255)
Total other financing sources (uses)	(193,325)	-	335,681	3,496,555	20,763,739
Net changes in fund balances	712,172	-	-	46,226	18,294,031
Fund balances, beginning of year	800,979	-	-	177,855	8,841,998
Fund balances, end of year	\$ 1,513,151	\$ -	\$ -	\$ 224,081	\$ 27,136,029



Permanent Fund	
Cemetery Perpetual Care	Total
\$ -	\$ 6,743,814
-	903,998
-	9,608,936
84,563	359,069
-	432,026
-	2,648,950
154,970	1,411,234
-	622,051
<u>239,533</u>	<u>22,730,078</u>
-	572,250
-	308,554
-	5,490,753
-	810,527
-	339,008
-	3,490,906
-	1,940,911
-	9,738,636
-	<u>22,691,545</u>
<u>239,533</u>	<u>38,533</u>
-	17,270,000
-	1,060,699
-	7,589,899
(6,031)	(4,268,186)
<u>(6,031)</u>	<u>21,652,412</u>
233,502	21,690,945
<u>2,309,237</u>	<u>18,933,752</u>
<u>\$ 2,542,739</u>	<u>\$ 40,624,697</u>

concluded

CITY OF HOLLAND, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Major Street Fund
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Intergovernmental	\$ 4,335,000	\$ 4,360,280	\$ 4,445,024	\$ 84,744
Charges for services	25,000	15,000	26,592	11,592
Interest and rents	15,000	20,000	59,831	39,831
Miscellaneous	-	1,140	10,259	9,119
Total revenues	<u>4,375,000</u>	<u>4,396,420</u>	<u>4,541,706</u>	<u>145,286</u>
Expenditures				
Current:				
Public works:				
Personnel services	753,745	615,555	629,717	14,162
Other services and charges	3,604,975	4,641,778	2,871,525	(1,770,253)
Capital outlay	-	711	711	-
Total expenditures	<u>4,358,720</u>	<u>5,258,044</u>	<u>3,501,953</u>	<u>(1,756,091)</u>
Revenues over (under) expenditures	16,280	(861,624)	1,039,753	1,901,377
Other financing uses				
Transfers out	(482,430)	(266,790)	(154,500)	(112,290)
Net changes in fund balances	<u>(466,150)</u>	<u>(1,128,414)</u>	<u>885,253</u>	<u>2,013,667</u>
Fund balances, beginning of year	<u>2,037,191</u>	<u>2,037,191</u>	<u>2,037,191</u>	<u>-</u>
Fund balances, end of year	<u>\$ 1,571,041</u>	<u>\$ 908,777</u>	<u>\$ 2,922,444</u>	<u>\$ 2,013,667</u>

CITY OF HOLLAND, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Local Street Fund
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Intergovernmental	\$ 1,115,000	\$ 1,120,521	\$ 1,145,449	\$ 24,928
Charges for services	35,000	20,000	24,461	4,461
Interest and rents	300	900	2,346	1,446
Miscellaneous	-	160	582	422
Total revenues	<u>1,150,300</u>	<u>1,141,581</u>	<u>1,172,838</u>	<u>31,257</u>
Expenditures				
Current:				
Public works:				
Personnel services	767,030	620,465	518,471	(101,994)
Other services and charges	865,700	787,195	641,548	(145,647)
Capital outlay	-	711	711	-
Total expenditures	<u>1,632,730</u>	<u>1,408,371</u>	<u>1,160,730</u>	<u>(247,641)</u>
Revenues over (under) expenditures	(482,430)	(266,790)	12,108	278,898
Other financing sources				
Transfers in	482,430	266,790	154,500	(112,290)
Net changes in fund balances	-	-	166,608	166,608
Fund balances, beginning of year	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>	<u>-</u>
Fund balances, end of year	<u>\$ 2,000</u>	<u>\$ 2,000</u>	<u>\$ 168,608</u>	<u>\$ 166,608</u>

CITY OF HOLLAND, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Allegan County Road Tax Fund
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Intergovernmental	\$ 390,000	\$ 390,000	\$ 634,003	\$ 244,003
Interest and rents	2,500	13,000	27,234	14,234
Total revenues	392,500	403,000	661,237	258,237
Other financing uses				
Transfers out	(1,210,000)	(1,789,856)	(954,818)	(835,038)
Net changes in fund balances	(817,500)	(1,386,856)	(293,581)	1,093,275
Fund balances, beginning of year	1,435,049	1,435,049	1,435,049	-
Fund balances, end of year	<u>\$ 617,549</u>	<u>\$ 48,193</u>	<u>\$ 1,141,468</u>	<u>\$ 1,093,275</u>

CITY OF HOLLAND, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Ottawa County Road Tax Fund
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Intergovernmental	\$ 375,000	\$ 400,000	\$ 441,577	\$ 41,577
Interest and rents	500	2,000	6,902	4,902
Total revenues	375,500	402,000	448,479	46,479
Other financing uses				
Transfers out	(400,000)	(500,000)	(500,000)	-
Net changes in fund balances	(24,500)	(98,000)	(51,521)	46,479
Fund balances, beginning of year	188,652	188,652	188,652	-
Fund balances, end of year	<u>\$ 164,152</u>	<u>\$ 90,652</u>	<u>\$ 137,131</u>	<u>\$ 46,479</u>

CITY OF HOLLAND, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Street Improvements Reserve Fund
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ 1,555,300	\$ 1,530,000	\$ 1,551,418	\$ 21,418
Intergovernmental	176,000	167,100	167,098	(2)
Interest and rents	-	17,000	21,832	4,832
Total revenues	<u>1,731,300</u>	<u>1,714,100</u>	<u>1,740,348</u>	<u>26,248</u>
Other financing uses				
Transfers out	<u>(1,632,000)</u>	<u>(1,838,553)</u>	<u>(1,423,660)</u>	<u>(414,893)</u>
Net changes in fund balances	99,300	(124,453)	316,688	441,141
Fund balances, beginning of year	<u>485,289</u>	<u>485,289</u>	<u>485,289</u>	<u>-</u>
Fund balances, end of year	<u><u>\$ 584,589</u></u>	<u><u>\$ 360,836</u></u>	<u><u>\$ 801,977</u></u>	<u><u>\$ 441,141</u></u>

CITY OF HOLLAND, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Public Parking System Fund
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Special assessments	\$ 246,672	\$ 251,016	\$ 251,016	\$ -
Intergovernmental	-	2,600	1,391	(1,209)
Charges for services	51,597	76,105	98,391	22,286
Interest and rents	2,000	2,600	2,952	352
Total revenues	<u>300,269</u>	<u>332,321</u>	<u>353,750</u>	<u>21,429</u>
Expenditures				
Current:				
Public works:				
Personnel services	107,957	119,017	109,470	(9,547)
Other services and charges	223,685	326,351	275,159	(51,192)
Total expenditures	<u>331,642</u>	<u>445,368</u>	<u>384,629</u>	<u>(60,739)</u>
Net changes in fund balances	(31,373)	(113,047)	(30,879)	82,168
Fund balances, beginning of year	<u>227,236</u>	<u>227,236</u>	<u>227,236</u>	-
Fund balances, end of year	<u>\$ 195,863</u>	<u>\$ 114,189</u>	<u>\$ 196,357</u>	<u>\$ 82,168</u>

CITY OF HOLLAND, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Snowmelt Operating System Fund
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Special assessments	\$ 345,550	\$ 379,879	\$ 354,880	\$ (24,999)
Interest and rents	500	500	1,879	1,379
Total revenues	346,050	380,379	356,759	(23,620)
Expenditures				
Current:				
Public works:				
Other services and charges	208,004	215,263	214,374	(889)
Revenues over (under) expenditures	138,046	165,116	142,385	(22,731)
Other financing uses				
Transfers out	(142,356)	(145,856)	(145,856)	-
Net changes in fund balances	(4,310)	19,260	(3,471)	(22,731)
Fund balances, beginning of year	95,533	95,533	95,533	-
Fund balances, end of year	<u>\$ 91,223</u>	<u>\$ 114,793</u>	<u>\$ 92,062</u>	<u>\$ (22,731)</u>

CITY OF HOLLAND, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Principal Shopping District Fund
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Special assessments	\$ 208,000	\$ 211,601	\$ 211,602	\$ 1
Intergovernmental	-	2,500	2,585	85
Charges for services	47,100	67,129	67,229	100
Contributions from private sector	32,600	50,898	53,399	2,501
Interest and rents	500	2,600	2,980	380
Total revenues	<u>288,200</u>	<u>334,728</u>	<u>337,795</u>	<u>3,067</u>
Expenditures				
Current:				
Parks and recreation:				
Personnel services	145,277	142,981	138,726	(4,255)
Other services and charges	184,125	203,001	200,282	(2,719)
Capital outlay	-	1,697	565	(1,132)
Total expenditures	<u>329,402</u>	<u>347,679</u>	<u>339,573</u>	<u>(8,106)</u>
Net changes in fund balances	(41,202)	(12,951)	(1,778)	11,173
Fund balances, beginning of year	<u>183,371</u>	<u>183,371</u>	<u>183,371</u>	-
Fund balances, end of year	<u>\$ 142,169</u>	<u>\$ 170,420</u>	<u>\$ 181,593</u>	<u>\$ 11,173</u>

CITY OF HOLLAND, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - CATV (Public Access Channels) Fund
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Intergovernmental	\$ -	\$ 3,300	\$ 4,219	\$ 919
Charges for services	3,000	1,000	660	(340)
Fines and fees	445,000	440,000	432,026	(7,974)
Interest and rents	1,000	920	3,794	2,874
Miscellaneous	2,500	2,500	1,590	(910)
Total revenues	<u>451,500</u>	<u>447,720</u>	<u>442,289</u>	<u>(5,431)</u>
Expenditures				
Current:				
General government:				
Personnel services	255,501	228,640	229,481	841
Other services and charges	44,081	55,245	70,378	15,133
Capital outlay	60,900	23,900	19,894	(4,006)
Total expenditures	<u>360,482</u>	<u>307,785</u>	<u>319,753</u>	<u>11,968</u>
Revenues over (under) expenditures	91,018	139,935	122,536	(17,399)
Other financing uses				
Transfers out	<u>(100,000)</u>	<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>
Net changes in fund balances	<u>(8,982)</u>	<u>39,935</u>	<u>22,536</u>	<u>(17,399)</u>
Fund balances, beginning of year	<u>281,025</u>	<u>281,025</u>	<u>281,025</u>	<u>-</u>
Fund balances, end of year	<u><u>\$ 272,043</u></u>	<u><u>\$ 320,960</u></u>	<u><u>\$ 303,561</u></u>	<u><u>\$ (17,399)</u></u>

CITY OF HOLLAND, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Revolving Cash Assistance Fund
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Special assessments	\$ 90,000	\$ 87,000	\$ 86,500	\$ (500)
Interest and rents	3,150	20,950	24,405	3,455
Total revenues	93,150	107,950	110,905	2,955
Other financing uses				
Transfers out	-	(110,418)	(147,385)	36,967
Net changes in fund balances	93,150	(2,468)	(36,480)	(34,012)
Fund balances, beginning of year	415,115	415,115	415,115	-
Fund balances, end of year	<u>\$ 508,265</u>	<u>\$ 412,647</u>	<u>\$ 378,635</u>	<u>\$ (34,012)</u>

CITY OF HOLLAND, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Specified Donations Fund
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Contributions from private sector	\$ -	\$ 281,671	\$ 1,485,648	\$ 1,203,977
Interest and rents	-	-	20,353	20,353
Total revenues	-	281,671	1,506,001	1,224,330
Expenditures				
Current:				
General government:				
Personnel services	-	99,736	-	(99,736)
Other services and charges	-	421,224	252,862	(168,362)
Capital outlay	-	233,083	521	(232,562)
Total expenditures	-	754,043	253,383	(500,660)
Revenues over (under) expenditures	-	(472,372)	1,252,618	1,724,990
Other financing uses				
Transfers out	-	(7,540)	-	(7,540)
Net changes in fund balances	-	(479,912)	1,252,618	1,732,530
Fund balances, beginning of year	604,762	604,762	604,762	-
Fund balances, end of year	<u>\$ 604,762</u>	<u>\$ 124,850</u>	<u>\$ 1,857,380</u>	<u>\$ 1,732,530</u>

CITY OF HOLLAND, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Dangerous Structures Fund
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Charges for services	\$ 41,704	\$ -	\$ -	\$ -
Expenditures				
Current:				
General government:				
Other services and charges	63,604	47,274	19,529	(27,745)
Revenues over (under) expenditures	(21,900)	(47,274)	(19,529)	27,745
Other financing sources				
Transfers in	21,900	47,274	19,529	(27,745)
Net changes in fund balances	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	\$ -	\$ -	\$ -	\$ -

CITY OF HOLLAND, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Police Criminal Justice Training Fund
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Intergovernmental	\$ 12,000	\$ 12,000	\$ 12,721	\$ 721
Expenditures				
Current:				
Public safety:				
Other services and charges	12,000	12,000	5,832	(6,168)
Net changes in fund balances	-	-	6,889	6,889
Fund balances, beginning of year	3,672	3,672	3,672	-
Fund balances, end of year	<u>\$ 3,672</u>	<u>\$ 3,672</u>	<u>\$ 10,561</u>	<u>\$ 6,889</u>

CITY OF HOLLAND, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Anti-Drug Abuse Grants Fund
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Intergovernmental	\$ -	\$ 69,739	\$ 69,739	\$ -
Expenditures				
Current:				
Public safety:				
Personal services	-	317,518	302,722	(14,796)
Revenues over (under) expenditures	-	(247,779)	(232,983)	14,796
Other financing sources				
Transfers in	-	247,779	232,983	(14,796)
Net changes in fund balances	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF HOLLAND, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Law Enforcement Block Grant Fund
 For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Intergovernmental	\$ -	\$ 11,791	\$ 5,153	\$ (6,638)
Expenditures				
Capital outlay	-	11,791	5,153	(6,638)
Net changes in fund balances	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF HOLLAND, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - District Library Taxation Fund
 For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ 165	\$ 15	\$ -	\$ (15)
Expenditures				
Current:				
Parks and recreation:				
Other services and charges	165	15	-	(15)
Net changes in fund balances	-	-	-	-
Fund balances, beginning of year	129	129	129	-
Fund balances, end of year	<u>\$ 129</u>	<u>\$ 129</u>	<u>\$ 129</u>	<u>\$ -</u>

CITY OF HOLLAND, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Community Development Block Grant Fund
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Intergovernmental	\$ -	\$ 872,690	\$ 620,168	\$ (252,522)
Contributions from private sector	-	160,647	160,877	230
Miscellaneous	-	13,123	13,123	-
Total revenues	-	1,046,460	794,168	(252,292)
Expenditures				
Current:				
Welfare and social services:				
Personnel services	-	108,423	85,410	(23,013)
Other services and charges	-	938,600	699,232	(239,368)
Total expenditures	-	1,047,023	784,642	(262,381)
Net changes in fund balances	-	(563)	9,526	10,089
Fund balances, beginning of year	19,205	19,205	19,205	-
Fund balances, end of year	\$ 19,205	\$ 18,642	\$ 28,731	\$ 10,089

CITY OF HOLLAND, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Clean Energy Program Fund
 For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Interest and rents	\$ -	\$ -	\$ 543	\$ 543
Fund balances, beginning of year	<u>29,395</u>	<u>29,395</u>	<u>29,395</u>	<u>-</u>
Fund balances, end of year	<u><u>\$ 29,395</u></u>	<u><u>\$ 29,395</u></u>	<u><u>\$ 29,938</u></u>	<u><u>\$ 543</u></u>

CITY OF HOLLAND, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Eat Healthy For Life - EBT Program Fund
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Contributions from private sector	\$ -	\$ 35,458	\$ 17,487	\$ (17,971)
Expenditures				
Current:				
Welfare and social services:				
Other services and charges	-	35,458	25,885	(9,573)
Net changes in fund balances	-	-	(8,398)	(8,398)
Fund balances, beginning of year	19,220	19,220	19,220	-
Fund balances, end of year	<u>\$ 19,220</u>	<u>\$ 19,220</u>	<u>\$ 10,822</u>	<u>\$ (8,398)</u>

CITY OF HOLLAND, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - OJP Grant Fund
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Intergovernmental	\$ -	\$ 11,255	\$ 6,912	\$ (4,343)
Expenditures				
Capital outlay	-	11,255	6,912	(4,343)
Net changes in fund balances	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF HOLLAND, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Opioid Settlement Fund
 For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Charges for services	\$ -	\$ -	\$ 57,173	\$ 57,173
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 57,173</u>	<u>\$ 57,173</u>

CITY OF HOLLAND, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Holland Energy Fund
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Contributions from private sector	\$ -	\$ -	\$ 100	\$ 100
Interest and rents	64,000	57,000	68,677	11,677
Total revenues	64,000	57,000	68,777	11,777
Expenditures				
Current:				
Public works:				
Other services and charges	484,450	302,150	230,489	(71,661)
Revenues over (under) expenditures	(420,450)	(245,150)	(161,712)	83,438
Other financing sources				
Transfers in	275,000	275,000	275,000	-
Net changes in fund balances	(145,450)	29,850	113,288	83,438
Fund balances, beginning of year	776,839	776,839	776,839	-
Fund balances, end of year	<u>\$ 631,389</u>	<u>\$ 806,689</u>	<u>\$ 890,127</u>	<u>\$ 83,438</u>

CITY OF HOLLAND, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Cemetery Perpetual Care Fund
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Charges for services	\$ 59,000	\$ 70,000	\$ 84,563	\$ 14,563
Interest and rents	1,500	4,000	154,970	150,970
Total revenues	60,500	74,000	239,533	165,533
Other financing uses				
Transfers out	(57,600)	(145,000)	(6,031)	(138,969)
Net changes in fund balances	2,900	(71,000)	233,502	304,502
Fund balances, beginning of year	2,309,237	2,309,237	2,309,237	-
Fund balances, end of year	<u>\$ 2,312,137</u>	<u>\$ 2,238,237</u>	<u>\$ 2,542,739</u>	<u>\$ 304,502</u>

CITY OF HOLLAND, MICHIGAN

Enterprise Funds

Enterprise Funds are proprietary funds that account for operations (a) financed and operated in a manner similar to private-sector business entities - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed primarily through user charges; or, (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Electric Utility Fund

Mandated by chapter 12 of the City Charter, the Electric Utility Fund provides financial accountability for a municipally-owned electric generating facility and distribution system that supplies electrical power to residential, commercial, industrial, and other users. Fiber optics (broadband) is also supplied to a limited customer base. The City has entered into agreements with several of the surrounding governmental jurisdictions to supply electrical power to various residential, commercial, and industrial areas outside of the City.

By way of a Joint Venture with the Michigan Public Power Agency, contractual arrangements have been adopted with other electric generating companies and authorities for the purchase of additional electricity to meet anticipated local requirements into future years, and also to sell excess electrical capacity generated locally.

Outstanding long-term debt may be reflected in this fund in the form of electric system revenue bonds payable. This fund provides financial accountability for revenues, expenses, and balance sheet items.

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

Wastewater Utility Fund

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

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

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

Outstanding long-term debt is reflected in the form of assessment payable to County of Ottawa for 50% commitment of debt service for county sewage bonds and wastewater revenue bonds payable. This fund provides financial accountability for revenues, expenses, and balance sheet items.

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

CITY OF HOLLAND, MICHIGAN

Enterprise Funds

Water Utility Fund

Mandated by chapter 12 of the Holland City Charter, the Water Utility Fund provides financial accountability for a municipally-owned water treatment facility and distribution system that supplies water – drawn from Lake Michigan and treated for cleanliness – to residential, commercial, industrial, and other users within the City.

The City has entered into joint agreements with several of the surrounding governmental jurisdictions for the sale and distribution of water to various areas outside of the City.

In response to projected significant increases in demand for water usage by both residential and commercial/industrial customers, additional long-term debt (Water Utility Revenue Bonds) was issued to finance the expansion of water treatment capacity, together with installation of additional primary water main lines.

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

Refuse and Recycling Pickup Fund

Since 1992, the City has administered a mandatory refuse and recycling pickup program for all single family residences, as well as multi-family residential units. Each residence is provided the choice of using either refuse bags or municipally-owned refuse containers, plus recycling bags.

The entire pickup and hauling operation is contracted to one private sector hauler, with options for contract extension if stipulated by both parties.

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

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

Windmill Island Fund

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

CITY OF HOLLAND, MICHIGAN

Enterprise Funds

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

The revenue base for Windmill Island consists of admission fees, concession fees, and other miscellaneous revenues.

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

Depot Operations Fund

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

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

Per agreement the MAX Authority operates and maintains the building and grounds and also receives related rental income from the other tenants.

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

Airport Facilities and Management System Fund

Since 1986, the City owned and operated the Tulip City Airport. The initial purchase and major enhancements to the airport were financed primarily by grants from the Federal Aviation Administration and the Michigan Bureau of Aeronautics, along with several contributions from the private sector with no local tax dollars used.

On January 18, 2007 the City adopted a resolution to form the West Michigan Airport Authority along with Holland Charter Township, Park Township and the City of Zeeland. The tax levy up to 0.1 mill was approved by voters in all jurisdictions, except Holland Charter Township, in May 2008. Rather than the airport entity imposing its own tax levy, the intergovernmental contractual arrangement provides that the City and two adjacent jurisdictions (composing the airport authority) each levy an identical tax millage rate for the Airport, and each taxing unit will pay the collected taxes to the Authority. The City's portion of this tax levy is accounted for by this fund.

CITY OF HOLLAND, MICHIGAN

Enterprise Funds

Effective July 1, 2008 the Authority became an entirely separate entity and is no longer included in the City's financial report. New grants administered by the Michigan Bureau of Aeronautics will be issued to the Authority from the transition forward. Airport operations, including payments to the Fixed Base Operator (FBO) which manages and operates the airport and lease revenues from T-hangar, private hangar and agricultural rentals are separately accounted for by the West Michigan Airport Authority and no longer included in this City fund.

Capital assets formerly acquired by the City, prior to the formation of the Authority, remain under the City's ownership and continue to be accounted for in this City fund. These City owned assets are leased to the Authority for their use, operation and maintenance. The Authority contracts with the City for managerial staff, fiscal agent services and some minor administrative costs which continue to be accounted for in this fund. The Airport name was changed to the West Michigan Regional Airport in October 2011.

Public Transit Facilities and Management System Fund

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

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

Effective July 1, 2007 the MAX became an entirely separate entity and is no longer included in the City's financial report. The MAX administrative staff are no longer City employees, but rather directly employed by the MAX Authority. Most of the capital assets in the former fund, including buses and equipment, were transferred to the Authority, but the dispatch building assets are retained in the City's governmental activities capital assets.

Civic Center Fund

Effective July 1, 2018 this fund accounts for the revenues and expenses associated with the daily operations of the newly renovated Civic Center Place. The majority of revenue will be generated by VenuWorks, the firm contracted to manage, operate and market the facility. Operating deficits will be subsidized by a transfer from the General Fund.

CITY OF HOLLAND, MICHIGAN

Enterprise Funds

Employee Benefit Fund

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



CITY OF HOLLAND, MICHIGAN

Combining Statement of Net Position

Nonmajor Enterprise Funds

June 30, 2023

	Refuse and Recycling Pickup	Windmill Island	Depot Operations	Airport Facilities and Management System
Assets				
Current assets:				
Cash and pooled investments	\$ 968,816	\$ 2,807,877	\$ 15	\$ 765
Receivables:				
Accounts	325,111	11,290	-	-
Taxes and special assessments	-	-	-	3
Due from other funds	260,436	-	-	-
Total current assets	<u>1,554,363</u>	<u>2,819,167</u>	<u>15</u>	<u>768</u>
Noncurrent assets:				
Capital assets:				
Land	-	99,809	291,300	5,662,128
Machinery and equipment	-	5,055,803	1,655,532	13,993,709
Accumulated depreciation	-	(2,763,901)	(1,342,807)	(12,819,397)
Total noncurrent assets	<u>-</u>	<u>2,391,711</u>	<u>604,025</u>	<u>6,836,440</u>
Total assets	<u>1,554,363</u>	<u>5,210,878</u>	<u>604,040</u>	<u>6,837,208</u>
Liabilities				
Current liabilities:				
Accounts payable	202,451	10,397	-	-
Accrued payroll and benefits	4,193	31,194	-	-
Due to other funds	21,615	2,218	-	-
Deposits	-	16,825	-	-
Accrued compensated absences - current	11,393	36,976	-	-
Total liabilities (all current)	<u>239,652</u>	<u>97,610</u>	<u>-</u>	<u>-</u>
Net position				
Investment in capital assets	-	2,391,711	604,025	6,836,440
Unrestricted	1,314,711	2,721,557	15	768
Total net position	<u>\$ 1,314,711</u>	<u>\$ 5,113,268</u>	<u>\$ 604,040</u>	<u>\$ 6,837,208</u>



Public Transit Facilities and Management System	Civic Center	Employee Benefit Fund	Total
\$ -	\$ -	\$ 9,815	\$ 3,787,288
-	50,000	-	386,401
-	-	-	3
-	-	-	260,436
-	50,000	9,815	4,434,128
-	-	-	6,053,237
-	-	-	20,705,044
-	-	-	(16,926,105)
-	-	-	9,832,176
-	50,000	9,815	14,266,304
-	37,808	428	251,084
-	1,192	-	36,579
-	6,260	-	30,093
-	-	-	16,825
-	4,740	-	53,109
-	50,000	428	387,690
-	-	-	9,832,176
-	-	9,387	4,046,438
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,387</u>	<u>\$ 13,878,614</u>

CITY OF HOLLAND, MICHIGAN

Combining Statement of Revenues, Expenses and Change in Fund Net Position

Nonmajor Enterprise Funds

For the Year Ended June 30, 2023

	Refuse and Recycling Pickup	Windmill Island	Depot Operations	Airport Facilities and Management System
Operating revenues				
Usage fees and charges for services	\$ 2,757,623	\$ 277,759	\$ -	\$ -
Admissions and fares	-	1,611,223	-	-
Rentals	-	63,825	1	-
Total operating revenues	<u>2,757,623</u>	<u>1,952,807</u>	<u>1</u>	<u>-</u>
Operating expenses				
Personnel services	132,502	648,746	-	-
Other current expenses	2,469,129	400,469	-	824,172
Depreciation	-	166,083	24,010	308,568
Total operating expenses	<u>2,601,631</u>	<u>1,215,298</u>	<u>24,010</u>	<u>1,132,740</u>
Operating income (loss)	<u>155,992</u>	<u>737,509</u>	<u>(24,009)</u>	<u>(1,132,740)</u>
Nonoperating revenues (expenses)				
Property taxes	-	-	-	120,830
Other private donations	7,809	54,601	-	-
Investment income	16,252	37,279	-	-
Gain on sale and disposal of capital assets	-	-	-	315,287
Total nonoperating revenues (expenses)	<u>24,061</u>	<u>91,880</u>	<u>-</u>	<u>436,117</u>
Income (loss) before contributions and transfers	<u>180,053</u>	<u>829,389</u>	<u>(24,009)</u>	<u>(696,623)</u>
Contributions and transfers				
Capital contributions	-	7,625	-	-
Federal and/or state grants	2,378	6,080	-	-
Transfers in	-	-	-	-
Total contributions and transfers	<u>2,378</u>	<u>13,705</u>	<u>-</u>	<u>-</u>
Change in net position	<u>182,431</u>	<u>843,094</u>	<u>(24,009)</u>	<u>(696,623)</u>
Net position, beginning of year	<u>1,132,280</u>	<u>4,270,174</u>	<u>628,049</u>	<u>7,533,831</u>
Net position, end of year	<u>\$ 1,314,711</u>	<u>\$ 5,113,268</u>	<u>\$ 604,040</u>	<u>\$ 6,837,208</u>

Public Transit Facilities and Management System	Civic Center	Employee Benefit Fund	Total
\$ -	\$ -	\$ 12,677	\$ 3,048,059
-	-	-	1,611,223
-	-	-	63,826
-	-	12,677	4,723,108
-	40,488	-	821,736
1,678	457,749	10,638	4,163,835
-	-	-	498,661
1,678	498,237	10,638	5,484,232
(1,678)	(498,237)	2,039	(761,124)
-	-	-	120,830
-	-	-	62,410
-	-	150	53,681
-	-	-	315,287
-	-	150	552,208
(1,678)	(498,237)	2,189	(208,916)
-	-	-	7,625
-	719	-	9,177
-	497,518	-	497,518
-	498,237	-	514,320
(1,678)	-	2,189	305,404
1,678	-	7,198	13,573,210
\$ -	\$ -	\$ 9,387	\$ 13,878,614

CITY OF HOLLAND, MICHIGAN

Combining Statement of Cash Flows

Nonmajor Enterprise Funds

For the Year Ended June 30, 2023

	Refuse and Recycling Pickup	Windmill Island	Depot Operations	Airport Facilities and Management System
Cash flows from operating activities				
Receipts from customers and users	\$ 2,722,274	\$ 1,948,369	\$ 1	\$ -
Payments to suppliers	(2,500,630)	(399,674)	-	(824,172)
Payments to employees	(131,075)	(636,518)	-	-
Net cash provided by (used in) operating activities	<u>90,569</u>	<u>912,177</u>	<u>1</u>	<u>(824,172)</u>
Cash flows from noncapital financing activities				
Property taxes	-	-	-	120,840
Private donations	7,809	54,601	-	-
Intragovernmental receipts	-	-	-	-
Intragovernmental payments	(27,117)	(167)	-	(2,312)
Net cash provided by (used in) noncapital financing activities	<u>(19,308)</u>	<u>54,434</u>	<u>-</u>	<u>118,528</u>
Cash flows from capital and related financing activities				
Capital contributions	2,378	13,705	-	-
Proceeds from sale of capital assets	-	-	-	706,409
Purchase/construction of capital assets	-	(58,340)	-	-
Net cash provided by (used in) capital and related financing activities	<u>2,378</u>	<u>(44,635)</u>	<u>-</u>	<u>706,409</u>
Cash flows from investing activities				
Investment income	16,252	37,279	-	-
Net increase (decrease) in cash and pooled investments	<u>89,891</u>	<u>959,255</u>	<u>1</u>	<u>765</u>
Cash and pooled investments, beginning of year	878,925	1,848,622	14	-
Cash and pooled investments, end of year	<u>\$ 968,816</u>	<u>\$ 2,807,877</u>	<u>\$ 15</u>	<u>\$ 765</u>
Cash flows from operating activities				
Operating income (loss)	\$ 155,992	\$ 737,509	\$ (24,009)	\$ (1,132,740)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	-	166,083	24,010	308,568
Change in:				
Accounts receivable	(35,349)	18,550	-	-
Prepaid items	-	950	-	-
Accounts payable	(31,501)	(155)	-	-
Accrued payroll and benefits	704	4,406	-	-
Unearned revenue	-	(22,988)	-	-
Accrued compensated absences	723	7,822	-	-
Net cash provided by (used in) operating activities	<u>\$ 90,569</u>	<u>\$ 912,177</u>	<u>\$ 1</u>	<u>\$ (824,172)</u>



Public Transit Facilities and Management System	Civic Center	Employee Benefit Fund	Total
\$ -	\$ -	\$ 12,677	\$ 4,683,321
(1,678)	(551,578)	(10,708)	(4,288,440)
-	(38,106)	-	(805,699)
<u>(1,678)</u>	<u>(589,684)</u>	<u>1,969</u>	<u>(410,818)</u>
-	-	-	120,840
-	-	-	62,410
-	503,425	-	503,425
-	-	-	(29,596)
-	<u>503,425</u>	-	<u>657,079</u>
-	719	-	16,802
-	-	-	706,409
-	-	-	(58,340)
-	<u>719</u>	-	<u>664,871</u>
-	-	150	53,681
(1,678)	(85,540)	2,119	964,813
<u>1,678</u>	<u>85,540</u>	<u>7,696</u>	<u>2,822,475</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,815</u>	<u>\$ 3,787,288</u>
\$ (1,678)	\$ (498,237)	\$ 2,039	\$ (761,124)
-	-	-	498,661
-	-	-	(16,799)
-	-	-	950
-	(93,829)	(70)	(125,555)
-	486	-	5,596
-	-	-	(22,988)
-	<u>1,896</u>	-	<u>10,441</u>
<u>\$ (1,678)</u>	<u>\$ (589,684)</u>	<u>\$ 1,969</u>	<u>\$ (410,818)</u>

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CITY OF HOLLAND, MICHIGAN

Internal Service Funds

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

Computer Services Fund

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

Basic functions of the Technology Services Department include:

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

Established user fee charges for technology services to departments include the following elements:

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

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

Established user fee charges for photocopying equipment to departments include the following elements:

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

CITY OF HOLLAND, MICHIGAN

Internal Service Funds

Postage Services Fund

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

Established user fee charges to departments include the following elements:

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

Telephony Services Fund

A networked telephone system provides internally connected voice communication services for most departments and activities of the City, as well as communications outside the network. Driven by in-house phone servers, the system provides multiple capabilities for communicating both inside and outside the network. The City has entered into a contractual arrangement with TDS Metrocom as the communication link and processor for all incoming and outgoing phone calls and fax messages outside of the network, to include both local-area and long-distance outgoing calls.

Also captured are operating costs across all departments for usage of Nextel cellular phones, pager units, fax machines, broadband fiber as well as modems for computers and credit card validation machines.

Established user fee charges to departments include the following elements:

- recovery of costs billed to the City by TDS Metrocom
- surcharge to accumulate a sufficient reserve for system maintenance and, to a limited extent, universal system equipment

Fuel Dispensing Fund

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

Fuel is purchased in bulk quantities, and stored in large underground tanks. Users (departments) are billed monthly for gasoline and diesel fuel, as recorded and summarized by computer-generated records of gallons dispensed. Select vehicles are participating in an ongoing biodiesel blend study using a temporary above ground storage tank.

CITY OF HOLLAND, MICHIGAN

Internal Service Funds

Established user fee charges to departments include the following elements:

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

The contractual arrangement between the City and School District for shared facility and operation is determined not to be a joint-venture operation, in accordance with generally accepted accounting standards. The Macatawa Area Express Transportation Authority participates as a customer in the shared fuel dispensing system.

Centralized Vehicle/Equipment Fund

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

General Vehicle & Equipment Pool

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

Streets Vehicle & Equipment Pool

- All vehicles & equipment assigned to this pool are capital assets (minus depreciation) of this fund.
 - State of Michigan Act 51 of 1951 (as amended) requires identifiable accounting for vehicles & equipment dedicated to street maintenance & construction. Detailed accounting is maintained for each such vehicle or equipment item. Michigan Dept of Transportation (MDOT) annually provides a mandatory schedule of hourly rental and use' rates applicable to each individual type of vehicle or equipment for actual time of use.
- Vehicles and equipment assigned to this pool are assessed an established hourly rate for:
- > recovery of fuel costs
 - > recovery of overhead costs for vehicle/equipment maintenance and upkeep
 - > surcharge to accumulate reserve for future replacements of vehicles/equipment

CITY OF HOLLAND, MICHIGAN

Internal Service Funds

Central Maintenance Activity

- A centralized vehicle & equipment maintenance activity is operated at the City's Transportation Services facility. Various support staff (including several vehicle & equipment mechanics) are permanently assigned to this function.
- The mechanics staff performs virtually all maintenance service work for the two Vehicle & Equipment Pools described above; and their services are compensated from the fee structures as described above for each of the two pools.
- In addition, the mechanics perform maintenance services for vehicles & equipment that are not assigned to either of the two pools (such as the MAX Bus Transportation Services System and the City's Fire Emergency Vehicles). Annually an internally-determined hourly rate is established using a 'Cost Allocation Plan' that is acceptable to state & federal agencies providing grant subsidies to the MAX Transportation System. This rate is charged to the appropriate agency for mechanics time to provide repair and maintenance services on vehicles & equipment outside of the two pools described above.

Fire Vehicle/Equipment Fund

The Fire Vehicle/Equipment Pool provides a centralized vehicle and equipment support service for the Holland Fire Department. This fund provides financial accountability for cash reserves, for purchase of additional or replacement emergency vehicles, and for major renovations to emergency vehicles.

Primary financing for this fund is an annual operating transfer from the General Fund derived from a schedule – updated annually – projecting both short-term and long-term cash requirements. Other revenue sources may include sale of existing capital assets and investment income.

Workers Compensation Fund

The City provides workers compensation insurance coverage through a first-dollar coverage (no self-insured retention) commercial plan with Accident Fund of Michigan. Claims are administered by this carrier. The policy provides specific and aggregate coverage limits up to the maximum level requirements, per state statutes.

Revenues to this fund are generated primarily from internally-developed premium charges to various governmental and proprietary funds. Expenses of the fund include commercial insurance premiums on the current policy.

A small number of medical/indemnity claims of prior years have continued to linger (retroactive to a time when the City's workers compensation coverage was partially self-insured). However, all such claims have reached the stop-loss limits of self-insured coverage, thereby transferring further claim payment burden to a commercial insurance carrier.

CITY OF HOLLAND, MICHIGAN

Internal Service Funds

Employee Disability Income Protection Fund

The City provides a short-term disability income protection coverage through a fully self-funded plan, with the City acting as the administrator. For a legitimate and certified disability, the plan provides for 65% of the employee's gross weekly income (up to \$1,500), but only after the employee's accumulated sick leave balance is exhausted and a minimum of 14 calendar days of disability has elapsed.

The 'short-term' disability coverage continues for up to a maximum of 26 weeks. A commercial long-term disability plan then provides continuation of coverage (for certain groups), per the employee handbook or applicable union contract. The commercial carrier for this plan administers disability claim cases.

Revenues to this fund are generated from a combination of internally-developed premium charges (short-term) and commercial carrier rates (long-term) to various departments and funds. Expenses include disability income claims, as well as commercial insurance premiums for long-term income protection.

Employee & Retiree Health/Dental Fund

Medical/dental insurance is provided for full-time employees and dependents, as well as for retirees, through a partially self-funded plan, with claims administration contracted out to Priority Health Managed Benefits. A commercial policy with Priority Health provides a specific stop-loss threshold on individual policies.

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

'*Illustrative Rates*' provided by Priority Health, with the fund reserve as of the most recent June 30th, provide a starting point for determining the premium rate structure. '*Illustrative Rates*' may be changed to keep the reserve at an appropriate level.

Vehicle Damage & Liability Fund

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

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

CITY OF HOLLAND, MICHIGAN

Internal Service Funds

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

Property Damage Fund

The City partially self-insures coverage for the cost of repairs or replacement to its damaged property (other than vehicles). Claims administration is handled internally, except when a claim for excess coverage would be involved. Commercial umbrella coverage is purchased for damages in excess of a \$250,000 retention, per occurrence. The commercial umbrella policies designate specific upper limits of coverage based upon the type of property line. Commercial excess coverage policies provide an aggregate coverage across all municipally-owned property (excluding the Electric Generating Plant and Municipal Airport property, which are insured under a separate policies outside of this fund).

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

General & Professional Liability Fund

The City partially self-insures coverage for the cost of general liability claims against the City. Coverages for Public Officials Liability and Law Enforcement Liability are also included in this fund. Administration of claims is handled by a contracted third-party administrator. Commercial insurance coverage is purchased for each individual claim occurrence that exceeds a self-funded retention of \$250,000. The commercial policies provide stop-loss protection at \$250,000 'per occurrence' and 'aggregate' after \$1,000,000 of individual occurrences. The commercial policies also provide additional 'umbrella coverage' up to \$10,000,000 'per occurrence'.

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

Compensated Absences Fund

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

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



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CITY OF HOLLAND, MICHIGAN

Combining Statement of Net Position

Internal Service Funds

June 30, 2023

	Technology Services			Equipment Services		
	Computer Services	Postage Services	Telephony Services	Fuel Dispensing	Centralized Vehicle / Equipment	Fire Vehicle / Equipment
Assets						
Current assets:						
Cash and pooled investments	\$ 325,313	\$ 2,306	\$ 17,504	\$ 35,340	\$ 1,165,549	\$ -
Receivables:						
Accounts	26,460	-	-	36,790	78,677	-
Due from other governmental units	-	-	-	-	422,654	-
Due from other funds	-	-	-	37,127	38,266	-
Inventories	-	4,690	-	38,074	652,438	-
Prepaid items	132,076	550	-	-	-	-
Total current assets	483,849	7,546	17,504	147,331	2,357,584	-
Noncurrent assets:						
Capital assets:						
Construction in progress	-	-	-	-	231,459	-
Machinery and equipment	852,158	-	94,949	331,880	11,714,598	3,221,494
Accumulated depreciation	(758,076)	-	(94,103)	(115,053)	(6,982,242)	(1,218,958)
Total noncurrent assets	94,082	-	846	216,827	4,963,815	2,002,536
Total assets	577,931	7,546	18,350	364,158	7,321,399	2,002,536
Liabilities						
Current liabilities:						
Accounts payable	9,183	677	-	-	818,090	-
Claims payable	-	-	-	-	-	-
Accrued payroll and benefits	15,654	-	-	-	33,559	-
Due to other funds	975	-	-	92,989	1,133	-
Unearned revenue	-	-	-	-	4,180	-
Current portion of compensated absences	-	-	-	-	-	-
Total current liabilities	25,812	677	-	92,989	856,962	-
Noncurrent liabilities:						
Compensated absences, net of current portion	30,867	-	-	-	132,461	-
Total liabilities	56,679	677	-	92,989	989,423	-
Net position						
Investment in capital assets	94,082	-	846	216,827	4,963,815	2,002,536
Unrestricted	427,170	6,869	17,504	54,342	1,368,161	-
Total net position	\$ 521,252	\$ 6,869	\$ 18,350	\$ 271,169	\$ 6,331,976	\$ 2,002,536

Insurance Services							
Workers Compensation	Employee Disability Income Protection	Employee and Retiree Health / Dental	Vehicle Damage and Liability	Property Damage	General and Professional Liability	Compensated Absences	Total
\$ 367,598	\$ 273,391	\$ 4,539,831	\$ 311,632	\$ 368,168	\$ 105,366	\$ 1,835,187	\$ 9,347,185
-	-	171,769	25	-	-	-	313,721
-	-	-	-	-	-	-	422,654
-	-	-	-	-	-	-	75,393
-	-	-	-	-	-	-	695,202
-	1,181	-	9,270	6,489	45,591	-	195,157
<u>367,598</u>	<u>274,572</u>	<u>4,711,600</u>	<u>320,927</u>	<u>374,657</u>	<u>150,957</u>	<u>1,835,187</u>	<u>11,049,312</u>
-	-	-	-	-	-	-	231,459
-	-	-	-	-	-	-	16,215,079
-	-	-	-	-	-	-	(9,168,432)
-	-	-	-	-	-	-	<u>7,278,106</u>
<u>367,598</u>	<u>274,572</u>	<u>4,711,600</u>	<u>320,927</u>	<u>374,657</u>	<u>150,957</u>	<u>1,835,187</u>	<u>18,327,418</u>
13,615	-	9,336	8,668	27,610	-	-	887,179
-	-	243,466	-	-	-	-	243,466
-	2,082	145	-	-	-	-	51,440
-	-	-	-	-	-	-	95,097
-	-	-	-	-	-	-	4,180
-	-	-	-	-	-	1,512,000	1,512,000
<u>13,615</u>	<u>2,082</u>	<u>252,947</u>	<u>8,668</u>	<u>27,610</u>	<u>-</u>	<u>1,512,000</u>	<u>2,793,362</u>
-	-	-	-	-	-	323,187	486,515
<u>13,615</u>	<u>2,082</u>	<u>252,947</u>	<u>8,668</u>	<u>27,610</u>	<u>-</u>	<u>1,835,187</u>	<u>3,279,877</u>
-	-	-	-	-	-	-	7,278,106
<u>353,983</u>	<u>272,490</u>	<u>4,458,653</u>	<u>312,259</u>	<u>347,047</u>	<u>150,957</u>	<u>-</u>	<u>7,769,435</u>
<u>\$ 353,983</u>	<u>\$ 272,490</u>	<u>\$ 4,458,653</u>	<u>\$ 312,259</u>	<u>\$ 347,047</u>	<u>\$ 150,957</u>	<u>\$ -</u>	<u>\$ 15,047,541</u>

CITY OF HOLLAND, MICHIGAN

Combining Statement of Revenues, Expenses and Change in Fund Net Position

Internal Service Funds

For the Year Ended June 30, 2023

	Technology Services			Equipment Services		
	Computer Services	Postage Services	Telephony Services	Fuel Dispensing	Centralized Vehicle / Equipment	Fire Vehicle / Equipment
Operating revenues						
Charges for services	\$ 1,265,201	\$ 25,467	\$ 118,615	\$ 914,056	\$ 582,205	\$ -
Premiums	-	-	-	-	-	-
Rentals	-	-	-	-	2,573,539	-
Miscellaneous	733	-	-	-	6,625	-
Total operating revenues	<u>1,265,934</u>	<u>25,467</u>	<u>118,615</u>	<u>914,056</u>	<u>3,162,369</u>	<u>-</u>
Operating expenses						
Personnel services	460,269	-	-	8,611	956,598	-
Other current expenses	602,038	25,961	118,615	916,266	1,626,498	-
Depreciation	30,600	-	-	16,091	621,414	140,667
Total operating expenses	<u>1,092,907</u>	<u>25,961</u>	<u>118,615</u>	<u>940,968</u>	<u>3,204,510</u>	<u>140,667</u>
Operating income (loss)	<u>173,027</u>	<u>(494)</u>	<u>-</u>	<u>(26,912)</u>	<u>(42,141)</u>	<u>(140,667)</u>
Nonoperating revenues (expenses)						
Investment income	997	55	319	154	23,954	-
Insurance recovery	-	-	-	-	-	-
Gain (loss) on sale and disposal of capital assets	-	-	-	-	52,347	(61,646)
Total nonoperating revenues (expenses)	<u>997</u>	<u>55</u>	<u>319</u>	<u>154</u>	<u>76,301</u>	<u>(61,646)</u>
Income (loss) before contributions and transfers	<u>174,024</u>	<u>(439)</u>	<u>319</u>	<u>(26,758)</u>	<u>34,160</u>	<u>(202,313)</u>
Contributions and transfers						
Federal and/or state grants	8,718	-	-	-	439,612	-
Transfers in	100,000	-	-	-	-	-
Transfers out	-	-	-	-	(150,000)	(448,439)
Net contributions and transfers	<u>108,718</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>289,612</u>	<u>(448,439)</u>
Change in net position	<u>282,742</u>	<u>(439)</u>	<u>319</u>	<u>(26,758)</u>	<u>323,772</u>	<u>(650,752)</u>
Net position, beginning of year	<u>238,510</u>	<u>7,308</u>	<u>18,031</u>	<u>297,927</u>	<u>6,008,204</u>	<u>2,653,288</u>
Net position, end of year	<u>\$ 521,252</u>	<u>\$ 6,869</u>	<u>\$ 18,350</u>	<u>\$ 271,169</u>	<u>\$ 6,331,976</u>	<u>\$ 2,002,536</u>

Insurance Services							
Workers Compensation	Employee Disability Income Protection	Employee and Retiree Health / Dental	Vehicle Damage and Liability	Property Damage	General and Professional Liability	Compensated Absences	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,434,239	\$ 4,339,783
337,442	99,442	5,722,551	151,399	83,356	260,893	-	6,655,083
-	-	-	-	-	-	-	2,573,539
29,276	-	-	50	90	-	-	36,774
<u>366,718</u>	<u>99,442</u>	<u>5,722,551</u>	<u>151,449</u>	<u>83,446</u>	<u>260,893</u>	<u>1,434,239</u>	<u>13,605,179</u>
-	2,509	499	-	-	-	1,434,239	2,862,725
573,858	88,354	7,119,314	166,525	137,403	256,263	-	11,631,095
-	-	-	-	-	-	-	808,772
<u>573,858</u>	<u>90,863</u>	<u>7,119,813</u>	<u>166,525</u>	<u>137,403</u>	<u>256,263</u>	<u>1,434,239</u>	<u>15,302,592</u>
<u>(207,140)</u>	<u>8,579</u>	<u>(1,397,262)</u>	<u>(15,076)</u>	<u>(53,957)</u>	<u>4,630</u>	<u>-</u>	<u>(1,697,413)</u>
6,937	4,712	90,473	4,489	6,147	96	-	138,333
-	-	357,272	-	-	-	-	357,272
-	-	-	-	-	-	-	(9,299)
<u>6,937</u>	<u>4,712</u>	<u>447,745</u>	<u>4,489</u>	<u>6,147</u>	<u>96</u>	<u>-</u>	<u>486,306</u>
<u>(200,203)</u>	<u>13,291</u>	<u>(949,517)</u>	<u>(10,587)</u>	<u>(47,810)</u>	<u>4,726</u>	<u>-</u>	<u>(1,211,107)</u>
-	-	-	-	-	-	-	448,330
-	-	-	-	-	-	-	100,000
-	-	-	-	-	-	-	(598,439)
-	-	-	-	-	-	-	(50,109)
<u>(200,203)</u>	<u>13,291</u>	<u>(949,517)</u>	<u>(10,587)</u>	<u>(47,810)</u>	<u>4,726</u>	<u>-</u>	<u>(1,261,216)</u>
<u>554,186</u>	<u>259,199</u>	<u>5,408,170</u>	<u>322,846</u>	<u>394,857</u>	<u>146,231</u>	<u>-</u>	<u>16,308,757</u>
<u>\$ 353,983</u>	<u>\$ 272,490</u>	<u>\$ 4,458,653</u>	<u>\$ 312,259</u>	<u>\$ 347,047</u>	<u>\$ 150,957</u>	<u>\$ -</u>	<u>\$ 15,047,541</u>

CITY OF HOLLAND, MICHIGAN

Combining Statement of Cash Flows

Internal Service Funds

For the Year Ended June 30, 2023

	Technology Services			Equipment Services		
	Computer Services	Postage Services	Telephony Services	Fuel Dispensing	Centralized Vehicle / Equipment	Fire Vehicle / Equipment
Cash flows from operating activities						
Receipts from interfund services provided	\$ 1,239,884	\$ 25,467	\$ 118,615	\$ 935,404	\$ 2,653,992	\$ -
Payments to suppliers	(705,671)	(27,536)	(118,615)	(931,322)	(867,020)	-
Payments to employees	(453,994)	-	-	(8,611)	(923,774)	-
Net cash provided by (used in) operating activities	<u>80,219</u>	<u>(2,069)</u>	<u>-</u>	<u>(4,529)</u>	<u>863,198</u>	<u>-</u>
Cash flows from noncapital financing activities						
Insurance refunds	-	-	-	-	-	-
Intergovernmental receipts	100,000	-	-	-	-	-
Intergovernmental payments	-	-	-	-	(150,000)	(448,439)
Net cash provided by (used in) noncapital financing activities	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(150,000)</u>	<u>(448,439)</u>
Cash flows from capital and related financing activities						
Capital contributions	8,718	-	-	-	439,612	-
Proceeds from sale of capital assets	-	-	-	7,360	79,762	39,600
Purchase/construction of capital assets	(11,349)	-	-	(20,360)	(1,677,940)	-
Net cash provided by (used in) capital and related financing activities	<u>(2,631)</u>	<u>-</u>	<u>-</u>	<u>(13,000)</u>	<u>(1,158,566)</u>	<u>39,600</u>
Cash flows from investing activities						
Investment income	997	55	319	154	23,954	-
Net increase (decrease) in cash and pooled investments	<u>178,585</u>	<u>(2,014)</u>	<u>319</u>	<u>(17,375)</u>	<u>(421,414)</u>	<u>(408,839)</u>
Cash and pooled investments, beginning of year	146,728	4,320	17,185	52,715	1,586,963	408,839
Cash and pooled investments, end of year	<u>\$ 325,313</u>	<u>\$ 2,306</u>	<u>\$ 17,504</u>	<u>\$ 35,340</u>	<u>\$ 1,165,549</u>	<u>\$ -</u>
Cash flows from operating activities						
Operating income (loss)	\$ 173,027	\$ (494)	\$ -	\$ (26,912)	\$ (42,141)	\$ (140,667)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation	30,600	-	-	16,091	621,414	140,667
Change in:						
Accounts receivable	(26,050)	-	-	11,624	(52,745)	-
Due from other governmental units	-	-	-	-	(422,654)	-
Due from other funds	-	-	-	(20,977)	(38,170)	-
Inventories	-	(1,475)	-	40,540	4,481	-
Prepaid items	(101,350)	(100)	-	-	-	-
Accounts payable	(2,283)	-	-	(55,596)	754,997	-
Claims payable	-	-	-	-	-	-
Accrued payroll and benefits	2,353	-	-	-	10,667	-
Due to other funds	-	-	-	30,701	1,012	-
Unearned revenue	-	-	-	-	4,180	-
Accrued compensated absences	3,922	-	-	-	22,157	-
Net cash provided by (used in) operating activities	<u>\$ 80,219</u>	<u>\$ (2,069)</u>	<u>\$ -</u>	<u>\$ (4,529)</u>	<u>\$ 863,198</u>	<u>\$ -</u>

Insurance Services							
Workers Compensation	Employee Disability Income Protection	Employee and Retiree Health / Dental	Vehicle Damage and Liability	Property Damage	General and Professional Liability	Compensated Absences	Total
\$ 366,718	\$ 99,442	\$ 5,698,827	\$ 151,424	\$ 83,446	\$ 268,219	\$ 1,434,239	\$ 13,075,677
(568,315)	(89,535)	(7,020,659)	(158,127)	(109,982)	(226,164)	-	(10,822,946)
-	(3,446)	(354)	-	-	-	(1,409,031)	(2,799,210)
(201,597)	6,461	(1,322,186)	(6,703)	(26,536)	42,055	25,208	(546,479)
-	-	357,272	-	-	-	-	357,272
-	-	-	-	-	-	-	100,000
-	-	-	-	-	-	-	(598,439)
-	-	357,272	-	-	-	-	(141,167)
-	-	-	-	-	-	-	448,330
-	-	-	-	-	-	-	126,722
-	-	-	-	-	-	-	(1,709,649)
-	-	-	-	-	-	-	(1,134,597)
6,937	4,712	90,473	4,489	6,147	96	-	138,333
(194,660)	11,173	(874,441)	(2,214)	(20,389)	42,151	25,208	(1,683,910)
562,258	262,218	5,414,272	313,846	388,557	63,215	1,809,979	11,031,095
<u>\$ 367,598</u>	<u>\$ 273,391</u>	<u>\$ 4,539,831</u>	<u>\$ 311,632</u>	<u>\$ 368,168</u>	<u>\$ 105,366</u>	<u>\$ 1,835,187</u>	<u>\$ 9,347,185</u>
\$ (207,140)	\$ 8,579	\$ (1,397,262)	\$ (15,076)	\$ (53,957)	\$ 4,630	\$ -	\$ (1,697,413)
-	-	-	-	-	-	-	808,772
-	-	(23,724)	(25)	-	-	-	(90,920)
-	-	-	-	-	-	-	(422,654)
-	-	-	-	-	7,326	-	(51,821)
-	-	-	-	-	-	-	43,546
-	(1,181)	12,678	(270)	(189)	37,904	-	(52,508)
5,543	-	(38,611)	8,668	27,610	(7,805)	-	692,523
-	-	124,588	-	-	-	-	124,588
-	(937)	145	-	-	-	-	12,228
-	-	-	-	-	-	-	31,713
-	-	-	-	-	-	-	4,180
-	-	-	-	-	-	25,208	51,287
<u>\$ (201,597)</u>	<u>\$ 6,461</u>	<u>\$ (1,322,186)</u>	<u>\$ (6,703)</u>	<u>\$ (26,536)</u>	<u>\$ 42,055</u>	<u>\$ 25,208</u>	<u>\$ (546,479)</u>

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CITY OF HOLLAND, MICHIGAN

Component Units

A component unit is a legally separate entity that satisfies at least one of the following criteria:

- The primary government (City of Holland, Michigan) is financially accountable for the legally separate entity.
- The nature and significance of the relationship between the primary government and the legally separate entity is such that to exclude the entity from the financial reporting entity would render the financial statements misleading or incomplete.

Downtown Development Authority Fund

The Downtown Development Authority (DDA) Fund was established in May 1984 with adoption of City Ordinance Number 757, under authority granted by State of Michigan, Public Act 197 of 1975, as amended. The Main Street Program, modeled somewhat after the national program with the same name, is the mechanism used for administering operations and programs, under direction of a DDA Board of Directors.

At the current time funding is accomplished with a district-wide tax levy rather than tax increment financing (TIF).

Activities include a program for low interest loans to improve both exteriors and interiors of downtown buildings; recruitment of new businesses to downtown area; improved ambiance for shoppers such as assistance with window displays, a sidewalk hanging banners program, improved shopping atmosphere through new and expanded decorations and music, underground electrical expansion programs; and presentations to area groups and news media which promotes the downtown area. Most activities performed by the DDA are provided for benefit of the private sector.

This fund provides financial accountability for the administration and general operations of the DDA.

Brownfield Redevelopment Authority Funds

The Brownfield Redevelopment Authority Financing Act, State of Michigan P.A. 381 of 1996, as amended, establishes a method for municipalities to facilitate and promote revitalization of environmentally contaminated and/or blighted and functionally obsolete sites. Two primary tax incentives made available through this legislation include:

- State of Michigan Single Business Tax Credits (replaced with Michigan Business Tax in 2008)
- City Tax Increment Financing (TIF)

A separate fund is established for each approved project site, to record revenues from Tax Increment Financing 'captured property taxes'; and to record reimbursement payments to project developers for authorized redevelopment expenditure outlays. The City's Brownfield Redevelopment Authority Board – together with the State of Michigan – establish parameters for Tax Increment Financing captures and eligible types of reimbursable expenditures to developers.

CITY OF HOLLAND, MICHIGAN

Component Units

As of the fiscal year ending June 30, 2023 twenty-four individual Brownfield Redevelopment Projects have been approved, with the current status of each project delineated as follows:

Brownfield Redevelopment Project Sites	TIF Capture Base Year	Brownfield Construction Activity
570 East 16th Street (former General Electric location, new Menards)	2002	Completed/TIF Done
29 East 6 th St. (former City landfill location, new residential condos)	2002	Completed/TIF Done
635 East 48 th Street (former Lifesavers location, new industrial condos)	2002	Completed/TIF Done
345 East 48 th Street (former Textron Micromatics location, new industrial condos including Hudsonville Ice Cream)	2004	Completed/TIF Done
13 West 4 th Street (current Steketee VanHuis location, new same use)	2003	Completed/TIF Done
573 Columbia Avenue (former Baker Furniture location, new residential condos, Baker Events catering and commercial/retail, NEZ)	2004	Completed
141 East 8 th St. (former muffler shop location, new Macatawa Bank)	2005	Completed/TIF Done
95 West 15 th Street (former Holland Public Schools location, new multiple commercial condos and banquet facility)	2006	Completed/TIF Done
99 East 8 th Street (former auto supply store, new office and retail)	2006	Completed/TIF Done
479 Columbia Ave (former auto repair shop, new Tic Tock Studios movie production company)	2006	Never materialized - TIF dollars returned
146 River Avenue (former manufacturing bldg., new residential condos, NEZ)	2007	Completed
95-135 East 7 th Street (formerly vacant, new parking garage)	2007	Completed
561 Crescent Drive (former marina, new residential condos and commercial space, NEZ on residential condos)	2008	Completed
1130 Lincoln Ave (former house, new convenience store)	2011	Completed/TIF Done
156 W 11 th St. (former Washington School, new residential development)	2016	Completed

CITY OF HOLLAND, MICHIGAN

Component Units

Brownfield Redevelopment Project Sites	TIF Capture Base Year	Brownfield Construction Activity
Property located between 8th & 9th and between River & Pine Ave (formerly several buildings), new mixed use facilities and parking deck	2016	In Progress
154 E. 15th St. (Minit Mart), refurbished commercial property	2016	Completed
380 W 16th St (former restaurant, new store, restaurant, bakery)	2016	Completed
110 Central Avenue (condo development)	2018	Completed
Main St. off of M40 (formally vacant, apartments)	2019	In Progress
1162 Washington Avenue (former Muffler Man, new restaurant)	2019	Completed
60 E 40 th St (former vacant land and partial condo development), single family homes (10) and 46 duplex condo development	2021	Completed
159 River Avenue (former Youth for Christ building; new residential condos and commercial condos)	2022	In Progress
285 W 36 th St and 906 Washington Avenue (former vacant land) 4 two - bedroom and 20 three - bedroom townhouses and 18 three - bedroom single family homes	2023	In Progress

[Note: 'Tax Increment Financing' (TIF) capture provisions for this specific project are delayed for up to seven years because this same Brownfield Project is also established as a 'Neighborhood Enterprise Zone' (NEZ), freezing property taxes at a fixed dollar level for the duration of this seven year NEZ period.]

Holland Historical Trust

Holland Historical Trust is a Michigan non-profit corporation with its own board of directors that is not appointed by the Holland City Council. However, this fund is currently financially dependent upon the City for a substantial portion of its overall financing.

Primary revenue sources include an annual contribution from the City - General Fund and bequests from the private sector. The portion of this fund that represents accumulated bequests – with limitations placed upon use of the contributed principal – is established as non-expendable.

CITY OF HOLLAND, MICHIGAN

Component Units

This fund provides financial accountability for the administration, operations and general maintenance of four local area historical buildings: Holland Museum, Holland Armory (currently offices), Cappon House and the Settlers House. The buildings, with the exception of the Armory, are owned by the City.

SmartZone

The Holland Local Development Finance Authority (LDFA) was created in October 2014, pursuant to State of Michigan P.A. 281 of 1986. The board consists of four City of Holland appointees, three Holland Charter Township appointees, one Ottawa County appointee, two West Ottawa Schools appointees, two Holland Public Schools appointees and six Ex-Officio members. The operating purpose is to eliminate the causes of unemployment, underemployment, joblessness, recruitment, retention and to promote economic growth in Holland, through the capture of certain taxes in the SmartZone area.



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CITY OF HOLLAND, MICHIGAN

Balance Sheet

Downtown Development Authority Component Unit

June 30, 2023

Assets

Current assets:

Cash and pooled investments	\$ 264,482
Accounts receivable	15
Taxes receivable	1
Prepaid items	200

Total assets

\$ 264,698

Liabilities

Current liabilities:

Accounts payable	\$ 8,766
Accrued payroll and benefits	3,329

Total liabilities

12,095

Fund balances

Nonspendable for prepaid items	200
Unassigned	252,403

Total fund balances

252,603

Total liabilities and fund balances

\$ 264,698

CITY OF HOLLAND, MICHIGAN

Reconciliation

Fund Balance of the Governmental Fund
to Net Position of Component Unit
Downtown Development Authority Component Unit
June 30, 2023

Fund balance - total governmental fund \$ 252,603

Amounts reported for governmental activities in the statement of net position
are different because:

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

Capital assets being depreciated, net 96,081

Net position of component unit \$ 348,684

CITY OF HOLLAND, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balance

Downtown Development Authority Component Unit

For the Year Ended June 30, 2023

Revenues

Property taxes	\$ 237,018
Intergovernmental	2,062
Charges for services	12,498
Investment income	7,540
Other revenue	43,300

Total revenues

302,418

Expenditures

Current:

Economic development:

Personnel services	88,958
Current operating expenditures	152,421
Capital outlay	103,719

Total expenditures

345,098

Net changes in fund balance

(42,680)

Fund balance, beginning of year

295,283

Fund balance, end of year

\$ 252,603

CITY OF HOLLAND, MICHIGAN

Reconciliation

Net Changes in Fund Balance of the Governmental Fund
to Change in Net Position of Component Unit
Downtown Development Authority Component Unit
For the Year Ended June 30, 2023

Net changes in fund balance - total governmental fund \$ (42,680)

Amounts reported for governmental activities in the statement of activities
are different because:

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

Depreciation expense (11,234)

Change in net position of component unit \$ (53,914)

CITY OF HOLLAND, MICHIGAN

Balance Sheet

Brownfield Redevelopment Authority Component Unit

June 30, 2023

Assets

Current assets:

Cash and pooled investments	<u>\$ 3,073,615</u>
-----------------------------	---------------------

Liabilities

Current liabilities:

Accounts payable	\$ 96
Due to other governmental units	<u>47,475</u>

Total liabilities

47,571

Fund balance

Unassigned	<u>3,026,044</u>
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Total liabilities and fund balances

	<u>\$ 3,073,615</u>
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CITY OF HOLLAND, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balance

Brownfield Redevelopment Authority Component Unit

For the Year Ended June 30, 2023

Revenues

Property taxes	\$ 2,563,506
Intergovernmental	5,459
Investment income	<u>75,982</u>

Total revenues

2,644,947

Expenditures

Current:

Economic development	<u>2,093,789</u>
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Net changes in fund balance

551,158

Fund balance, beginning of year

2,474,886

Fund balance, end of year

\$ 3,026,044

CITY OF HOLLAND, MICHIGAN

Balance Sheet

SmartZone Component Unit

June 30, 2023

Assets

Current assets:

Cash and pooled investments \$ 817,217

Liabilities

Current liabilities:

Accounts payable \$ 61,217

Fund balance

Unassigned 756,000

Total liabilities and fund balances \$ 817,217

CITY OF HOLLAND, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balance

SmartZone Component Unit

For the Year Ended June 30, 2023

Revenues

Charges for services	\$ 32,530
Contributions	519,666
Investment loss	<u>15,895</u>

Total revenues

568,091

Expenditures

Current:

Economic development	<u>316,081</u>
----------------------	----------------

Net changes in fund balance

252,010

Fund balance, beginning of year

503,990

Fund balance, end of year

\$ 756,000

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STATISTICAL SECTION

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CITY OF HOLLAND, MICHIGAN

Statistical Section Table of Contents

This part of the City’s Annual Comprehensive Financial Report presents detailed information to assist the user in understanding what the financial statements, note disclosures and required supplementary information say about the overall economic condition of the City.

		<u>Page</u>
Financial Trends	These schedules contain trend information to help the reader understand and evaluate how the City’s financial condition, performance and well-being have changed over time.	230
Revenue Capacity	These schedules contain information to help the reader assess the City’s ability to generate its most significant local revenue source, the property tax.	240
Debt Capacity	These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and its ability to issue additional debt in the future.	246
Demographic and Economic Information	These schedules present various demographic and economic indicators to help the reader understand the environment within which the City operates and how they affect the City’s financial activities.	258
Operating Information	These schedules contain information about the City’s operations and resources to help the reader understand how the information in the City’s financial report relates to the services the City provides and the activities it performs.	260

Sources: Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Report for the relevant year.

CITY OF HOLLAND, MICHIGAN

Net Position by Component

Last Ten Fiscal Years

Primary Government Activities	Fiscal Year			
	2023	2022	2021	2020
Governmental activities				
Net investment in capital assets	\$ 132,371,659	\$ 129,246,420	\$ 125,338,987	\$ 121,803,108
Restricted	12,024,966	8,827,705	9,326,937	7,236,082
Unrestricted (deficit)	(5,621,248)	(5,688,645)	(13,474,811)	(18,407,158)
Total governmental activities net position	\$ 138,775,377	\$ 132,385,480	\$ 121,191,113	\$ 110,632,032
Business-type activities				
Net investment in capital assets	\$ 400,097,996	\$ 394,720,658	\$ 375,415,497	\$ 266,015,919
Restricted	26,343,300	10,931,710	11,067,495	24,769,600
Unrestricted	86,237,000	92,049,608	112,483,693	171,377,014
Total business-type activities net position	\$ 512,678,296	\$ 497,701,976	\$ 498,966,685	\$ 462,162,533
Primary government				
Net investment in capital assets	\$ 532,469,655	\$ 523,967,078	\$ 500,754,484	\$ 387,819,027
Restricted	38,368,266	19,759,415	20,394,432	32,005,682
Unrestricted	80,615,752	86,360,963	99,008,882	152,969,856
Total primary government net position	\$ 651,453,673	\$ 630,087,456	\$ 620,157,798	\$ 572,794,565

GASB Statement No. 68 was implemented for the fiscal year ended June 30, 2015. This resulted in presentation of the City's net pension liability on the statement of net position. Prior years were not restated.

GASB Statement No. 75 was implemented for the fiscal year ended June 30, 2018. This resulted in presentation of the City's net other postemployment benefit liability on the statement of net position. Prior years were not restated.

For the fiscal year ended June 30, 2022, the Holland City Council adopted a resolution authorizing the Board to apply the standards of GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and other AICPA Pronouncements, Paragraphs 476-500*. This Statement provides for the deferral of expense and revenue recognition through the use of regulatory assets and liabilities in order to follow the principle of matching costs and revenues as part of the ratemaking process. Prior years were not restated.

Fiscal Year					
2019	2018	2017	2016	2015	2014
\$ 117,526,801	\$ 110,819,862	\$ 106,647,631	\$ 107,920,320	\$ 101,785,238	\$ 101,283,878
6,462,602	4,920,535	5,552,677	3,986,636	6,339,594	7,274,432
<u>(18,768,821)</u>	<u>(19,116,428)</u>	<u>(13,506,025)</u>	<u>(16,316,283)</u>	<u>(13,905,867)</u>	<u>13,779,260</u>
<u>\$ 105,220,582</u>	<u>\$ 96,623,969</u>	<u>\$ 98,694,283</u>	<u>\$ 95,590,673</u>	<u>\$ 94,218,965</u>	<u>\$ 122,337,570</u>
\$ 271,210,102	\$ 260,423,184	\$ 243,038,572	\$ 227,299,822	\$ 164,628,976	\$ 109,000,184
25,439,897	43,801,278	32,305,746	26,103,060	24,300,021	23,063,654
<u>137,904,515</u>	<u>98,489,792</u>	<u>100,980,789</u>	<u>93,263,171</u>	<u>125,351,237</u>	<u>174,756,386</u>
<u>\$ 434,554,514</u>	<u>\$ 402,714,254</u>	<u>\$ 376,325,107</u>	<u>\$ 346,666,053</u>	<u>\$ 314,280,234</u>	<u>\$ 306,820,224</u>
\$ 388,736,903	\$ 371,243,046	\$ 349,686,203	\$ 335,220,142	\$ 266,414,214	\$ 210,284,062
31,902,499	48,721,813	37,858,423	30,089,696	30,639,615	30,338,086
<u>119,135,694</u>	<u>79,373,364</u>	<u>87,474,764</u>	<u>76,946,888</u>	<u>111,445,370</u>	<u>188,535,646</u>
<u>\$ 539,775,096</u>	<u>\$ 499,338,223</u>	<u>\$ 475,019,390</u>	<u>\$ 442,256,726</u>	<u>\$ 408,499,199</u>	<u>\$ 429,157,794</u>

CITY OF HOLLAND, MICHIGAN

Changes in Net Position

Last Ten Fiscal Years

	Fiscal Year			
	2023	2022	2021	2020
Expenses				
Governmental activities:				
General government	\$ 7,659,810	\$ 5,687,293	\$ 5,413,608	\$ 6,553,853
Public safety	18,957,326	13,045,393	14,475,186	13,786,896
Public works	13,232,408	15,557,452	9,462,061	11,512,480
Welfare and social services	1,584,861	1,099,101	1,288,600	917,443
Parks and recreation	6,376,710	4,060,045	4,568,078	4,405,764
Interest on debt	2,005,036	1,593,768	1,723,038	1,817,666
Total governmental activities expenses	49,816,151	41,043,052	36,930,571	38,994,102
Business-type activities:				
Electric utility	86,159,789	83,439,530	76,315,214	76,715,328
Wastewater utility	13,672,926	12,545,127	11,610,812	11,664,304
Water utility	10,236,364	8,677,612	7,952,801	7,576,697
Other enterprise activities	5,168,945	4,571,928	4,637,042	4,140,407
Total business-type activities expenses	115,238,024	109,234,197	100,515,869	100,096,736
Total primary government expenses	165,054,175	150,277,249	137,446,440	139,090,838
Program revenues				
Governmental activities:				
Charges for services:				
General government	1,867,247	1,559,285	1,479,766	1,521,299
Public safety	3,677,817	1,998,409	1,920,107	1,464,756
Parks and recreation	713,826	724,305	568,028	462,440
Other activities	1,286,022	1,146,155	1,121,537	992,002
Operating grants and contributions	12,318,735	7,874,622	9,283,735	7,461,978
Capital grants and contributions	864,783	6,515,282	1,694,559	2,047,450
Total governmental activities program revenues	20,728,430	19,818,058	16,067,732	13,949,925
Business-type activities:				
Charges for services:				
Electric utility	104,412,007	99,596,066	108,456,418	104,674,832
Wastewater utility	13,094,805	13,403,130	12,162,493	12,436,922
Water utility	13,047,847	12,468,325	12,478,970	10,831,789
Other enterprise activities	4,723,108	4,163,879	3,393,245	2,609,650
Operating grants and contributions	1,931,869	(1,233,299)	650,593	3,863,515
Capital grants and contributions	843,216	1,485,568	7,437,958	239,707
Total business-type activities program revenues	138,052,852	129,883,669	144,579,677	134,656,415
Total primary government program revenues	158,781,282	149,701,727	160,647,409	148,606,340
Net (expenses) revenues				
Governmental activities	(29,087,721)	(21,224,994)	(20,862,839)	(25,044,177)
Business-type activities	22,814,828	20,649,472	44,063,808	34,559,679
Total primary government net (expenses) revenues	(6,272,893)	(575,522)	23,200,969	9,515,502

Fiscal Year					
2019	2018	2017	2016	2015	2014
\$ 6,167,196	\$ 5,909,809	\$ 5,908,892	\$ 4,903,394	\$ 5,465,655	\$ 5,242,181
13,238,407	13,907,546	14,190,015	13,985,570	12,903,945	12,534,364
10,550,613	10,875,928	10,765,351	10,443,197	9,312,839	8,172,879
967,189	859,619	733,058	979,963	901,870	1,133,724
5,764,976	4,047,132	4,112,906	5,289,399	5,339,569	5,048,229
1,736,880	1,553,125	1,123,331	942,486	787,260	911,559
<u>38,425,261</u>	<u>37,153,159</u>	<u>36,833,553</u>	<u>36,544,009</u>	<u>34,711,138</u>	<u>33,042,936</u>
78,618,473	83,893,634	79,772,187	80,103,538	80,847,034	84,346,528
11,394,066	10,839,049	9,857,338	9,672,514	8,773,098	8,512,074
6,677,972	6,757,010	6,844,228	6,540,960	6,248,425	6,282,005
4,315,014	3,541,088	2,981,978	3,124,822	3,104,234	2,805,066
<u>101,005,525</u>	<u>105,030,781</u>	<u>99,455,731</u>	<u>99,441,834</u>	<u>98,972,791</u>	<u>101,945,673</u>
139,430,786	142,183,940	136,289,284	135,985,843	133,683,929	134,988,609
1,792,680	1,406,666	1,397,974	1,400,401	1,357,140	1,293,631
1,496,018	1,664,917	1,435,896	1,156,746	1,366,794	1,331,259
665,133	783,594	679,877	652,440	607,673	611,146
1,234,051	957,068	1,551,928	1,181,296	783,711	752,482
8,762,366	7,174,268	5,802,887	6,009,124	5,489,592	7,521,923
4,272,296	869,568	1,756,505	2,006,264	793,387	49,739
<u>18,222,544</u>	<u>12,856,081</u>	<u>12,625,067</u>	<u>12,406,271</u>	<u>10,398,297</u>	<u>11,560,180</u>
107,400,748	109,961,111	111,706,239	106,199,176	100,816,653	97,539,619
11,845,701	11,632,142	11,384,632	10,856,173	10,305,015	10,107,589
10,796,706	10,723,043	10,009,506	9,338,887	8,694,022	8,835,889
3,220,123	3,087,119	3,052,548	2,669,132	2,307,355	2,140,867
3,942,707	3,414,566	1,440,753	1,977,470	1,107,948	779,632
1,012,740	523,725	876,078	7,544,349	2,339,301	272,815
<u>138,218,725</u>	<u>139,341,706</u>	<u>138,469,756</u>	<u>138,585,187</u>	<u>125,570,294</u>	<u>119,676,411</u>
156,441,269	152,197,787	151,094,823	150,991,458	135,968,591	131,236,591
(20,202,717)	(24,297,078)	(24,208,486)	(24,137,738)	(24,312,841)	(21,482,756)
<u>37,213,200</u>	<u>34,310,925</u>	<u>39,014,025</u>	<u>39,143,353</u>	<u>26,597,503</u>	<u>17,730,738</u>
<u>17,010,483</u>	<u>10,013,847</u>	<u>14,805,539</u>	<u>15,005,615</u>	<u>2,284,662</u>	<u>(3,752,018)</u>

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CITY OF HOLLAND, MICHIGAN

Changes in Net Position

Last Ten Fiscal Years

	Fiscal Year			
	2023	2022	2021	2020
General revenues and other changes in net position				
Governmental activities:				
Property taxes	\$ 18,919,152	\$ 17,750,575	\$ 16,859,353	\$ 16,093,740
State shared revenue	4,156,819	4,138,420	3,655,096	3,207,996
Grants and contributions not restricted to specific programs	3,307,940	3,160,308	3,319,261	3,247,960
Investment earnings (loss) - unrestricted	1,134,369	(648,361)	217,450	800,239
Gain on sale of capital assets	-	21,899	-	-
Transfers - internal activities	7,959,338	7,996,520	7,370,760	7,105,692
Total governmental activities	35,477,618	32,419,361	31,421,920	30,455,627
Business-type activities:				
Property taxes	120,830	115,397	111,104	107,937
Miscellaneous	-	-	-	-
Gain on sale of capital assets	-	-	-	46,095
Transfers - internal activities	(7,959,338)	(7,996,520)	(7,370,760)	(7,105,692)
Special item	-	-	-	-
Extraordinary item	-	-	-	-
Total business-type activities	(7,838,508)	(7,881,123)	(7,259,656)	(6,951,660)
Total primary government general revenues, transfers, special and extraordinary items	27,639,110	24,538,238	24,162,264	23,503,967
Change in net position				
Governmental activities	6,389,897	11,194,367	10,559,081	5,411,450
Business-type activities	14,976,320	12,768,349	36,804,152	27,608,019
Total primary government change in net position	\$ 21,366,217	\$ 23,962,716	\$ 47,363,233	\$ 33,019,469

Fiscal Year						
2019	2018	2017	2016	2015	2014	
\$ 15,531,723	\$ 14,954,459	\$ 15,837,255	\$ 16,862,893	\$ 15,694,176	\$ 15,531,647	
3,276,560	3,149,161	3,051,775	2,893,597	2,895,971	2,843,918	
3,860,869	417,737	2,396,125	-	-	-	
652,531	391,246	176,941	231,995	138,303	154,894	
-	-	-	-	-	-	
5,477,647	6,296,016	5,850,000	5,520,961	5,165,762	4,291,016	
<u>28,799,330</u>	<u>25,208,619</u>	<u>27,312,096</u>	<u>25,509,446</u>	<u>23,894,212</u>	<u>22,821,475</u>	
104,707	99,785	98,937	104,432	99,983	98,858	
-	-	-	-	-	31,135	
-	152,397	-	-	-	-	
(5,477,647)	(6,296,016)	(5,850,000)	(5,520,961)	(5,165,762)	(4,291,016)	
-	-	-	(1,341,005)	-	-	
-	(1,605,380)	(3,603,908)	-	-	(520,415)	
<u>(5,372,940)</u>	<u>(7,649,214)</u>	<u>(9,354,971)</u>	<u>(6,757,534)</u>	<u>(5,065,779)</u>	<u>(4,681,438)</u>	
<u>23,426,390</u>	<u>17,559,405</u>	<u>17,957,125</u>	<u>18,751,912</u>	<u>18,828,433</u>	<u>18,140,037</u>	
8,596,613	911,541	3,103,610	1,371,708	(418,629)	1,338,719	
<u>31,840,260</u>	<u>26,661,711</u>	<u>29,659,054</u>	<u>32,385,819</u>	<u>21,531,724</u>	<u>13,049,300</u>	
<u>\$ 27,573,252</u>	<u>\$ 27,573,252</u>	<u>\$ 32,762,664</u>	<u>\$ 33,757,527</u>	<u>\$ 21,113,095</u>	<u>\$ 14,388,019</u>	

concluded

CITY OF HOLLAND, MICHIGAN

Fund Balances, Governmental Funds

Last Ten Fiscal Years

	Fiscal Year			
	2023	2022	2021	2020
General fund				
Nonspendable	\$ 44,617	\$ 7,834	\$ 6,790	\$ -
Committed	-	-	-	5,667
Unassigned	11,364,184	8,393,071	7,039,356	5,085,389
Total general fund	<u>\$ 11,408,801</u>	<u>\$ 8,400,905</u>	<u>\$ 7,046,146</u>	<u>\$ 5,091,056</u>
All other governmental funds				
Nonspendable	\$ 2,483,542	\$ 2,249,504	\$ 2,377,222	\$ 1,800,198
Restricted	26,528,508	6,510,869	6,853,497	5,251,572
Committed	11,612,647	10,173,379	6,582,998	5,385,493
Unassigned (deficit)	-	-	-	-
Total all other governmental funds	<u>\$ 40,624,697</u>	<u>\$ 18,933,752</u>	<u>\$ 15,813,717</u>	<u>\$ 12,437,263</u>

Fiscal Year					
2019	2018	2017	2016	2015	2014
\$ 3,083	\$ 19,920	\$ 60,057	\$ 12,483	\$ 20,736	\$ 14,808
5,667	5,667	5,667	5,667	12,915	12,915
5,051,676	4,793,365	4,755,738	4,650,598	4,948,792	4,672,551
<u>\$ 5,060,426</u>	<u>\$ 4,818,952</u>	<u>\$ 4,821,462</u>	<u>\$ 4,668,748</u>	<u>\$ 4,982,443</u>	<u>\$ 4,700,274</u>
\$ 2,132,525	\$ 1,655,807	\$ 1,586,687	\$ 1,586,687	\$ 1,554,387	\$ 1,530,737
4,055,502	2,934,548	11,853,782	3,890,895	4,959,854	5,743,695
4,279,608	6,060,178	7,841,778	4,827,247	3,009,413	2,678,973
-	-	-	-	-	(151,746)
<u>\$ 10,467,635</u>	<u>\$ 10,650,533</u>	<u>\$ 21,282,247</u>	<u>\$ 10,304,829</u>	<u>\$ 9,523,654</u>	<u>\$ 9,801,659</u>

CITY OF HOLLAND, MICHIGAN

Changes in Fund Balances, Governmental Funds

For the Last Ten Fiscal Years

	Fiscal Year			
	2023	2022	2021	2020
Revenues				
Taxes	\$ 18,919,152	\$ 17,750,575	\$ 16,859,353	\$ 16,093,740
Special assessments	903,998	911,305	855,518	889,170
Licenses and permits	3,039,686	1,375,622	1,339,138	926,208
Intergovernmental	16,190,174	15,124,534	16,032,892	14,045,247
Charges for services	2,248,977	2,101,944	1,901,711	1,772,602
Fines and fees	584,141	611,526	588,225	572,900
Contributions from private sector	2,648,950	5,813,773	458,567	1,089,847
Interest and rents	2,236,266	(429,745)	1,042,372	1,073,492
Miscellaneous	875,147	721,653	737,095	550,515
Total revenues	<u>47,646,491</u>	<u>43,981,187</u>	<u>39,814,871</u>	<u>37,013,721</u>
Expenditures				
Current:				
General government	5,247,496	4,547,910	4,561,534	4,283,418
Public safety	15,735,553	14,482,490	13,625,121	12,683,646
Public works	7,049,077	7,910,228	6,784,630	6,282,476
Welfare and social services	1,516,912	1,109,854	1,266,963	885,730
Parks and recreation	4,502,469	4,174,156	3,662,352	3,581,567
Other	662,904	770,083	379,819	897,675
Debt service:				
Principal retirement	3,555,484	4,656,692	4,536,805	4,761,266
Interest and fiscal charges	1,945,393	1,586,270	1,721,470	1,822,499
Bond issuance costs	-	33,156	-	-
Capital outlay	9,738,636	8,094,070	5,075,393	6,570,878
Total expenditures	<u>49,953,924</u>	<u>47,364,909</u>	<u>41,614,087</u>	<u>41,769,155</u>
Revenues under expenditures	<u>(2,307,433)</u>	<u>(3,383,722)</u>	<u>(1,799,216)</u>	<u>(4,755,434)</u>
Other financing sources (uses)				
Issuance of bonds and other long-term liabilities	17,487,798	-	-	-
Premium on issuance of bonds payable	1,060,699	-	-	-
Issuance of refunding bonds	-	1,955,000	-	-
Payment to refunded bond escrow agent	-	(1,993,004)	-	-
Proceeds from sale of capital assets	-	-	-	-
Transfers in	14,000,993	13,281,212	12,345,983	12,739,441
Transfers out	(5,543,216)	(5,384,692)	(5,215,223)	(5,983,749)
Total other financing sources (uses)	<u>27,006,274</u>	<u>7,858,516</u>	<u>7,130,760</u>	<u>6,755,692</u>
Net changes in fund balances	<u>\$ 24,698,841</u>	<u>\$ 4,474,794</u>	<u>\$ 5,331,544</u>	<u>\$ 2,000,258</u>
Debt service as a percentage of noncapital expenditures	14.0%	16.2%	18.6%	18.8%

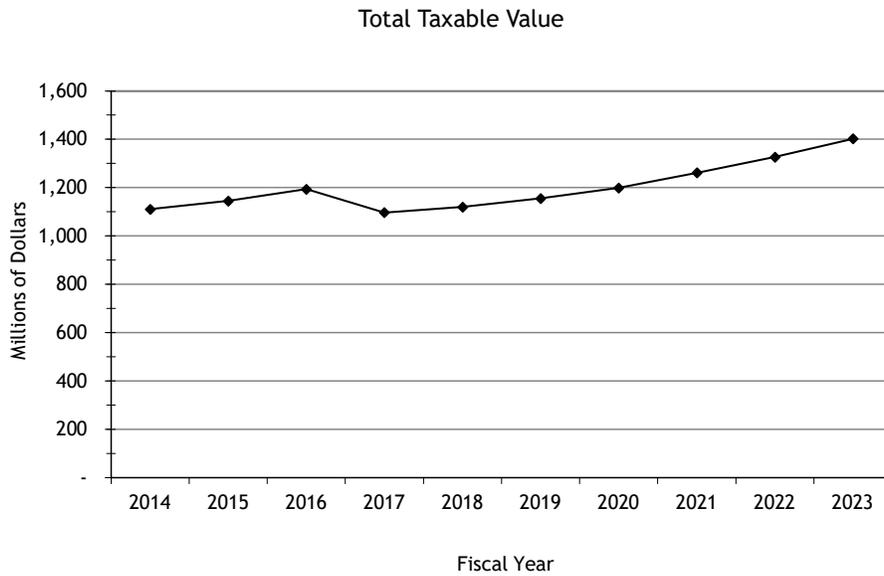
Fiscal Year					
2019	2018	2017	2016	2015	2014
\$ 15,531,723	\$ 14,954,459	\$ 15,837,255	\$ 16,862,893	\$ 15,694,176	\$ 15,531,647
894,603	831,764	1,287,641	773,449	747,753	773,740
925,333	1,098,803	783,080	535,824	694,822	627,716
13,965,370	9,545,504	11,622,410	8,134,798	8,019,895	8,090,257
1,919,340	2,043,156	1,928,243	1,830,609	1,774,682	1,765,726
634,373	595,113	622,228	628,994	640,851	629,639
4,264,039	778,204	1,003,182	2,279,761	658,219	852,417
945,128	662,260	901,379	994,305	945,998	1,005,386
1,598,149	336,114	391,202	309,061	297,550	287,829
<u>40,678,058</u>	<u>30,845,377</u>	<u>34,376,620</u>	<u>32,349,694</u>	<u>29,473,946</u>	<u>29,564,357</u>
4,760,291	4,160,209	4,032,687	3,805,834	3,814,393	3,537,050
12,024,646	11,882,548	11,857,849	11,936,561	11,819,699	11,376,342
6,281,719	6,675,323	4,727,422	4,337,160	4,400,212	4,627,841
920,254	824,813	717,689	961,655	899,556	1,142,307
3,965,929	3,773,181	4,971,220	5,111,051	5,053,039	4,510,490
86,894	19,970,496	87,808	11,115,067	92,809	77,581
5,473,115	3,826,237	3,884,269	2,445,000	2,389,000	3,839,000
1,705,838	1,401,951	721,854	696,684	779,254	912,384
322,001	-	198,843	-	-	-
<u>16,508,292</u>	<u>14,885,440</u>	<u>11,035,036</u>	<u>10,994,683</u>	<u>5,195,929</u>	<u>2,336,346</u>
<u>52,048,979</u>	<u>67,400,198</u>	<u>42,234,677</u>	<u>51,403,695</u>	<u>34,443,891</u>	<u>32,359,341</u>
<u>(11,370,921)</u>	<u>(36,554,821)</u>	<u>(7,858,057)</u>	<u>(19,054,001)</u>	<u>(4,969,945)</u>	<u>(2,794,984)</u>
7,180,000	19,890,000	13,310,000	13,910,000	-	-
71,850	-	293,266	-	-	-
-	-	6,975,000	-	-	-
-	-	(7,059,255)	-	-	-
-	-	17,075	224,281	4,282	-
11,920,999	14,283,879	13,226,579	19,322,548	11,671,851	11,473,850
<u>(7,743,352)</u>	<u>(8,253,282)</u>	<u>(7,774,476)</u>	<u>(13,935,348)</u>	<u>(6,702,024)</u>	<u>(7,547,607)</u>
<u>11,429,497</u>	<u>25,920,597</u>	<u>18,988,189</u>	<u>19,521,481</u>	<u>4,974,109</u>	<u>3,926,243</u>
<u>\$ 58,576</u>	<u>\$ (10,634,224)</u>	<u>\$ 11,130,132</u>	<u>\$ 467,480</u>	<u>\$ 4,164</u>	<u>\$ 1,131,259</u>
20.2%	10.0%	15.2%	7.4%	10.4%	15.8%

Actual Value of Taxable Property
For the Last Ten Fiscal Years

Fiscal Year	Residential Property	Commercial Property	Industrial Property	Other Property*	Less: Tax-Exempt Property	Total Taxable Value	Total Direct Tax Rate
2014	\$ 508,185,259	\$ 253,839,647	\$ 365,890,767	\$ 8,621,685	\$ 26,054,993	\$ 1,110,482,365	15.1085
2015	523,937,525	250,847,059	388,568,313	8,353,950	27,346,741	1,144,360,106	15.1085
2016	544,175,806	278,511,377	390,241,013	8,887,539	28,334,257	1,193,481,478	15.1085
2017	566,196,788	295,309,609	244,013,235	9,176,418	18,259,830	1,096,436,220	15.1085
2018	589,333,160	305,551,885	230,637,153	9,181,340	15,114,808	1,119,588,730	13.8692
2019	624,543,695	317,605,746	216,076,433	10,875,171	13,890,597	1,155,210,448	13.8692
2020	659,618,577	326,193,230	216,797,904	11,354,318	15,495,583	1,198,468,446	13.8692
2021	695,508,595	348,821,535	221,250,239	11,109,705	15,438,176	1,261,251,898	13.8692
2022	729,869,342	367,111,714	234,287,045	11,906,410	16,612,820	1,326,561,691	13.8692
2023	785,858,536	393,081,448	238,166,678	11,291,120	25,897,821	1,402,499,961	13.8692

*Other property includes agricultural, developmental and utilities.

Source: City of Holland Assessor's Office



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CITY OF HOLLAND, MICHIGAN

Direct and Overlapping Property Tax Rates

For the Last Ten Fiscal Years

(Rate per \$1,000 of assessed value)

Fiscal Year	City Direct Rates						Overlapping Rates*		
	Basic Rate	General Obligation Debt Service	Capital Projects	Herrick District Library	Airport Authority	Total Direct	State of Michigan	Herrick District Library	MAX Authority
2014	9.6585	2.8069	1.2860	1.2571	0.1000	15.1085	6.0000	-	0.4000
2015	9.5000	2.3400	1.9213	1.2472	0.1000	15.1085	6.0000	-	0.4000
2016	9.5000	2.2198	2.0533	1.2362	0.0992	15.1085	6.0000	-	0.3989
2017	8.3494	3.6290	1.7923	1.2393	0.0985	15.1085	6.0000	-	0.3969
2018	7.5064	4.6290	1.6353	-	0.0975	13.8692	6.0000	1.4853	0.3964
2019	7.7317	4.6290	1.4099	-	0.0986	13.8692	6.0000	1.4750	0.3921
2020	8.1817	4.1790	1.4105	-	0.0980	13.8692	6.0000	1.4626	0.3894
2021	8.3000	3.8712	1.6015	-	0.0965	13.8692	6.0000	1.4463	0.3838
2022	8.7312	3.4400	1.0603	-	0.0950	13.8692	6.0000	1.4290	0.3791
2023	8.7512	3.4200	1.6045	-	0.0935	13.8692	6.0000	1.4091	0.3953

1.5907 must be added to the City direct rate, for the fiscal year 2023, for all properties in the Downtown Development Authority (DDA) area. This rate applies to approximately 11% of the City of Holland's tax base.

* Overlapping rates:

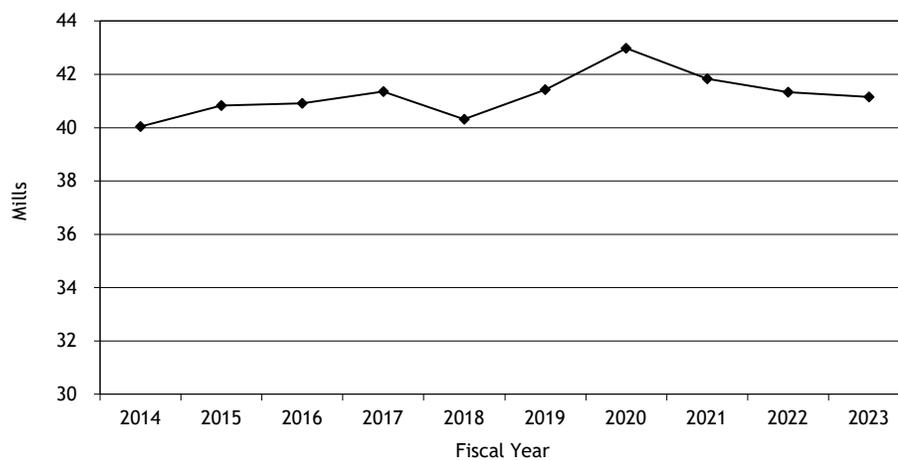
The City of Holland is located in both Ottawa and Allegan County and Holland, Hamilton and Zeeland School District. The county and school tax paid by property owners depends on the location of their property. Approximately 80% of the City of Holland is located in Ottawa County and 20% in Allegan County.

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

Sources: Various Taxing Jurisdictions

Overlapping Rates*									
Ottawa Area Intermediate Schools	Holland Community Swimming Pool	Counties Ottawa Allegan		School Districts					
				Holland		Hamilton		Zeeland	
				Principal Residence	Non-Principal Residence	Principal Residence	Non-Principal Residence	Principal Residence	Non-Principal Residence
5.5234	1.5700	4.3565	5.8977	7.0900	25.0900	4.5600	22.5600	8.2300	26.2300
5.5234	1.7100	4.3565	6.0937	7.7300	25.7300	4.5000	22.5000	8.0300	26.0300
5.5234	1.6675	4.8565	6.0937	7.3622	25.3622	4.5000	22.5000	8.3500	26.3500
5.4970	1.6703	5.1483	6.0839	7.5373	25.4419	4.5000	22.5000	8.5600	26.5600
5.4577	1.5089	5.1525	6.0424	7.9291	25.6981	4.5000	22.5000	8.7500	26.7500
5.4577	1.1434	5.1525	6.0708	7.9431	25.6659	4.5000	22.5000	8.8500	26.8500
6.3414	2.2415	5.4449	6.0216	7.2326	24.7763	4.5000	22.5000	8.8477	26.8477
6.2906	2.2188	5.4317	6.2341	6.1969	23.4897	4.5000	22.5000	8.8408	26.8408
6.2245	2.0858	5.4156	6.3161	5.9308	23.9308	4.3500	22.3500	8.8279	26.8279
6.1546	2.0105	5.3984	6.9483	5.9119	23.9119	2.1800	20.1800	8.8221	26.8221

Total Tax Levies



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

Principal Property Taxpayers

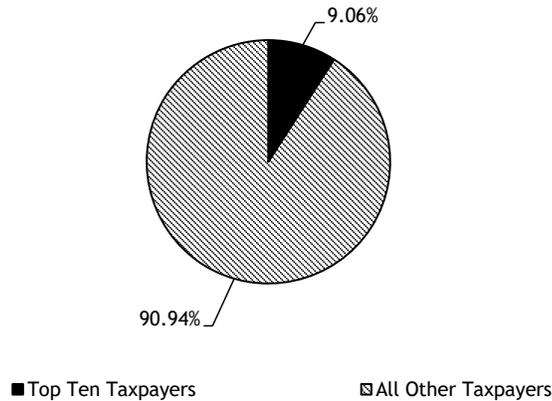
For the Current Fiscal Year and Nine Years Ago

Taxpayer	2023			2014		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
ARC Holland Real Estate	\$ 34,688,812	1	2.47 %	-----	-----	---- %
Haworth, Inc	19,983,842	2	1.42	\$ 28,700,371	2	2.68
Lumir LLC	13,268,086	3	0.95	13,592,102	5	1.27
Holland Waverly LLC	12,741,007	4	0.91	-----	-----	----
Hudsonville Creamery & Ice Cream	9,071,972	5	0.65	-----	-----	----
Hotel Holdings Holland DTW LLC	8,137,308	6	0.58	-----	-----	----
Holland Southview LLC	7,593,778	7	0.54	-----	-----	----
Gen 123 Properties LLC	7,250,117	8	0.52	-----	-----	----
Challenge Mfg Company	7,136,578	9	0.51	9,903,341	8	0.92
Geenen DeKock Properties LLC	7,135,671	10	0.51	-----	-----	----
Johnson Controls Interiors	-----	-----	----	29,541,781	1	2.76
JCIM US LLC	-----	-----	----	21,283,900	3	1.99
American Retirement Corp	-----	-----	----	15,603,565	4	1.46
HJ Heinz Co LP	-----	-----	----	12,304,746	6	1.15
Benteler Alum/Hydro Auto	-----	-----	----	12,078,070	7	1.13
American Bottling/Brooks Bev	-----	-----	----	9,132,137	9	0.85
Jones & Jones/L&W Eng	-----	-----	----	8,097,600	10	0.76
	<u>\$127,007,171</u>		<u>9.06 %</u>	<u>\$160,237,613</u>		<u>14.97 %</u>

Source: City of Holland Assessor's Office

2023 Total Taxable Value is \$1,402,499,961, which includes IFT's at equivalency valuation.

Concentration of 2023 Taxpayers



Property Tax Levies and Collections

For the Last Ten Fiscal Years

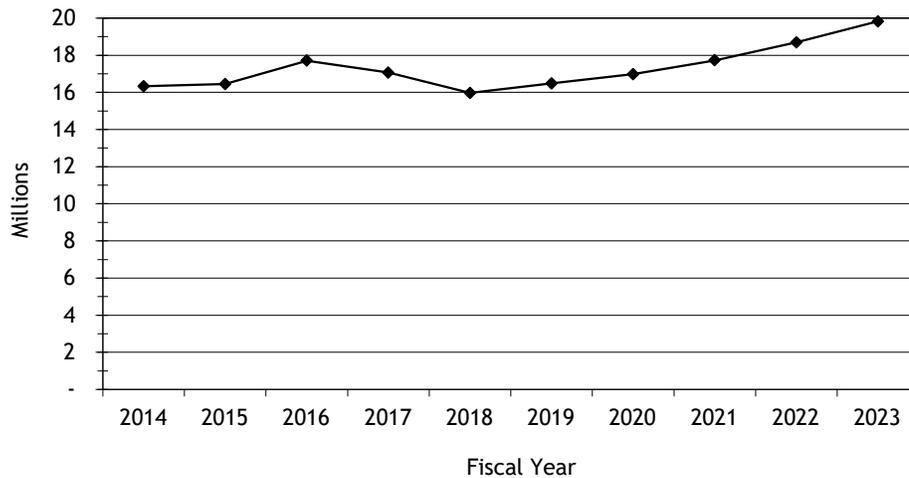
Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year*	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2014	\$ 16,332,330	\$ 16,325,095	99.96 %	\$ 1,180	\$ 16,326,275	99.96 %
2015	16,493,211	16,446,521	99.72	4,315	16,450,836	99.74
2016	17,714,681	17,704,725	99.94	4,063	17,708,788	99.97
2017	17,070,599	17,060,635	99.94	1,010	17,061,645	99.95
2018	15,975,369	15,969,050	99.96	2,709	15,971,759	99.98
2019	16,489,905	16,476,545	99.92	9,460	16,486,005	99.98
2020	17,023,058	16,978,925	99.74	4,002	16,982,927	99.76
2021	17,732,947	17,722,057	99.94	1,850	17,723,907	99.95
2022	18,695,530	18,685,876	99.95	5,772	18,691,648	99.98
2023	19,827,746	19,821,658	99.97	-	19,821,658	99.97

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

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

Note: Effective Fiscal Year Ended June 30, 2018, Herrick District Library became a taxing entity. Taxes levied by the City of Holland were reduced by the millage rate listed in Exhibit I-2.

Total Tax Collections



CITY OF HOLLAND, MICHIGAN

Ratios of Outstanding Debt By Type
For the Last Ten Fiscal Years

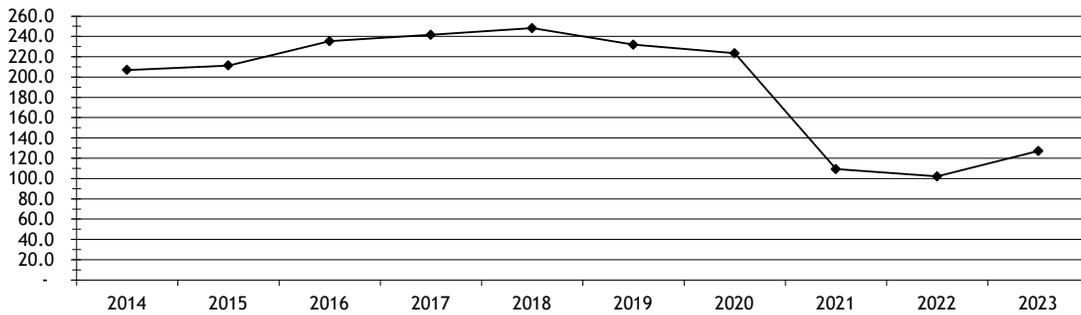
Fiscal Year	Governmental Activities							
	General Obligation Bonds	Building Authority Bonds	Special Assessment Bonds	Capital Improvement Bonds	Pension Obligation Bonds	Notes Payable	Lease & Subscription Liabilities	Total Governmental Activities
2014	\$ -	\$ 13,917,915	\$ 134,000	\$ 7,555,000	\$ -	\$ -	\$ -	\$ 21,606,915
2015	-	12,239,168	60,000	6,870,000	-	-	-	19,169,168
2016	-	10,470,421	50,000	6,155,000	10,910,000	3,000,000	-	30,585,421
2017	-	22,119,116	-	5,535,000	9,917,190	2,728,541	-	40,299,847
2018	-	20,154,872	-	4,875,000	28,803,470	2,451,024	-	56,284,366
2019	-	17,059,314	-	11,476,134	27,144,476	2,336,903	-	58,016,827
2020	-	15,007,935	-	10,727,559	25,455,844	2,029,269	-	53,220,607
2021	-	12,811,555	-	10,398,985	23,723,210	1,715,098	-	48,648,848
2022	-	10,535,000	-	10,065,410	21,947,210	1,394,406	-	43,942,026
2023	-	10,080,000	-	27,430,064	20,120,662	1,067,048	171,220	58,868,994

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

** See Exhibit K-1 for personal income and population data.

Business-type Activities									
County Bonds	Water Bonds	Wastewater Bonds	Electric Bonds	Pension Obligation Bonds	Installment Sales Agreement	Total Business-type Activities	Total Primary Government	Percentage of Personal Income**	Per Capita**
\$ -	\$ 18,930,537	\$ -	\$ 166,458,220	\$ -	\$ -	\$ 185,388,757	\$ 206,995,672	30.31	\$ 6,182
-	16,598,214	-	166,102,703	-	9,500,000	192,200,917	211,370,085	30.26	6,283
-	15,316,688	-	165,797,974	14,090,000	9,500,000	204,704,662	235,290,083	33.14	6,973
-	14,034,454	-	165,493,246	12,807,811	9,112,500	201,448,011	241,747,858	33.76	7,207
-	12,543,434	-	159,233,405	11,511,531	8,717,500	192,005,870	248,290,236	32.71	7,441
-	11,013,692	-	144,460,192	10,195,525	8,312,500	173,981,909	231,998,736	28.16	6,961
-	9,439,052	-	144,036,979	8,854,157	7,895,000	170,225,188	223,445,795	26.34	6,727
-	8,598,610	4,334,107	32,760,000	7,481,790	7,467,500	60,642,007	109,290,855	11.68	3,179
-	22,386,295	9,948,369	12,760,000	6,072,791	7,030,000	58,197,455	102,139,481	10.48	3,002
-	21,952,888	22,399,313	12,760,000	4,624,338	6,580,000	68,316,539	127,185,533	13.05	3,740

PRIMARY GOVERNMENT DEBT



CITY OF HOLLAND, MICHIGAN

Ratios of Net General Bonded Debt Outstanding

For the Last Ten Fiscal Years

Fiscal Year	General Bonded Debt Outstanding					Total	Less: Amounts Restricted to Repaying Principal
	General Obligation Bonds	Building Authority Bonds	Capital Improvement Bonds	Pension Obligation Bonds			
2014	\$ -	\$ 12,239,168	\$ 7,555,000	\$ -	\$ 19,794,168	\$ -	
2015	-	10,470,421	6,870,000	25,000,000	17,340,421	-	
2016	-	22,119,116	6,155,000	22,725,001	50,999,117	-	
2017	-	20,154,872	4,875,000	40,315,001	65,344,873	-	
2018	-	20,154,872	4,875,000	40,315,001	65,344,873	90,015	
2019	-	17,059,314	11,476,134	37,340,001	65,875,449	529,123	
2020	-	15,007,935	10,727,559	34,310,001	60,045,495	593,900	
2021	-	12,811,555	10,398,985	31,205,000	54,415,540	924,747	
2022	-	10,535,000	10,065,410	28,020,001	48,620,411	502,095	
2023	-	10,080,000	27,430,064	24,745,000	62,255,064	1,088,579	

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

* See Exhibit I-1 for property value data.

** Population data can be found in Exhibit K-1.

Exhibit J-2 - Unaudited



Net Bonded Debt Outstanding	Percentage of Actual Taxable Value* of Property	Per Capita**
\$ 19,794,168	1.93 %	\$ 641
17,340,421	1.67	568
50,999,117	3.80	1,234
65,344,873	5.84	1,502
65,254,858	5.84	1,958
65,346,326	5.70	1,977
59,451,595	5.01	1,808
53,490,793	4.31	1,583
48,118,316	3.67	1,429
61,166,485	4.44	1,831

Direct and Overlapping Governmental Activities Debt

As of June 30, 2023

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable*	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Hamilton School District	\$ 48,541,343	15.50%	\$ 7,523,908
Holland School District	108,765,839	74.50%	81,030,550
Zeeland School District	133,071,965	0.00%	-
Allegan County	31,068,816	5.34%	1,659,075
Ottawa County	181,687,033	6.63%	12,045,850
Holland Area Community Swimming Pool Authority	22,359,882	74.60%	<u>16,680,472</u>
Subtotal, overlapping debt			118,939,855
City direct debt			<u>58,868,994</u>
Total direct and overlapping debt			<u><u>\$ 177,808,849</u></u>

Sources: Assessed value data used to estimate applicable percentages provided by the 2022 Allegan and 2022 Ottawa Equalization Reports. Debt outstanding data provided by each governmental unit.

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

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

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CITY OF HOLLAND, MICHIGAN

Legal Debt Margin Information

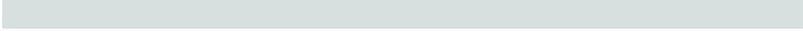
For the Last Ten Fiscal Years

Legal Debt Margin Calculation for Fiscal Year 2023

Assessed value	\$ 1,402,499,961
Debt limit (10% of assessed value)	140,249,996
Debt applicable to limit:	
Building authority bonds	10,080,000
Capital improvement bonds	27,430,064
Pension obligation bonds	24,745,000
Notes payable	1,067,048
Less: Amount set aside for repayment of debt	<u>(1,088,579)</u>
Total net debt applicable to limit	<u>62,233,533</u>
Legal debt margin	<u>\$ 78,016,463</u>

	Fiscal Year				
	2023	2022	2021	2020	2019
Debt Limit	\$ 140,249,996	\$ 132,656,169	\$ 126,125,190	\$ 119,846,845	\$ 115,521,045
Total net debt applicable to limit	<u>62,233,533</u>	<u>49,512,722</u>	<u>55,205,891</u>	<u>61,480,864</u>	<u>67,328,868</u>
Legal debt margin	<u>\$ 78,016,463</u>	<u>\$ 83,143,447</u>	<u>\$ 70,919,299</u>	<u>\$ 58,365,981</u>	<u>\$ 48,192,177</u>
Total net debt applicable to the limit as a percentage of debt limit	79.77%	59.55%	77.84%	105.34%	139.71%

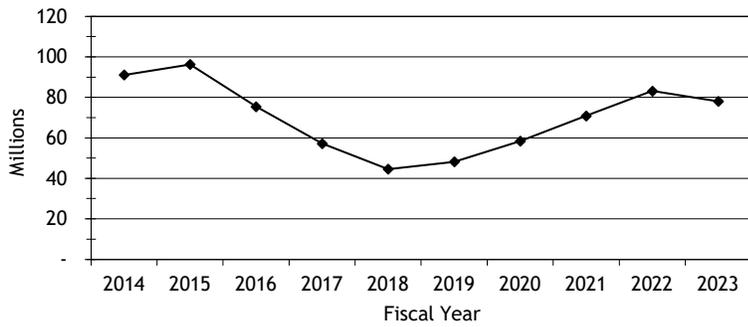
Under state finance law, the City's outstanding general obligation debt should not exceed 10% of total assessed property value.



Fiscal Year				
2018	2017	2016	2015	2014
\$ 111,958,873	\$ 109,643,622	\$ 119,348,148	\$ 114,436,011	\$ 111,048,237
67,356,232	52,424,216	43,938,017	18,046,699	19,965,860
<u>\$ 44,602,641</u>	<u>\$ 57,219,406</u>	<u>\$ 75,410,131</u>	<u>\$ 96,389,312</u>	<u>\$ 91,082,377</u>

151.01% 91.62% 58.27% 18.72% 21.92%

Legal Debt Margin



Pledged-Revenue Coverage

For the Last Ten Fiscal Years

Fiscal Year	Water Revenue Bonds					
	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2014	\$ 8,835,889	\$ 5,779,448	\$ 3,056,441	\$ 1,175,000	\$ 641,712	1.68
2015	8,694,022	4,139,285	4,554,737	2,210,000	538,813	1.66
2016	9,338,887	4,504,679	4,834,208	1,275,000	471,412	2.77
2017	10,009,506	4,542,246	5,467,260	1,305,000	438,890	3.14
2018	10,723,043	4,445,178	6,277,865	1,410,000	260,682	3.76
2019	10,796,706	4,528,896	6,267,810	1,455,000	314,644	3.54
2020	10,831,789	5,304,060	5,527,729	1,510,000	279,829	3.09
2021	12,478,970	5,593,008	6,885,962	280,000	182,639	14.88
2022	12,468,325	5,777,672	6,690,653	2,795,000	347,584	2.13
2023	13,047,847	7,377,426	5,670,421	295,000	677,231	5.83

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements. Operating expenses include depreciation but exclude interest expense.

Note: During fiscal year 2015, the City revised its methodology of determining the operating expenses. In this year, the City determined it was most appropriate to exclude the depreciation expense from this total as this amount represents noncash expenses and therefore would not impact the amount of net revenue available for making debt service payments. Prior years were not restated for this change.

Note: During fiscal year 2021, the City partially refunding the electric revenue bonds and advanced paid down \$96,075,000 in outstanding bonds.

Pledged-Revenue Coverage

For the Last Ten Fiscal Years

Fiscal Year	Electric Revenue Bonds					
	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2014	\$ 97,539,619	\$ 82,918,644	\$ 14,620,975	\$ -	\$ 158,781	92.08
2015	100,816,653	74,385,029	26,431,624	-	1,624,923	16.27
2016	106,199,176	72,774,003	33,425,173	-	6,621,406	5.05
2017	111,706,239	71,377,353	40,328,886	-	3,310,703	12.18
2018	109,961,111	62,785,604	47,175,507	4,600,000	9,575,406	3.33
2019	107,400,748	57,192,188	50,208,560	14,350,000	9,466,115	2.11
2020	104,674,832	55,617,426	49,057,406	-	3,100,988	15.82
2021	108,456,418	60,127,012	48,329,406	96,075,000	6,302,314	0.47
2022	99,596,066	69,922,409	29,673,657	20,000,000	115,178	1.48
2023	104,412,007	68,900,867	35,511,140	-	(25,065)	(1,416.76)

continued...

Pledged-Revenue Coverage

For the Last Ten Fiscal Years

Fiscal Year	Wastewater Revenue Bonds					
	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2014	\$ -	\$ -	\$ -	\$ -	\$ -	-
2015	10,305,015	6,640,193	3,664,822	-	92,338	39.69
2016	10,856,173	7,631,013	3,225,160	-	252,821	12.76
2017	11,384,632	7,032,959	4,351,673	387,500	232,182	7.02
2018	11,632,142	7,545,373	4,086,769	395,000	112,564	8.05
2019	11,845,701	7,518,687	4,327,014	405,000	255,509	6.55
2020	12,436,922	8,089,669	4,347,253	417,500	214,334	6.88
2021	12,162,493	7,983,711	4,178,782	427,500	208,245	6.57
2022	13,403,130	9,397,967	4,005,163	437,500	191,170	6.37
2023	13,094,805	10,368,858	2,725,947	450,000	244,880	3.92

Pledged-Revenue Coverage
For the Last Ten Fiscal Years

Fiscal Year	Special Assessment Bonds				Coverage
	Special Assessment Collections	Debt Service			
		Principal	Interest		
2014	\$ 313,731	\$ 205,000	\$ 10,182	1.46	
2015	214,415	74,000	6,345	2.67	
2016	251,297	10,000	3,036	19.28	
2017	656,785	50,000	2,530	12.50	
2018	176,644	-	-	-	
2019	204,850	-	-	-	
2020	128,701	-	-	-	
2021	123,114	-	-	-	
2022	135,744	-	-	-	
2023	95,437	-	-	-	

concluded

Demographic and Economic Statistics

For the Last Ten Calendar Years

Year	Estimated Population (1)	Personal Income (thousands of dollars)	Per Capita Personal Income (2)	Unemployment Rate (3)
2013	33,481	\$ 682,912	\$ 20,397	7.0%
2014	33,644	698,416	20,759	5.4%
2015	33,742	710,067	21,044	4.0%
2016	33,543	716,143	21,350	3.4%
2017	33,366	759,110	22,751	3.5%
2018	33,327	823,877	24,721	3.6%
2019	33,216	848,204	25,536	12.3%
2020	34,378	935,941	27,225	4.9%
2021	34,024	974,345	28,637	3.8%
2022	34,006	1,051,602	30,924	3.8%

Sources:

(1) United States Census Bureau

(2) United States Census Bureau

(3) Michigan Department of Technology, Management and Budget

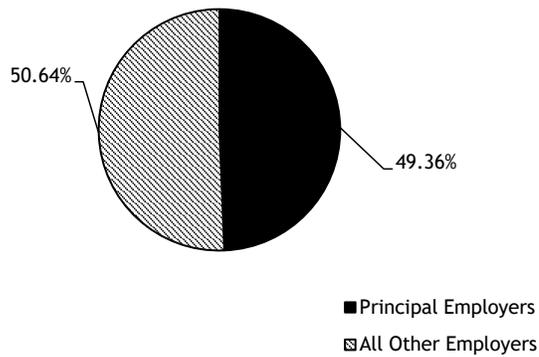
Principal Employers

Current Year and Nine Years Ago

Employer	2023			2014		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Haworth Inc	1,821	1	10.49 %	1,608	3	9.27 %
LG Chem Michigan Inc	1,469	2	8.46	-		-
Holland Community Hospital	1,216	3	7.01	1,790	2	10.32
Hope College	927	4	5.34	550	7	3.17
Challenge Mfg Company	768	5	4.42	1,100	4	6.34
Tiara Yachts	680	6	3.92	-		-
Holland Public Schools	586	7	3.38	551	6	3.18
City of Holland / HBPW	383	8	2.21	353	10	2.04
Herman Miller	368	9	2.12	385	9	2.22
Benteler Aluminum Systems	348	10	2.01	461	8	2.66
Johnson Controls Interiors	-		-	2,827	1	16.30
L&W Engineering	-		-	556	5	3.21
	<u>8,566</u>		<u>49.36 %</u>	<u>10,181</u>		<u>58.71 %</u>

Sources:

- Lakeshore Advantage
- City of Holland Assessor's Office
- Principal Employers



CITY OF HOLLAND, MICHIGAN

Full-Time Equivalent City Government Employees By Function

For the Last Ten Fiscal Years

Function	Full-time Equivalent Employees as of June 30				
	2023	2022	2021	2020	2019
General government					
Management services	2.75	2.75	2.75	3.75	3.65
Fiscal services	12.90	11.90	11.90	12.15	12.90
City clerk	2.00	2.00	2.00	2.00	2.00
Human resources	2.60	2.60	2.60	2.60	2.60
Building	0.30	0.15	0.15	1.15	0.10
Cemetery	3.46	3.75	3.75	3.25	2.85
Planning	3.05	2.45	2.45	2.95	1.70
Technology	6.30	6.30	6.30	6.30	6.50
Public safety					
Police	65.30	65.15	64.15	63.00	63.00
Fire	25.20	22.10	22.10	22.00	22.00
Environmental health & inspections	13.15	12.65	13.15	12.95	12.45
Public works					
Streets	16.67	16.66	16.66	16.66	16.65
Engineering	3.35	3.35	3.35	3.35	3.35
Transit	0.00	0.00	0.00	0.00	0.00
Centralized vehicle maintenance	10.02	9.01	9.01	7.01	7.00
Welfare and social services					
Ourstreet / Human relations	1.75	1.75	1.75	1.75	3.00
Economic development assistance	1.60	1.60	1.10	0.10	0.10
Downtown development	2.84	2.57	2.17	2.57	2.15
Parks and recreation					
Recreation	8.28	5.76	6.16	6.16	4.95
Parks	14.43	13.50	14.50	11.60	14.00
Civic Center	0.35	0.20	0.20	1.20	1.00
Board of Public Works Utilities	180.00	177.00	176.00	173.00	175.50
Holland Historical Trust	7.00	7.00	7.00	7.00	6.00
Total	<u>383.30</u>	<u>370.20</u>	<u>369.20</u>	<u>362.50</u>	<u>363.45</u>

Source: City of Holland Finance Office Fiscal Year 2023 Budget (Approved Positions)

Full-time Equivalent Employees as of June 30				
2018	2017	2016	2015	2014
2.65	2.35	3.35	2.60	2.70
11.90	11.90	12.90	12.95	13.00
2.00	2.00	2.00	2.00	2.00
2.60	1.60	1.60	1.60	1.25
0.10	0.60	0.60	1.00	1.00
2.85	2.35	2.35	2.85	2.85
1.60	1.60	1.40	1.90	1.90
6.50	6.80	5.80	4.00	4.00
63.00	62.00	65.00	65.00	65.00
21.50	21.00	21.00	21.00	21.00
11.65	10.65	9.65	8.90	7.90
16.65	16.65	15.65	15.65	15.65
3.35	3.35	3.35	2.35	2.35
0.00	0.00	0.00	0.00	0.00
7.00	7.00	7.00	7.00	7.15
2.90	3.95	2.90	1.95	1.95
0.10	0.10	0.10	0.85	1.10
2.15	3.15	3.15	3.30	3.30
5.95	4.50	4.00	4.00	4.15
14.00	14.00	13.50	11.85	11.60
0.00	1.45	1.45	1.45	1.30
176.00	175.00	178.00	171.00	178.00
5.00	4.00	4.00	4.00	6.00
<u>359.45</u>	<u>356.00</u>	<u>358.75</u>	<u>347.20</u>	<u>355.15</u>

CITY OF HOLLAND, MICHIGAN

Operating Indicators by Function

For the Last Ten Fiscal Years

Function	Fiscal Year				
	2023	2022	2021	2020	2019
Cemetery					
Burials	273	301	256	245	223
Police					
Physical arrests	761	842	706	962	1,073
Parking violations	2,260	3,488	2,696	2,912	4,066
Traffic violations	2,471	2,342	2,279	3,437	2,636
Fire					
Emergency responses	4,062	4,065	3,913	3,829	3,733
Fires	82	70	78	80	81
Medical Emergencies	2,701	2,590	2,537	2,422	2,117
Inspections	331	251	299	210	213
Public works					
Street resurfacing (miles)	7.9	5.9	7.2	8.8	7.9
Working in the ROW permits	235	285	315	280	282
Community & neighborhood services					
Number of construction permits:					
Industrial & commercial	153	117	110	109	95
Residential	760	642	603	442	514
Institutional & municipal	27	24	19	21	21
Value of construction permits (millions of dollars)					
Industrial & commercial	386.58	131.81	83.06	35.90	42.50
Residential	127.25	30.94	18.40	33.90	13.07
Institutional & municipal	20.80	13.66	25.30	5.06	21.39
Parks and recreation					
Program participants	11,062	10,719	19,622	11,188	20,054
Pool attendance	9,995	12,246	9,965	10,661	12,860
Water					
Service connections	11,185	11,181	11,134	13,439	13,675
Average daily consumption (thousands of gallons)	15,000	14,730	13,220	13,578	12,287
Wastewater					
Service connections	11,811	11,793	9,701	11,320	12,584
Average daily consumption (thousands of gallons)	8,861	5,020	4,370	5,548	7,312

Source: Various city departments

Fiscal Year				
2018	2017	2016	2015	2014
189	234	270	222	225
1,093	1,333	1,498	1,901	2,055
2,909	4,161	4,010	3,783	3,984
2,600	3,034	3,209	4,373	3,661
3,863	3,083	3,457	3,268	3,101
85	83	105	91	93
2,414	1,965	2,238	2,160	2,079
130	113	224	263	249
8.8	6.9	7.0	4.6	3.8
363	350	323	340	343
120	96	69	99	102
587	427	499	530	497
20	21	20	16	24
48.01	37.70	12.10	36.27	22.57
18.18	24.90	15.00	28.23	14.45
37.02	15.10	23.70	8.85	38.95
22,938	22,931	22,285	21,427	19,480
11,662	13,338	17,500	11,700	11,068
13,660	13,600	13,500	13,405	13,375
13,802	13,073	13,332	11,200	11,690
12,575	12,524	12,400	12,335	12,320
7,895	8,036	9,683	9,025	9,144

CITY OF HOLLAND, MICHIGAN

Capital Asset Statistics by Function

For the Last Ten Fiscal Years

Function	Fiscal Year				
	2023	2022	2021	2020	2019
General Government					
Cemeteries	2	2	2	2	2
Police					
Stations	1	1	1	1	1
Patrol Units	21	21	21	21	20
Fire Stations					
	3	3	3	3	3
Public works					
Streets (miles)	149	149	149	149	149
Streetlights	2,548	2,554	2,554	2,496	2,561
Parks and recreation					
Park acreage	404	404	404	404	404
Parks	23	23	23	23	23
Baseball/softball diamonds	10	10	10	10	10
Soccer fields	11	11	11	11	11
Swimming pools	1	1	1	1	1
Tennis courts	11	11	11	11	11
Pickleball courts	10	10	10	10	10
Nature centers	1	1	1	1	1
Tourist attractions	1	1	1	1	1
Community centers	1	1	1	1	1
Water					
Water mains (miles)	200	200	198	252	252
Fire hydrants	1,884	1,884	1,783	2,441	2,400
Maximum daily capacity of plant (thousands of gallons)	38,500	38,500	38,500	38,500	38,500
Wastewater					
Sanitary sewers (miles)	190.00	190.00	190.00	186.61	185.73
Storm sewers (miles)	148.0	152.0	152.0	152.0	152.0
Maximum daily capacity of plant (thousands of gallons)	14,400	14,400	14,400	14,400	14,400

Source: Various city departments

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



Fiscal Year				
2018	2017	2016	2015	2014
2	2	2	2	2
1	1	1	1	1
20	19	19	19	19
3	3	3	3	3
149	149	149	149	149
2,535	2,535	2,615	2,598	2,595
404	403	403	403	403
23	22	22	22	22
10	10	10	10	10
11	11	11	11	10
1	1	1	1	1
11	11	14	14	14
10	10	-	-	-
1	1	1	1	1
1	1	1	1	1
1	1	1	1	1
250	249	252	248	248
2,400	2,395	2,395	2,363	2,363
38,500	38,500	38,500	38,500	38,500
184.30	183.55	185.00	183.00	182.77
152.0	152.0	152.0	151.5	151.5
14,400	14,400	12,000	12,000	12,000

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OTHER INFORMATION (UNAUDITED)

CITY OF HOLLAND, MICHIGAN

Essential Services Resource Trend (Unaudited)

Last Ten Fiscal Years

	Year Ending June 30,				
	2023	2022	2021	2020	2019
Essential services expense ⁽¹⁾					
Police	\$ 10,268,919	\$ 9,402,016	\$ 8,737,677	\$ 8,237,305	\$ 7,864,300
Fire	3,640,298	3,298,538	3,124,731	2,903,294	2,751,424
Change in government-wide liabilities attributed to the police and fire functions:					
Net other postemployment benefits obligation	-	-	-	-	-
Total other postemployment benefits liability ⁽²⁾	81,606	2,067	90,728	47,271	79,601
Total essential services expense	<u>\$ 13,990,823</u>	<u>\$ 12,702,621</u>	<u>\$ 11,953,136</u>	<u>\$ 11,187,870</u>	<u>\$ 10,695,325</u>
General fund operating property tax revenue	<u>\$ 12,175,338</u>	<u>\$ 11,406,455</u>	<u>\$ 10,327,698</u>	<u>\$ 9,744,264</u>	<u>\$ 8,940,407</u>
Percentage utilized for essential services	114.9%	111.4%	115.7%	114.8%	119.6%

⁽¹⁾ Includes funding of pensions for personnel providing services

⁽²⁾ GASB Statement No. 75 was implemented for the fiscal year ended June 30, 2018. This resulted in presentation of the City's net other postemployment benefit liability on the statement of net position. Prior years were not restated.



Year Ending June 30,

2018	2017	2016	2015	2014
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\$ 7,751,264	\$ 7,695,093	\$ 7,754,936	\$ 7,835,153	\$ 7,658,619
2,808,343	2,820,802	2,845,200	2,698,560	2,537,967

-	94,145	36,673	136,431	113,380
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45,923	-	-	-	-
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<u>\$ 10,605,530</u>	<u>\$ 10,610,040</u>	<u>\$ 10,636,809</u>	<u>\$ 10,670,144</u>	<u>\$ 10,309,966</u>
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<u>\$ 8,367,823</u>	<u>\$ 9,036,247</u>	<u>\$ 10,913,743</u>	<u>\$ 10,131,445</u>	<u>\$ 10,179,160</u>
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126.7%	117.4%	97.5%	105.3%	101.3%
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