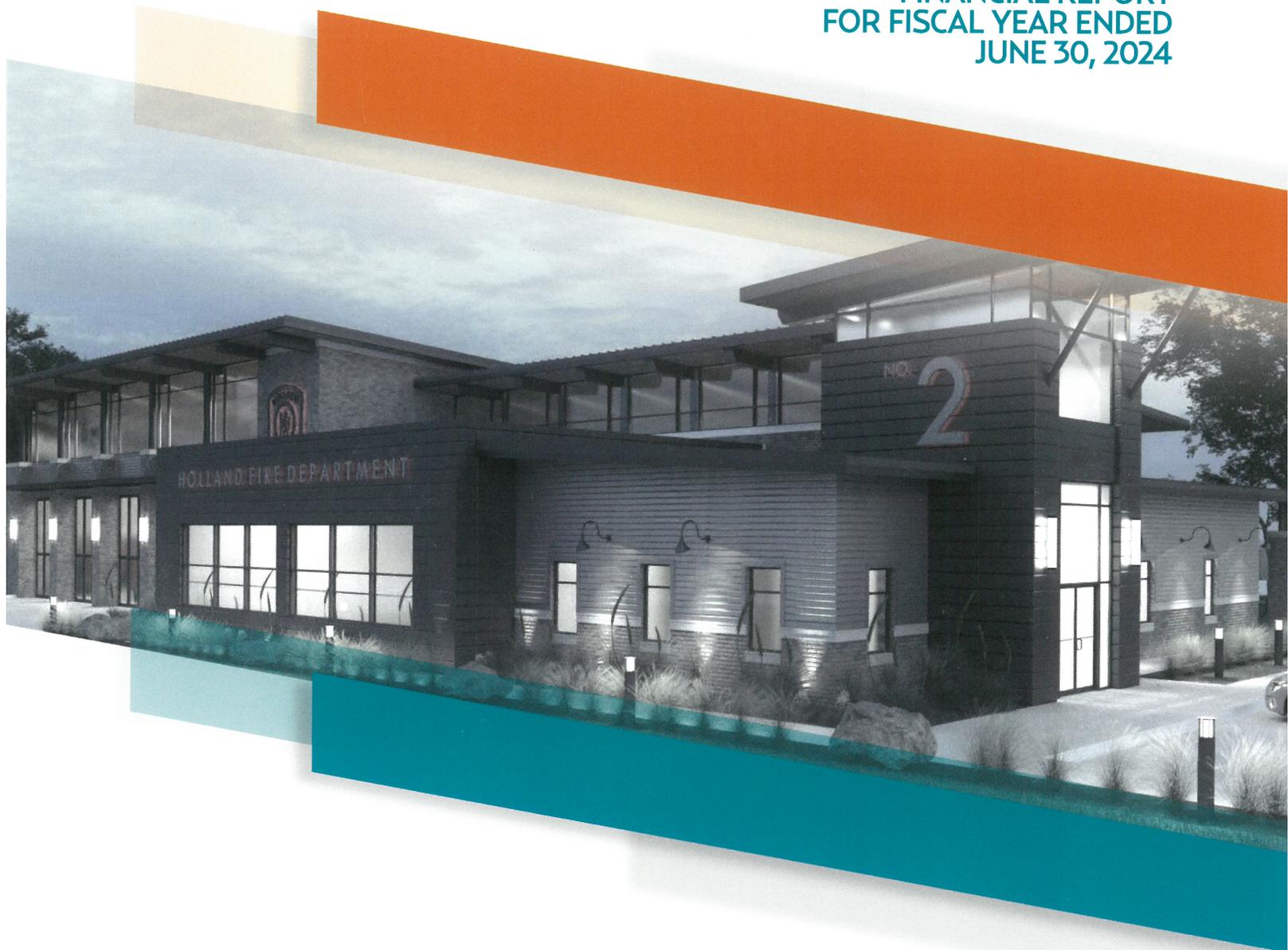


FISCAL YEAR

2024

ANNUAL COMPREHENSIVE
FINANCIAL REPORT
FOR FISCAL YEAR ENDED
JUNE 30, 2024



Holland
MICHIGAN

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INTRODUCTORY SECTION

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CITY OF HOLLAND

HOLLAND, MICHIGAN

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2024

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 10, 2024

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
Brenda Katerberg
City Clerk

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

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

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 10, 2024

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, 2024. This report is prepared in accordance with both State Statute and Section 9.11 of the Holland 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, 2024 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, 2024 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 34,378, 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 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 10 Best Flower Festivals in the US by *US Today-Reader's Choice 2024*.

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 sited 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 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 2024 Spring Term included 3,186 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 themed 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 398 full-time positions, 86 part-time positions, and 349 seasonal positions. 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	90
Police Officers	Fraternal Order of Police, Holland Police Officers Division	55
Firefighters	International Association of Firefighters, Local 759	23
Non-Union	None	<u>230</u>
Total		398

The City of Holland property millage rate, including the West Michigan Airport Authority allocation, is 13.8692. 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, 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):

- 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 365 participated in this program during FY 2024.
- 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.

Holland Community Energy Plan and Sustainability (Continued):

- 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%.
- 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.

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 is two component units, the *Holland Energy Fund* and the *Holland Building Authority (no activity in current year)*, that requires blended reporting. The four component units that require discrete reporting presentation are the *Downtown Development Authority*, *Brownfield Redevelopment Authority*, *Economic Development Corporation (no activity in current year)*, and the *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.

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*. Activities of the General, Permanent, and Special Revenue funds are included in the annual appropriated budget. The level of budgetary control, or the level at which expenditures cannot exceed the appropriated amount, is established by fund and department level. Debt service, capital projects, enterprise, and internal service funds are also included in the annual budgetary process; however, State statutes do not require legally adopted budgets for such funds. Capital projects are approved through the annual budgeting process, and additionally by the City Council throughout the fiscal year.

City Budget (Continued)

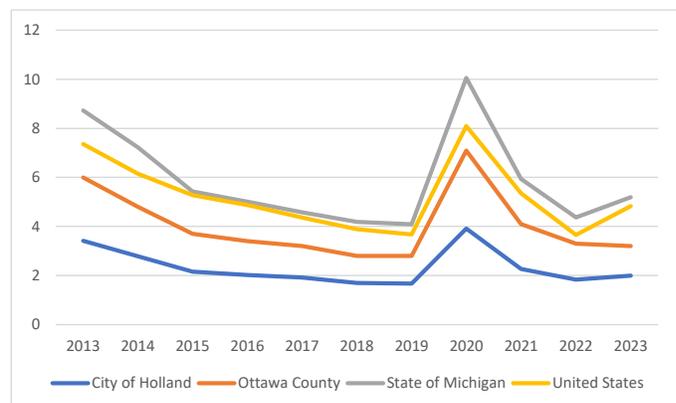
Financial planning and control are provided through the annual budget process which is supplemented by ongoing management review and adjustment, as needed, throughout the year. The annual budget process begins in January when the City Council meets with the citizens of Holland to obtain input into the upcoming budget process. The City Council next meets to prioritize the upcoming budget issues. The Finance Director prepares an initial projection of revenues and department managers prepare their budget requests. These are submitted to the City Manager in mid-February. 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.

Local Economy

The City continues to experience significant growth in new commercial/industrial developments and residential housing projects, with several large projects in various stages of the development process. Local existing residential home sales have started to slow slightly as mortgage interest rates have increased, but demand for housing remains strong. While building permits have declined on the national level, City building permits for both large projects and home owner updates continue to track higher than anticipated.

The local tax base includes a well-diversified property tax base mix of residential (57.8%), commercial (29.1%), industrial (12.3%), and all other (0.8%). The City 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 89% of surveyed companies report increasing or stable sales and 77% are introducing new product and service capabilities. Manufacturing remains a strong segment of the area economy. Supply chain issues impacting the area are improving with only 24% in the current year compared to 76% in the prior year. Labor shortages and recruitment challenges are also improving slightly as 54% of companies reported difficulties in the current year as compared to 65% in the prior year.

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. As calendar year 2023 came to a close, projections of a recession migrated to talks of a "soft landing." While there is still much uncertainty on the future of the economy, the City 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.

Long-range Financial Planning (Continued)

Major Revenues

Property tax is the largest source of revenue for the General Fund, representing more than 38% of total revenues. 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.

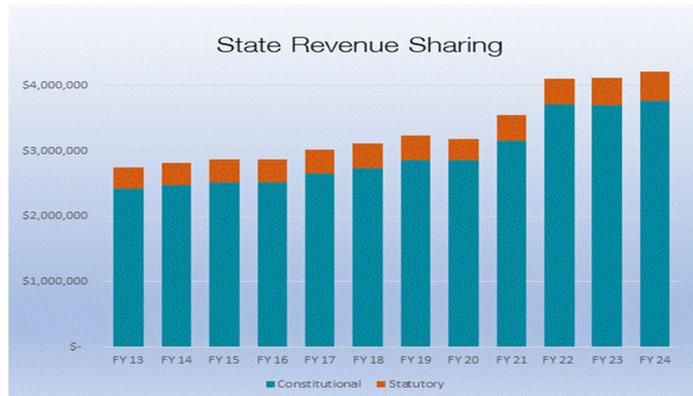
In 2012, several new public acts were passed eliminating the industrial *Personal Property Tax (PPT)* over a ten-year period. To replace the revenue source, the Local Community Stabilization Authority (LCSA) Act requires Personal Property Tax (PPT) reimbursement to municipalities. The complex calculation is designed to reimburse for the essential services (police and fire) and a portion of qualified loss. In FY 2024, the City received \$3,237,941 in PPT reimbursement.

The State of Michigan provides several economic development incentive tools, including PA 198 industrial facilities certificates. The 2024 Taxable Value for properties with IFT abatements is \$86,812,282 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 2024 PA 198 applications processed by the City, 278 new or retained jobs are anticipated to be created along with \$131.1 million of new related construction and machinery.

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 2024 Taxable Value of \$85,910,453.

The City also supports Brownfield Redevelopments with fourteen active projects approved for tax captures at June 30, 2024. The reader is directed to the Notes to Financial Statements section (note #20) 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. Revenues have leveled off in the past two years as consumers shift spending back to services (non-taxable) following sharp increases in the purchase of goods during the pandemic.



Building related fees remained strong, driven by large industrial/commercial developments. Permits issued for industrial and commercial projects totaled \$211 million, residential projects \$49 million and institutional and municipal \$59 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, 2023	@ June 30, 2024	Increase (Decrease)
General Fund	\$ 9,633,354	\$ 14,145,418	\$4,512,064
Gen. Fund Budget Stabilization	1,775,447	2,137,211	361,764
Special Revenue Funds	9,208,697	10,316,228	1,107,531
Debt Service Funds	1,513,151	1,514,147	996
Capital Projects Funds	27,360,110	39,182,180	11,822,070
Permanent Trust Funds	2,542,739	2,755,338	212,599
Totals	\$52,033,498	\$70,050,522	\$18,017,024

The Combined General Fund and Budget Stabilization ending fund balance totaled \$16,282,629 at June 30, 2024. Of this amount, \$16,210,534, or 49.4% 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 2024. Investment income contributed to the increase as interest rates continue to be higher on the short end of the yield curve. Additionally, an accounting change for compensated absences resulted in an inflow of \$1.8 million. The City plans to use the \$1.8 million for expenditures that are consistent with the original intent of these funds.

The increase in *Fund Balance of the Special Revenue Funds* in fiscal year 2024 is primarily in the street construction funds and due to the timing of construction projects.

The *Fund Balance of the Capital Projects Funds* increased by \$11,822,070 during Fiscal Year 2024. The increase resulted from the issuance of \$17.5 million in bonds for the City Fiber project, offset by construction expenditures.

Capital Projects Governmental Funds

Capital Projects Funds expenditures, excluding interfund transfers, totaled \$23,156,478 for fiscal year 2024 compared to \$9,704,169 for fiscal year 2023. Projects exceeding \$100,000 during the fiscal year included:

INFRASTRUCTURE PROJECTS (Excluding Utility Fund Share)	
6 th Street Pine to Columbia	\$ 5,535,145
40 th Street Improvements	1,178,542
16 th Street Widening	316,977
Columbia Avenue; 10 ^h Street – 24 th Street	172,310
32 nd Street Culvert	462,671
VanRaalte Avenue; 10 th Street – 24 th Street	2,807,124
MUNICIPAL CAPITAL PROJECTS	
Waverly Fire Station	\$ 8,037,953
Kollen Park Station	521,203
Ice Rink	1,223,826
DeGraaf Nature Center	242,182

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, 2023</u>	<u>Working Capital June 30, 2024</u>
Technology Services	\$ 482,410	\$ 273,278
Equipment Services	1,554,964	1,206,506
Insurance Services	<u>5,895,389</u>	<u>5,268,179</u>
Totals	<u>\$ 7,932,763</u>	<u>\$ 6,747,963</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 periodic 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 2024 was \$2,205,400, which includes a \$233,000 additional contribution.

The most recent actuarial valuation, dated December 31, 2023, indicates that the City's valuation assets (stated at market value) provide 81.6% funding (employer portion only), based upon actuarial determined accrued liabilities of \$164,407,962, valuation assets of \$134,160,542, and unfunded accrued liabilities of \$30,247,420. 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 2024 was \$1,967,523 and by employees was \$605,498.

Employee Retirement Plans (Continued)

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 \$23,000. The plans are sponsored and administered by *Mission Square*, *Empower Group*, and *Michigan Municipal Employee's 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).

For the fiscal year, the annualized average interest rate earned in the pool was 3.80%, as compared to 2.27% for the previous fiscal year. The overall fiscal year adjustment for market write-down for the pool was \$(557,000). 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 2024 the City approved seven PA198 Industrial Facilities Tax Abatements (IFT), and three new Neighborhood Enterprise Zone (NEZ) projects.

Infrastructure Projects:

- The 6th Street project was substantially completed in FY 2024; the combined City and HBPW project included 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 was a significant expansion to the snowmelt network. The project budget was \$9.74 million, with \$9.37 million expended as of fiscal year end.
- The VanRaalte Avenue project began. This is a combined City and HBPW project and includes the full reconstruction of VanRaalte Avenue from 10th Street to 24th Street. The project budget is \$7.3 million, with \$4.3 million expended as of fiscal year end.

Electric Utility:

- New East Point Substation completed in FY 2024. This \$13.1 million substation provides additional electrical support for the southeast portion of the service area and is the largest for HBPW with three larger transformers instead of two. The electric system energy requirements are significant to support the expansion of a large industrial customer, LG Energy Solutions (LGES), who announced a \$1.7 billion investment in their battery production facility.
- Having large customers such as LGES does present customer concentration risk. As a percent of retail sales, the top ten customers represent 35.8% load. To mitigate such risk, HBPW implemented modifications to the large commercial and industrial rate, known as Rate K, to create market-based rates for customers that present a unique risk to the utility based upon concentration risk they present.

Significant Initiatives, Events and Accomplishments (Continued)

- HBPW received authority to participate in a prepaid natural gas transaction through the Municipal Gas Authority of Georgia. The prepay transaction is structured for 30 years but with several marketing periods (used to set the discount) that occur throughout the time span. The initial marketing period extends through August 31, 2031. The discount associated with this initial period is \$0.53/MMBtu, with total savings expected to be \$773,800 per year.

Broadband (accounted for within the Electric Utility):

- Results of the Broadband Utility are accounted for within the Electric Utility. The Broadband Utility spent \$0.4 million on capital improvements during the year, adding to and upgrading the fiber network. The Broadband Utility added 501 new customers and began constructing a major expansion. In August 2022, City voters approved a millage to fund up to \$30 million to be used to expand the high-speed broadband system throughout the City. The Holland City Fiber project (HCF) is an open access network, which invites competition and the potential for lower cost and increased service choices. In August 2023, the Holland City Council authorized issuance of up to \$23 million in bonds for this project. Construction began in December 2023 and spending as of June 30, 2024 was \$3.4 million. HCF is expected to be completed in FY 2027. Also, during FY 2024, a tactical action team developed a customer onboarding plan for HCF. The plan includes processes for marketing and education, new broadband technicians and customer service representatives, recording customer commitment, drop scheduling and construction, and customer billing.

Water Utility:

- HBPW received the American Public Works Association Project of the Year Award 2023, Environmental category, for the Lakewood Transmission Main project. The award was established to promote excellence in the management, administration, and implementation of public works projects.
- Total improvements at the Water Treatment Plant (WTP) were \$0.4 million. Improvements included replacement of one low service pump which lifts raw water from Lake Michigan to the WTP. This is the fourth of five pumps that were rehabilitated due to end-of-life and to support continued reliable service.
- Each year, the Water Utility replaces aging water mains as part of on-going maintenance to the distribution system. In addition to replacing end of life transmission and distribution mains, the benefits include upsizing of the transmission system to balance the system for future growth. In FY 2024, 7,500 feet of water mains were replaced at a cost of \$4.6 million.
- In 2018, Michigan adopted the revised Lead and Copper Rule with the goal of reducing lead exposure through drinking water. Utilities must replace all lead service lines (LSL) by 2041. On average, HBPW will need to replace about 90 LSL's each year of this 20-year period. HBPW continued to make progress toward this goal and replaced 112 LSL's during FY 2024.

Wastewater Treatment Plant:

- HBPW was one of 47 wastewater utilities recognized in 2023 as a Utility of the Future Today (UotFT) by the Water Environment Federation (WEF), National Association of Clean Water Agencies (NACWA), Water Research Foundation (WRF), Water Reuse Association, and US Water Alliance. This represents HBPW's fourth straight year of UotFT recognition. The program recognizes wastewater utilities that are reimagining community partnership and engagement, watershed stewardship, and recovery of resources such as water, energy, and nutrients.
- HBPW's Water Reclamation Facility (WRF) received Gold Peak Performance recognition from NACWA for calendar year 2023. Gold awards are provided to water resource recovery facilities that achieve perfect compliance with their National Pollutant Discharge Elimination System (NPDES) permits for the year. 2023 was the fourth straight year that the WRF received Gold Peak Performance recognition.

Significant Initiatives, Events and Accomplishments (Continued)

- At the end of the fiscal year, the Water Reclamation Facility's (WRF) anaerobic digester project was 96% complete. The digester began operation, as planned, in November 2023. HBPW continues to work toward completion of the punch list items with the general contractor to achieve final completion. The digester was built to both reduce the volume and treat residual solids generated from the wastewater treatment process. It was expected to reduce the amount of wastewater solids from the water reclamation process by approximately 50%, doing the same for disposal costs. The digester is performing as expected. For example, lab data shows a 50-55% reduction in the mass of solids. The process also generates biogas as a byproduct of the digestion process, which is used as fuel for a Combined Heat and Power (CHP) unit at the plant. The CHP started operation in January, generating electricity and heat to offset WRF utility uses. This unit converts the methane produced in the digester into an average of 500 kW of electricity, or approximately 40% of the site's electric usage. The budget for this project is \$33.7 million; \$31.1 million was spent as of June 30, 2024.

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 \$10.5 million expended as of fiscal year end. The project budget for the Kollen Park Station renovation is \$6.25 million, with \$600,000 expended as of fiscal year end. The Waverly station was completed by the end of FY 2024 and the Kollen Park Drive Station project is expected to be complete by June 30, 2025.

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 ACFR, and an Award for Outstanding Achievement for its Popular Annual Financial Report (PAFR) for the fiscal year ended June 30, 2023. This was the 32nd consecutive year that the government has achieved this prestigious award for the ACFR and 3rd 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, 2024. The City has received this prestigious award for 22 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.

Acknowledgements (Continued)

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

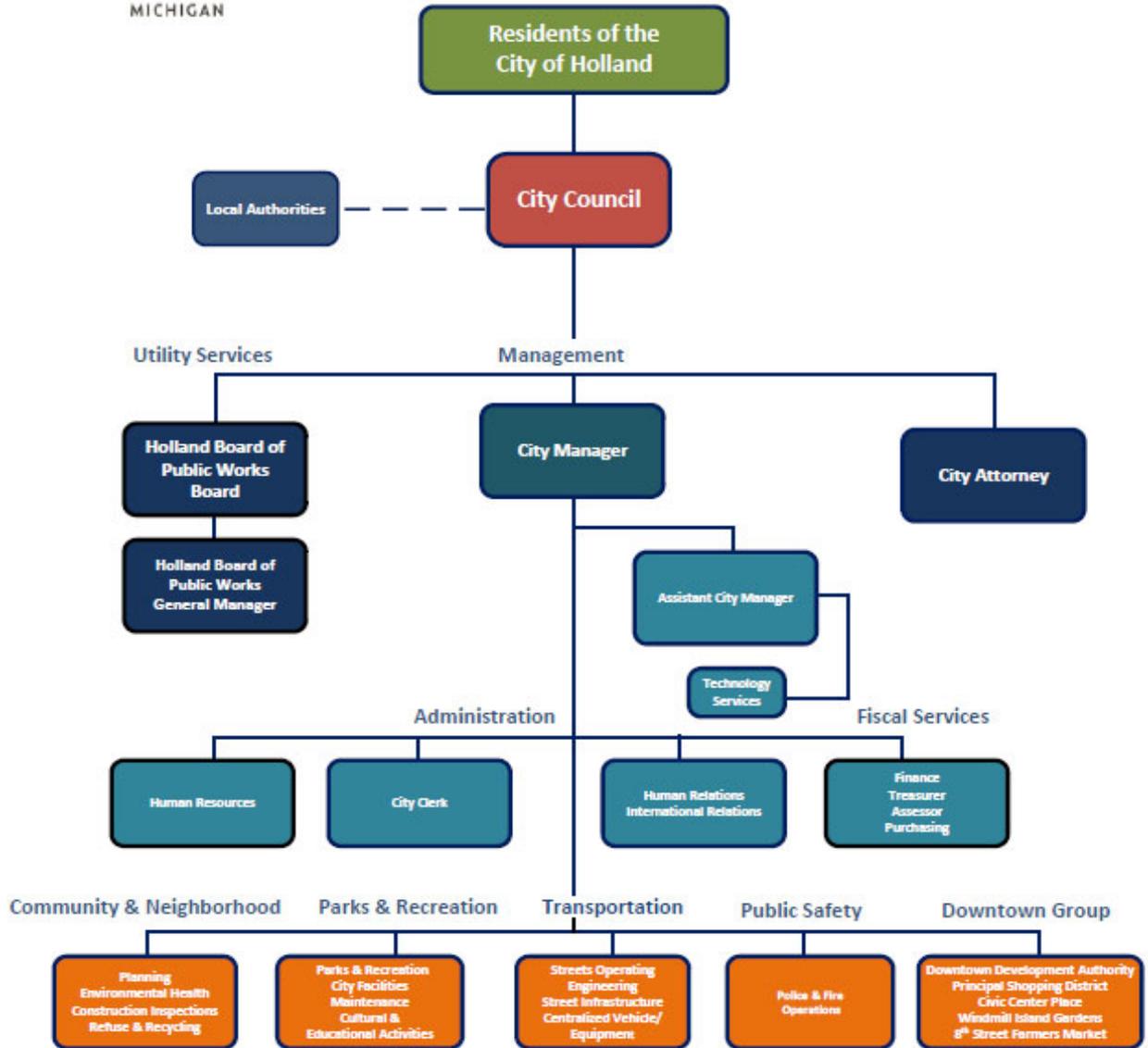
June 30, 2023

Christopher P. Morill

Executive Director/CEO



City of Holland Organizational Chart



FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

December 10, 2024

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, 2024, 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, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof, and the respective budgetary comparison for the general fund and the major special revenue 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 10, 2024, 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 "Rehmann Robson 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, 2024. 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, 2024 equaled \$690,329,995, representing an increase of \$38,876,322 from the prior year. Of this amount, \$92,836,225 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 \$14,197,497, or 10.2%, while the business-type activities net position increased by \$24,678,825, or 4.8%.

As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$70,050,522, an increase of \$16,187,440 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 and was completed in FY 2024. The \$18.8 million project also includes the renovation of the Kollen Park Station which began in FY 2024 and is expected to be completed in FY 2025. As of June 30, 2024, \$11.5 million has been spent, which represents 61% of the project budget.
- Reconstruction of 6th Street, River to Columbia Avenue was completed in FY 2024. In addition to full reconstruction of the roadway, the project included significant expansion of the snowmelt network. The multi-year project totaled \$9.4 million.
- 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 began in December 2023 is scheduled to be finished by June 30, 2026. Project expenditures totaled \$3.4 million in FY 2024.
- The East Point Substation has been constructed on Waverly Court to meet the growing electricity needs of the community. The project was completed in February 2024 at a cost of \$13.1 million.
- 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, 2024, \$31.1 million of the \$33.7 million project has been spent. Construction began October 2020. The combined heat and power portion of the plant entered service in January 2024, and is producing about 40% of the site's electric usage. Although not 100% complete, the Digester was able to be placed in service prior to the end of FY 2024, and has demonstrated biosolids reduction in line with expectations.
- JDY (James De Young) and Unit 6 abatement and demolition project was completed in November 2023, at a total cost of \$5.8 million.
- Electric distribution extensions and improvements totaled \$19.9 million in FY 2024.
- Water and wastewater treatment, collection, and distribution improvements totaled \$9 million in FY 2024.

CITY OF HOLLAND, MICHIGAN

Management's Discussion and Analysis

At the end of the current fiscal year, unassigned fund balance for the General Fund was \$16,210,534 or 49.4% of total General Fund expenditures (including transfers out).

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 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.

CITY OF HOLLAND, MICHIGAN

Management's Discussion and Analysis

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental 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, Other General Grants, Infrastructure Projects, and Municipal Facilities/Land Improvement Projects 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. 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.

CITY OF HOLLAND, MICHIGAN

Management's Discussion and Analysis

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.

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 \$690,329,995 as of June 30, 2024, representing an increase of \$38,876,322, or 6.0% from the prior year.

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Current and other assets	\$ 85,405,219	\$ 76,476,268	\$ 165,687,697	\$ 168,437,824	\$ 251,092,916	\$ 244,914,092
Capital assets, net	170,483,613	154,094,612	480,777,955	466,299,499	651,261,568	620,394,111
Total assets	255,888,832	230,570,880	646,465,652	634,737,323	902,354,484	865,308,203
Deferred outflows of resources	5,778,961	8,978,760	3,499,567	5,633,588	9,278,528	14,612,348
Long-term liabilities	95,957,960	83,840,905	65,892,026	83,244,635	161,849,986	167,085,540
Other liabilities	8,543,319	14,628,562	13,894,735	15,642,654	22,438,054	30,271,216
Total liabilities	104,501,279	98,469,467	79,786,761	98,887,289	184,288,040	197,356,756
Deferred inflows of resources	4,193,640	2,304,796	32,821,337	28,805,326	37,014,977	31,110,122
Net position:						
Net investment in capital assets	137,489,212	132,371,659	429,717,702	400,097,996	567,206,914	532,469,655
Restricted	17,936,549	12,024,966	12,350,307	26,343,300	30,286,856	38,368,266
Unrestricted (deficit)	(2,452,887)	(5,621,248)	95,289,112	86,237,000	92,836,225	80,615,752
Total net position	\$ 152,972,874	\$ 138,775,377	\$ 537,357,121	\$ 512,678,296	\$ 690,329,995	\$ 651,453,673

A substantial portion of the City's net position, \$567,206,914 (82.2%), 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 \$30,286,856 (4.4%) 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 \$92,836,225 (13.4%) to meet its ongoing obligations to citizens and creditors.

CITY OF HOLLAND, MICHIGAN

Management's Discussion and Analysis

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.

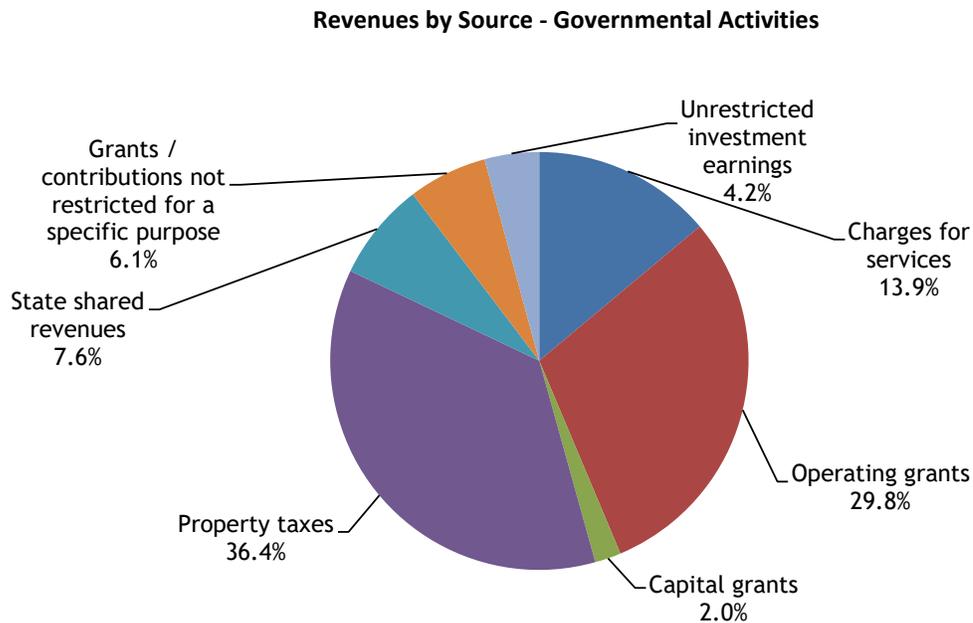
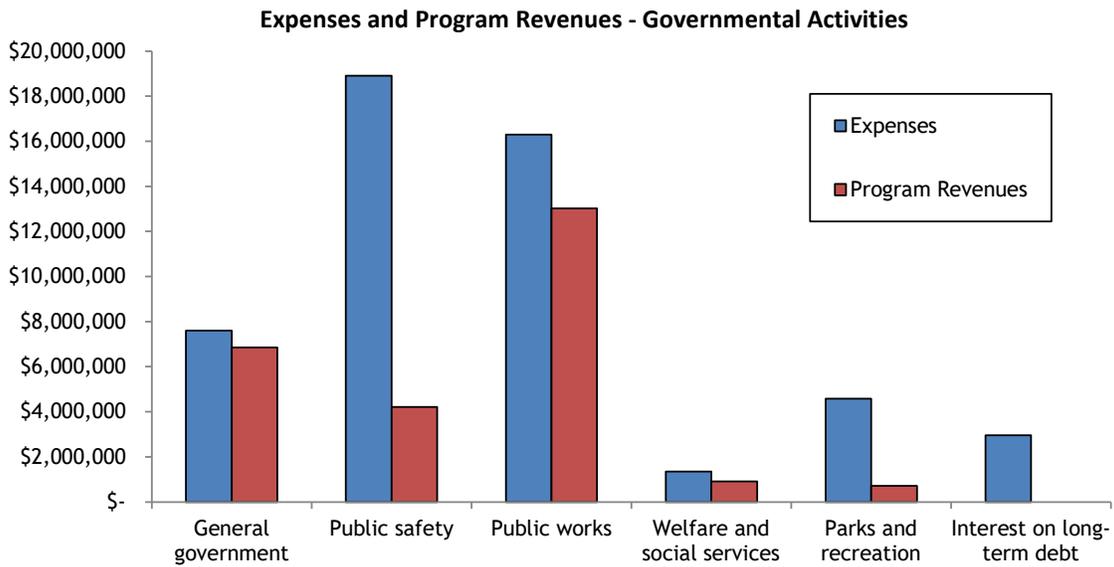
	Change in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues						
Program revenues:						
Charges for services	\$ 7,821,182	\$ 7,544,912	\$ 139,725,354	\$ 135,277,767	\$ 147,546,536	\$ 142,822,679
Operating grants	16,747,207	12,318,735	4,662,740	1,931,869	21,409,947	14,250,604
Capital grants	1,140,516	864,783	2,610,398	843,216	3,750,914	1,707,999
General revenues:						
Property taxes	20,415,674	18,919,152	130,217	120,830	20,545,891	19,039,982
State shared revenues	4,273,012	4,156,819	-	-	4,273,012	4,156,819
Grant and contributions not restricted to specific programs	3,432,332	3,307,940	-	-	3,432,332	3,307,940
Unrestricted investment earnings	2,384,135	1,134,369	-	-	2,384,135	1,134,369
Total revenues	56,214,058	48,246,710	147,128,709	138,173,682	203,342,767	186,420,392
Expenses						
General government	7,604,872	7,659,810	-	-	7,604,872	7,659,810
Public safety	18,907,702	18,957,326	-	-	18,907,702	18,957,326
Public works	16,292,290	13,232,408	-	-	16,292,290	13,232,408
Welfare and social services	1,346,656	1,584,861	-	-	1,346,656	1,584,861
Parks and recreation	4,585,032	6,376,710	-	-	4,585,032	6,376,710
Interest on long-term debt	2,954,911	2,005,036	-	-	2,954,911	2,005,036
Electric utility	-	-	84,280,445	86,159,789	84,280,445	86,159,789
Wastewater utility	-	-	12,736,554	13,672,926	12,736,554	13,672,926
Water utility	-	-	10,847,805	10,236,364	10,847,805	10,236,364
Other enterprise activities	-	-	4,910,178	5,168,945	4,910,178	5,168,945
Total expenses	51,691,463	49,816,151	112,774,982	115,238,024	164,466,445	165,054,175
Change in net position, before transfers	4,522,595	(1,569,441)	34,353,727	22,935,658	38,876,322	21,366,217
Transfers	9,674,902	7,959,338	(9,674,902)	(7,959,338)	-	-
Change in net position	14,197,497	6,389,897	24,678,825	14,976,320	38,876,322	21,366,217
Net position:						
Beginning of year	138,775,377	132,385,480	512,678,296	497,701,976	651,453,673	630,087,456
Net position, end of year	\$ 152,972,874	\$ 138,775,377	\$ 537,357,121	\$ 512,678,296	\$ 690,329,995	\$ 651,453,673

CITY OF HOLLAND, MICHIGAN

Management's Discussion and Analysis

Governmental Activities. Governmental activities increased the City's net position by \$14,197,497. Total revenues increased by \$7,967,348, or 16.5% from the prior year. Property taxes increased by \$1,496,522 as a result of increasing taxable value of property and investment earnings increased \$1,249,766 as a result of change in the market. Operating grants increased by \$4,428,472 while capital grants increased by \$275,733, both of which vary from year to year based on grant opportunities.

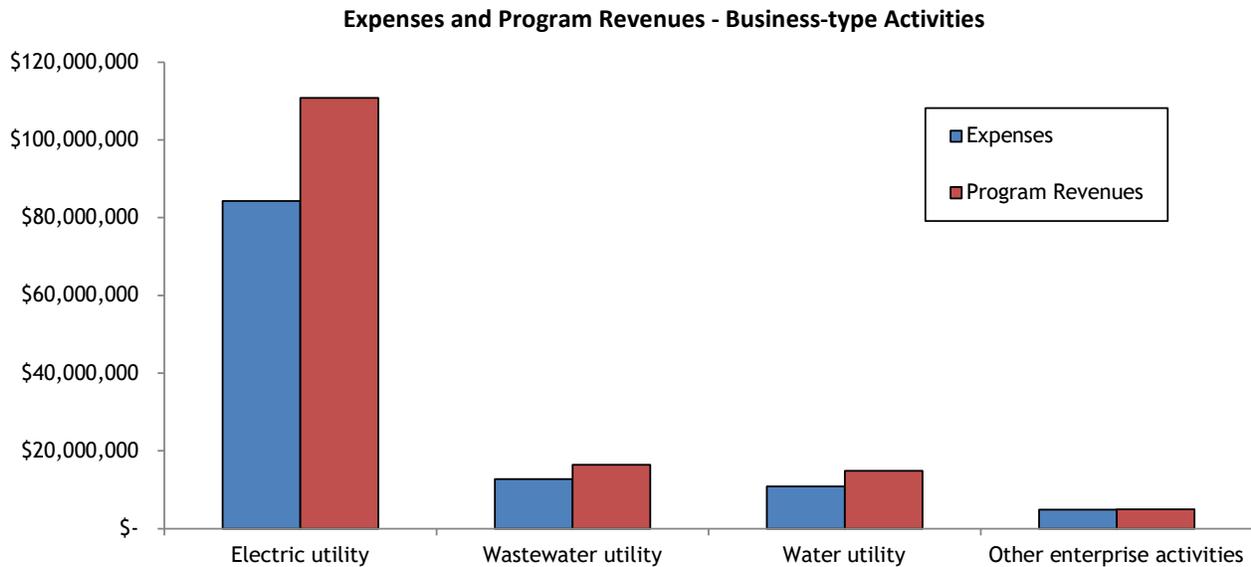
Expenses overall increased from the prior year by \$1,875,312, or 3.8%, primarily due to the cost of wage and supply inflation, in-line with general market conditions.



CITY OF HOLLAND, MICHIGAN

Management's Discussion and Analysis

Business-type Activities. The City's business-type activities net position increased by \$24,678,825, mainly due to the operating income from the Electric, Wastewater and Water Utilities. Overall revenues increased by \$8,955,027 due to higher utility rates and increased investment income. The overall decrease in expenses of \$2,463,042 was primarily due to lower personnel and operating costs experienced by all funds including a reduction of costs for purchased power.



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 \$4,873,828, or 42.7%. 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 2024. Interest income reflected higher rates on short-term liquid funds given current market conditions. Additionally, the General Fund received a \$1.8 million inflow related to an accounting change for compensated absences.

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.

CITY OF HOLLAND, MICHIGAN

Management's Discussion and Analysis

The Other General Grants 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, 2024, but an unearned revenue balance of \$495,171.

The Infrastructure and Municipal Facilities/Land Improvement Projects capital projects funds accounts for construction projects within the City. These funds had ending fund balance of \$39,182,180. These funds increased during the year by \$11,822,070 which is a result of a \$17.5 million bond issuance off-set by construction related expenditures.

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 \$16,891,389. The Wastewater Utility Fund had a \$3,677,758 increase in net position and the Water Utility Fund net position increased by \$3,991,148. 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 \$118,530 in net position.

General Fund Budgetary Highlights

The original revenue budget was \$24,057,673 and as amended was \$28,960,301 which represents an increase of \$4,902,628. The original expenditure budget was \$29,382,035 and as amended was \$29,691,539 which represents an increase of \$309,504. The original budget was amended by \$2.8 million to account for the use of ARPA funding for public safety payroll. The remaining increase represents an increase in investment income given the rising interest rate environment. The increase in the expenditure budget was mainly due to higher personnel costs for the Police and Construction Inspections departments.

Actual expenditures came in \$1,071,847 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 \$215,700 due to the timing of filling vacant positions.
- Operating supplies had a positive variance of \$89,500 across all functions.
- Contractual services had a positive variance of \$155,600 across all functions.
- Other expenditures included a budget of \$175,000 for employee wage adjustments related to a position study; there were no expenditures in FY 2024 given the timing of the study.
- Education, training, and travel also had a positive variance of \$115,800.

Overall, the fund balance increased by \$4,873,828, or \$1,772,190 more than budgeted. The ending fund balance represents 49.6% of General Fund expenditures and transfers out.

CITY OF HOLLAND, MICHIGAN

Management's Discussion and Analysis

Capital Asset and Debt Administration

Capital Assets. The City's capital assets for its governmental and business-type activities as of June 30, 2024 amounted to \$651,261,568 (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 10.6% increase for governmental activities and a 3.1% increase for business-type activities.

	Capital Assets (Net of Depreciation/Amortization)					
	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land	\$ 16,798,657	\$ 16,507,356	\$ 29,228,124	\$ 29,539,972	\$ 46,026,781	\$ 46,047,328
Construction in progress	7,804,263	5,658,175	19,642,169	46,595,922	27,446,432	52,254,097
Capital assets being depreciated/amortized, net	145,880,693	131,929,081	431,907,662	390,163,605	577,788,355	522,092,686
Total capital assets, net	\$ 170,483,613	\$ 154,094,612	\$ 480,777,955	\$ 466,299,499	\$ 651,261,568	\$ 620,394,111

The increase in governmental activities capital assets is mainly due to the addition of the Waverly fire station to capital assets and the refurbishing of the Kollen Park Station to construction in progress. Depreciation of business-type capital assets offset in part by the increase in construction in progress of the fiber project and the capitalization 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.

Long-term Debt

	Long-term Debt					
	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Bonds payable	\$ 69,136,385	\$ 54,855,662	\$ 45,293,974	\$ 60,627,261	\$ 114,430,359	\$ 115,482,923
Installment sales agreement	-	-	6,117,500	6,580,000	6,117,500	6,580,000
Notes payable	2,058,378	2,662,048	-	-	2,058,378	2,662,048
Unamortized premium on bonds payable	2,116,808	1,180,064	970,871	1,109,278	3,087,679	2,289,342
Landfill liability	-	-	603,460	626,670	603,460	626,670
Compensated absences	2,153,659	1,998,515	1,421,178	1,621,871	3,574,837	3,620,386
Total long-term debt	\$ 75,465,230	\$ 60,696,289	\$ 54,406,983	\$ 70,565,080	\$ 129,872,213	\$ 131,261,369

The change 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, 2024.

CITY OF HOLLAND, MICHIGAN

Management's Discussion and Analysis

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 \$151,716,235.

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 2025 budget emphasized a focus on delivering the next steps for several key long-term initiatives such as community-owned broadband, Waterfront Holland and investments in city infrastructure, while conservatively managing finances given potential challenges over the next few years. The property tax base is currently strong, but the City is monitoring the potential of future impacts related to state property tax limitations. The future of state revenue sharing and personal property tax replacement revenues continue to be of concern given the potential for economic impacts on the state budget which in the past has resulted in reductions of certain revenue sources that are shared with local governments.

The City continues to see strong interest in economic development projects in the City including several large commercial/industrial projects as well as several residential housing projects that will bring additional housing units to the City. Planning and design started for a new City Ice Rink Park which is expected to be completed in FY 2025. Construction began on the expansion of the high-speed broadband system in FY 2024 after voters approved a bond issuance for a city-wide broadband initiative in August 2022. This project is projected to be completed in FY 2026.

The Electric Utility plans on expending \$10.2 million on distribution system replacements and improvements in FY2025, about 45% of which is undergrounding lines and equipment to improve resiliency. The Water Utility will expend about \$3.2 million on treatment plant improvements and just over \$8.0 million on water distribution system improvements. The Wastewater Utility will expend about \$3.8 million on plant replacements and improvements, and \$6.8 million on collection system replacements and improvements. About \$11.0 million will be expended on the continued Holland City Fiber buildout.

As in prior budgets, the goal of the FY 2025 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.

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BASIC FINANCIAL STATEMENTS

CITY OF HOLLAND, MICHIGAN

Statement of Net Position

June 30, 2024

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and pooled investments	\$ 77,232,294	\$ 26,827,825	\$ 104,060,119	\$ 3,543,826
Investments	-	73,308,699	73,308,699	-
Beneficial interest in assets held by others	2,422,962	-	2,422,962	-
Receivables, net	4,728,575	36,596,875	41,325,450	11,000
Internal balances	(956,396)	956,396	-	-
Inventory	754,365	10,844,087	11,598,452	-
Prepaid items	622,457	3,638,065	4,260,522	200
Restricted assets:				
Cash and pooled investments	600,962	6,406,304	7,007,266	-
Investments	-	5,941,367	5,941,367	-
Regulatory cost for future recovery	-	1,165,443	1,165,443	-
Net other postemployment benefit asset	-	2,636	2,636	-
Capital assets:				
Land	16,798,657	29,228,124	46,026,781	-
Construction in progress	7,804,263	19,642,169	27,446,432	-
Being depreciated/amortized, net	145,880,693	431,907,662	577,788,355	84,999
Total assets	255,888,832	646,465,652	902,354,484	3,640,025
Deferred outflows of resources				
Deferred pension amounts	5,140,038	3,499,567	8,639,605	-
Deferred other postemployment benefit amounts	638,923	-	638,923	-
Total deferred outflows of resources	5,778,961	3,499,567	9,278,528	-
Liabilities				
Payables	7,581,913	12,672,511	20,254,424	184,296
Unearned revenue	940,161	-	940,161	-
Deposits	21,245	1,222,224	1,243,469	-
Bonds, notes and other long-term liabilities:				
Due within one year from restricted assets	-	1,250,000	1,250,000	-
Due within one year	6,047,455	4,888,531	10,935,986	3,620
Due in more than one year	69,541,539	48,268,452	117,809,991	-
Net pension liability (due in more than one year)	18,762,377	11,485,043	30,247,420	-
Net other postemployment benefit liability (due in more than one year)	1,606,589	-	1,606,589	-
Total liabilities	104,501,279	79,786,761	184,288,040	187,916
Deferred inflows of resources				
Regulatory credits	-	32,387,410	32,387,410	-
Deferred lease amounts	297,331	-	297,331	-
Deferred other postemployment benefit amounts	3,896,309	433,927	4,330,236	-
Total deferred inflows of resources	4,193,640	32,821,337	37,014,977	-
Net position				
Net investment in capital assets	137,489,212	429,717,702	567,206,914	84,999
Restricted:				
Cemetery maintenance	57,939	-	57,939	-
Other postemployment benefits	-	2,636	2,636	-
Debt service	271,945	739,500	1,011,445	-
Street construction and maintenance	5,900,319	-	5,900,319	-
Grant programs	68,677	-	68,677	-
Welfare and social services	524,867	-	524,867	-
Capital projects and by agreement	8,415,403	11,608,171	20,023,574	-
Cemetery endowment corpus (nonexpendable)	2,697,399	-	2,697,399	-
Unrestricted (deficit)	(2,452,887)	95,289,112	92,836,225	3,367,110
Total net position	\$ 152,972,874	\$ 537,357,121	\$ 690,329,995	\$ 3,452,109

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

CITY OF HOLLAND, MICHIGAN

Statement of Activities

For the Year Ended June 30, 2024

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	\$ 7,604,872	\$ 2,429,983	\$ 4,351,909	\$ 68,843	\$ (754,137)
Public safety	18,907,702	2,801,084	1,407,020	-	(14,699,598)
Public works	16,292,290	1,689,798	10,521,767	814,345	(3,266,380)
Welfare and social services	1,346,656	263,735	390,190	257,328	(435,403)
Parks and recreation	4,585,032	636,582	76,321	-	(3,872,129)
Interest on long-term liabilities	2,954,911	-	-	-	(2,954,911)
Total governmental activities	51,691,463	7,821,182	16,747,207	1,140,516	(25,982,558)
Business-type activities:					
Electric utility	84,280,445	106,999,062	3,530,520	283,484	26,532,621
Wastewater utility	12,736,554	13,980,597	686,006	1,747,709	3,677,758
Water utility	10,847,805	14,007,722	253,666	577,565	3,991,148
Refuse and recycling pickup	2,714,949	2,867,452	43,694	-	196,197
Windmill Island	1,175,093	1,856,301	148,366	1,640	831,214
Airport facilities and management system	439,846	-	10	-	(439,836)
Other enterprise activities	580,290	14,220	478	-	(565,592)
Total business-type activities	112,774,982	139,725,354	4,662,740	2,610,398	34,223,510
Total primary government	\$ 164,466,445	\$ 147,546,536	\$ 21,409,947	\$ 3,750,914	\$ 8,240,952
Component units					
Downtown Development Authority	\$ 275,965	\$ 13,244	\$ 26,465	\$ -	\$ (236,256)
Brownfield Redevelopment Authority	4,673,093	-	133,540	-	(4,539,553)
SmartZone	316,972	-	716,376	-	399,404
Total component units	\$ 5,266,030	\$ 13,244	\$ 876,381	\$ -	\$ (4,376,405)

continued...

CITY OF HOLLAND, MICHIGAN

Statement of Activities

For the Year Ended June 30, 2024

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Change in net position				
Net revenues (expenses)	\$ (25,982,558)	\$ 34,223,510	\$ 8,240,952	\$ (4,376,405)
General revenues:				
Property taxes	20,415,674	130,217	20,545,891	3,694,064
State shared revenues	4,273,012	-	4,273,012	-
Grants and contributions not restricted to specific programs	3,432,332	-	3,432,332	3,722
Unrestricted investment earnings	2,384,135	-	2,384,135	-
Transfers	9,674,902	(9,674,902)	-	-
Total general revenues and transfers	40,180,055	(9,544,685)	30,635,370	3,697,786
Change in net position	14,197,497	24,678,825	38,876,322	(678,619)
Net position, beginning of year, as previously reported	138,775,377	512,678,296	651,453,673	5,489,874
Change within financial reporting entity	-	-	-	(1,359,146)
Net position, beginning of year, as adjusted	138,775,377	512,678,296	651,453,673	4,130,728
Net position, end of year	<u>\$ 152,972,874</u>	<u>\$ 537,357,121</u>	<u>\$ 690,329,995</u>	<u>\$ 3,452,109</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, 2024

	General Fund	Other General Grants	Infrastructure Projects	Municipal Facilities/Land Improvements Projects
Assets				
Cash and pooled investments	\$ 16,946,187	\$ 785,119	\$ 20,473,433	\$ 21,641,266
Restricted cash and pooled investments	-	600,962	-	-
Beneficial interest in assets held by others	-	-	-	-
Receivables, net:				
Accounts	507,061	-	-	65,093
Taxes and special assessments	1,379	-	-	-
Interest	154,389	-	-	-
Notes	-	-	-	-
Due from other governmental units	735,326	3,717	-	-
Leases	305,341	-	-	-
Due from other funds	5,549	-	1,497,257	99,450
Prepaid items	72,095	-	-	-
Total assets	<u>\$ 18,727,327</u>	<u>\$ 1,389,798</u>	<u>\$ 21,970,690</u>	<u>\$ 21,805,809</u>
Liabilities				
Accounts payable	\$ 598,206	\$ -	\$ 2,475,267	\$ 1,346,275
Accrued payroll and benefits	748,608	-	9,010	-
Due to other governmental units	290,066	-	-	-
Due to other funds	160,989	894,627	680,231	-
Deposits	21,245	-	-	-
Unearned revenue	328,253	495,171	83,536	-
Total liabilities	<u>2,147,367</u>	<u>1,389,798</u>	<u>3,248,044</u>	<u>1,346,275</u>
Deferred inflows of resources				
Deferred lease amounts	297,331	-	-	-
Unavailable revenue:				
Special assessments receivable	-	-	-	-
Opioid settlement receivable	-	-	-	-
Total deferred inflows of resources	<u>297,331</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances				
Nonspendable	72,095	-	-	-
Restricted	-	-	18,722,646	8,720,073
Committed	-	-	-	11,739,461
Unassigned	16,210,534	-	-	-
Total fund balances	<u>16,282,629</u>	<u>-</u>	<u>18,722,646</u>	<u>20,459,534</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 18,727,327</u>	<u>\$ 1,389,798</u>	<u>\$ 21,970,690</u>	<u>\$ 21,805,809</u>

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

Nonmajor Governmental Funds	Total Governmental Funds
\$ 10,835,932	\$ 70,681,937
-	600,962
2,422,962	2,422,962
537,272	1,109,426
440,683	442,062
-	154,389
763,508	763,508
1,015,858	1,754,901
-	305,341
35,674	1,637,930
314,975	387,070
<u>\$ 16,366,864</u>	<u>\$ 80,260,488</u>
\$ 85,710	\$ 4,505,458
79,395	837,013
-	290,066
759,163	2,495,010
-	21,245
27,705	934,665
<u>951,973</u>	<u>9,083,457</u>
-	297,331
440,311	440,311
388,867	388,867
<u>829,178</u>	<u>1,126,509</u>
3,012,374	3,084,469
10,104,546	37,547,265
1,468,793	13,208,254
-	16,210,534
<u>14,585,713</u>	<u>70,050,522</u>
<u>\$ 16,366,864</u>	<u>\$ 80,260,488</u>

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CITY OF HOLLAND, MICHIGAN

Reconciliation

Fund Balances of Governmental Funds
to Net Position of Governmental Activities
June 30, 2024

Fund balances - total governmental funds \$ 70,050,522

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	16,798,657
Construction in progress	7,804,263
Capital assets being depreciated/amortized, net	145,880,693
Less capital assets accounted for in the internal service funds	(5,711,312)

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	12,459,275
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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	440,311
Deferred inflows from opioid settlement receivable	388,867

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	(71,194,763)
Lease liability	(71,119)
Subscription liability	(52,645)
Compensated absences	(1,964,034)
Unamortized premium on bonds payable	(2,116,808)
Accrued interest on bonds payable	(1,252,719)

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	(18,762,377)
Deferred outflows of resources related to the net pension liability	5,140,038
Net other postemployment benefit liability	(1,606,589)
Deferred outflows of resources related to the total other postemployment benefit liability	638,923
Deferred inflows of resources related to the total other postemployment benefit liability	(3,896,309)

Net position of governmental activities \$ 152,972,874

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, 2024

	General Fund	Other General Grants	Infrastructure Projects	Municipal Facilities/Land Improvements Projects
Revenues				
Taxes	\$ 13,688,984	\$ -	\$ 208,931	\$ 354,534
Special assessments	-	-	-	-
Licenses and permits	2,084,697	-	-	-
Intergovernmental	9,930,902	37,199	814,595	3,579,639
Charges for services	1,881,811	-	-	-
Fines and fees	169,179	-	-	-
Contributions from private sector	-	-	-	-
Interest and rents	1,535,079	-	683,349	1,664,971
Miscellaneous	233,197	-	-	22,500
Total revenues	<u>29,523,849</u>	<u>37,199</u>	<u>1,706,875</u>	<u>5,621,644</u>
Expenditures				
Current:				
General government	4,961,461	-	-	-
Public safety	16,023,468	37,199	-	-
Public works	1,690,641	-	-	-
Welfare and social services	753,004	-	-	-
Parks and recreation	4,393,976	-	-	-
Other	648,582	-	-	-
Debt service:				
Principal retirement	144,956	-	-	-
Interest and fiscal charges	3,604	-	-	-
Capital outlay	-	-	10,132,601	13,023,877
Total expenditures	<u>28,619,692</u>	<u>37,199</u>	<u>10,132,601</u>	<u>13,023,877</u>
Revenues over (under) expenditures	<u>904,157</u>	<u>-</u>	<u>(8,425,726)</u>	<u>(7,402,233)</u>
Other financing sources (uses)				
Issuance of bonds and other long-term liabilities	-	-	17,535,000	-
Premium on issuance of bonds payable	-	-	1,052,775	-
Transfers in	6,339,578	-	8,336,516	6,521,007
Transfers out	(4,182,086)	-	-	(5,795,269)
Total other financing sources (uses)	<u>2,157,492</u>	<u>-</u>	<u>26,924,291</u>	<u>725,738</u>
Net changes in fund balances	<u>3,061,649</u>	<u>-</u>	<u>18,498,565</u>	<u>(6,676,495)</u>
Fund balances, beginning of year, as previously reported	11,408,801	-	-	-
Change within financial reporting entity	1,812,179	-	224,081	27,136,029
Fund balances, beginning of year, as adjusted	<u>13,220,980</u>	<u>-</u>	<u>224,081</u>	<u>27,136,029</u>
Fund balances, end of year	<u>\$ 16,282,629</u>	<u>\$ -</u>	<u>\$ 18,722,646</u>	<u>\$ 20,459,534</u>

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

	Nonmajor Governmental Funds	Total Governmental Funds
\$	6,163,225	\$ 20,415,674
	1,279,487	1,279,487
	-	2,084,697
	8,158,112	22,520,447
	427,665	2,309,476
	390,925	560,104
	554,953	554,953
	661,387	4,544,786
	590,253	845,950
	<u>18,226,007</u>	<u>55,115,574</u>
	536,254	5,497,715
	323,444	16,384,111
	6,910,934	8,601,575
	-	753,004
	911,272	5,305,248
	-	648,582
	3,760,447	3,905,403
	2,239,191	2,242,795
	15,900	23,172,378
	<u>14,697,442</u>	<u>66,510,811</u>
	<u>3,528,565</u>	<u>(11,395,237)</u>
	-	17,535,000
	-	1,052,775
	1,732,169	22,929,270
	<u>(3,957,013)</u>	<u>(13,934,368)</u>
	<u>(2,224,844)</u>	<u>27,582,677</u>
	<u>1,303,721</u>	<u>16,187,440</u>
	40,624,697	52,033,498
	<u>(27,342,705)</u>	<u>1,829,584</u>
	<u>13,281,992</u>	<u>53,863,082</u>
\$	<u><u>14,585,713</u></u>	<u><u>\$ 70,050,522</u></u>

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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, 2024

Net changes in fund balances - total governmental funds \$ 16,187,440

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 and amortization expense.

Capital assets purchased/constructed	23,532,061
Capital asset transfers from proprietary funds	2,582,536
Depreciation and amortization expense	(7,973,213)
Loss on disposal of capital assets	(185,589)

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

Principal payments on bonds, notes and other long-term liabilities	3,905,403
Issuance of bonds and other long-term liabilities	(17,535,000)
Premium on issuance of bonds payable	(1,052,775)

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	(2,588,266)
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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	160,595
Net change in opioid settlement receivable	197,753

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	116,031
Change in accrued interest on bonds payable	(828,147)
Change in compensated absences	(134,449)
Change in the net pension liability and related deferred amounts	(2,463,388)
Change in the net other postemployment benefit liability and related deferred amounts	276,505

Change in net position of governmental activities \$ 14,197,497

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, 2024

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ 13,598,700	\$ 13,560,450	\$ 13,688,984	\$ 128,534
Licenses and permits	1,273,500	1,953,200	2,084,697	131,497
Intergovernmental	6,413,905	9,982,880	9,930,902	(51,978)
Charges for services	2,044,640	1,965,367	1,881,811	(83,556)
Fines and fees	130,300	125,700	169,179	43,479
Interest and rents	489,155	1,219,250	1,535,079	315,829
Miscellaneous	107,473	153,454	233,197	79,743
Total revenues	24,057,673	28,960,301	29,523,849	563,548
Expenditures				
Current:				
General government	5,190,151	5,328,714	4,961,461	(367,253)
Public safety	15,884,584	16,283,755	16,023,468	(260,287)
Public works	1,671,431	1,840,125	1,690,641	(149,484)
Welfare and social services	899,395	876,601	753,004	(123,597)
Parks and recreation	4,480,187	4,537,557	4,393,976	(143,581)
Other	1,256,287	824,787	648,582	(176,205)
Debt service:				
Principal retirement	-	-	144,956	144,956
Interest and fiscal charges	-	-	3,604	3,604
Total expenditures	29,382,035	29,691,539	28,619,692	(1,071,847)
Revenues over (under) expenditures	(5,324,362)	(731,238)	904,157	1,635,395
Other financing sources (uses)				
Transfers in	6,528,091	6,318,000	6,339,578	21,578
Transfers out	(1,208,729)	(4,297,303)	(4,182,086)	(115,217)
Total other financing sources (uses)	5,319,362	2,020,697	2,157,492	136,795
Net changes in fund balance	(5,000)	1,289,459	3,061,649	1,772,190
Fund balance, beginning of year, as previously reported	11,408,801	11,408,801	11,408,801	-
Change within financial reporting entity	1,812,179	1,812,179	1,812,179	-
Fund balance, beginning of year, as adjusted	13,220,980	13,220,980	13,220,980	-
Fund balance, end of year	\$ 13,215,980	\$ 14,510,439	\$ 16,282,629	\$ 1,772,190

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

CITY OF HOLLAND, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Other General Grants Fund

For the Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Intergovernmental	\$ -	\$ 38,074	\$ 37,199	\$ (875)
Expenditures				
Current:				
Public safety:				
Personnel services	-	28,074	31,794	3,720
Other services and charges	-	10,000	5,405	(4,595)
Total expenditures	-	38,074	37,199	(875)
Net changes in fund balances	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

CITY OF HOLLAND, MICHIGAN

Statement of Net Position

Proprietary Funds

June 30, 2024

	Business-type Activities - Enterprise Funds		
	Electric Utility	Wastewater Utility	Water Utility
Assets			
Current assets:			
Cash and pooled investments	\$ 12,906,710	\$ 3,010,593	\$ 6,105,275
Investments	20,880,649	12,103,683	2,006,357
Receivables, net:			
Accounts	15,815,854	1,998,825	3,223,516
Taxes and special assessments	-	26,957	1,811
Interest	475,951	34,094	44,708
Due from other funds	2,218,257	3,630	326,815
Inventories	10,025,898	13,803	804,386
Prepaid items	3,389,260	140,151	108,654
Total current assets	<u>65,712,579</u>	<u>17,331,736</u>	<u>12,621,522</u>
Noncurrent assets:			
Restricted assets:			
Cash and pooled investments	-	5,906,804	499,500
Investments	5,941,367	-	-
Long-term investments	32,874,965	2,354,941	3,088,104
Due from local units	-	13,342,196	1,261,137
Regulatory cost for future recovery	1,165,443	-	-
Net other postemployment benefit asset	1,823	440	373
Capital assets:			
Land	21,027,272	260,673	2,178,242
Construction in progress	12,861,781	1,414,148	5,359,640
Machinery and equipment	516,540,144	151,780,417	113,550,574
Accumulated depreciation	(249,399,533)	(62,028,291)	(41,524,626)
Total noncurrent assets	<u>341,013,262</u>	<u>113,031,328</u>	<u>84,412,944</u>
Total assets	<u>406,725,841</u>	<u>130,363,064</u>	<u>97,034,466</u>
Deferred outflows of resources			
Deferred pension amounts	<u>2,309,715</u>	<u>664,918</u>	<u>524,934</u>

Business-type Activities - Enterprise Funds		Governmental Activities
Nonmajor Enterprise Funds	Total	Internal Service Funds
\$ 4,805,247	\$ 26,827,825	\$ 6,550,357
-	34,990,689	-
371,814	21,410,009	198,948
12	28,780	-
-	554,753	-
476,360	3,025,062	51,255
-	10,844,087	754,365
-	3,638,065	235,387
<u>5,653,433</u>	<u>101,319,270</u>	<u>7,790,312</u>
-	6,406,304	-
-	5,941,367	-
-	38,318,010	-
-	14,603,333	-
-	1,165,443	-
-	2,636	-
5,761,937	29,228,124	-
6,600	19,642,169	-
19,049,510	800,920,645	13,762,989
(16,060,533)	(369,012,983)	(8,051,677)
<u>8,757,514</u>	<u>547,215,048</u>	<u>5,711,312</u>
<u>14,410,947</u>	<u>648,534,318</u>	<u>13,501,624</u>
-	3,499,567	-

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CITY OF HOLLAND, MICHIGAN

Statement of Net Position

Proprietary Funds

June 30, 2024

	Business-type Activities - Enterprise Funds		
	Electric Utility	Wastewater Utility	Water Utility
Liabilities			
Current liabilities:			
Accounts payable	\$ 7,796,475	\$ 1,986,470	\$ 1,251,813
Claims payable	-	-	-
Accrued payroll and benefits	664,044	178,986	136,180
Accrued interest payable	5,762	130,738	174,591
Accrued interest payable from restricted assets	-	-	6,125
Due to other funds	555,154	45,757	1,465,184
Deposits	1,176,532	-	23,817
Unearned revenue	-	-	-
Current portion of bonds, notes and other long-term liabilities payable from restricted assets	-	-	1,250,000
Current portion of bonds, notes and other long-term liabilities	2,167,827	1,883,006	789,668
Total current liabilities	<u>12,365,794</u>	<u>4,224,957</u>	<u>5,097,378</u>
Noncurrent liabilities:			
Bonds, notes and other long-term liabilities, net of current portion	1,654,292	27,804,261	18,809,899
Net pension liability	7,580,129	2,182,157	1,722,757
Total noncurrent liabilities	<u>9,234,421</u>	<u>29,986,418</u>	<u>20,532,656</u>
Total liabilities	<u>21,600,215</u>	<u>34,211,375</u>	<u>25,630,034</u>
Deferred inflows of resources			
Regulatory credits	4,144,941	27,484,577	757,892
Deferred other postemployment benefit amounts	300,234	72,379	61,314
Total deferred inflows of resources	<u>4,445,175</u>	<u>27,556,956</u>	<u>819,206</u>
Net position			
Net investment in capital assets	300,916,994	60,961,391	59,081,803
Restricted for:			
Other postemployment benefits	1,823	440	373
Debt service	-	240,000	499,500
Capital projects and by agreement	5,941,367	5,666,804	-
Unrestricted	76,129,982	2,391,016	11,528,484
Total net position	<u>\$ 382,990,166</u>	<u>\$ 69,259,651</u>	<u>\$ 71,110,160</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
\$ 299,716	\$ 11,334,474	\$ 368,669
-	-	273,789
41,611	1,020,821	54,199
-	311,091	-
-	6,125	-
2,571	2,068,666	150,571
21,875	1,222,224	-
-	-	5,496
-	1,250,000	-
48,030	4,888,531	189,625
<u>413,803</u>	<u>22,101,932</u>	<u>1,042,349</u>
-	48,268,452	-
-	<u>11,485,043</u>	-
-	<u>59,753,495</u>	-
<u>413,803</u>	<u>81,855,427</u>	<u>1,042,349</u>
-	32,387,410	-
-	<u>433,927</u>	-
-	<u>32,821,337</u>	-
8,757,514	429,717,702	5,711,312
-	2,636	-
-	739,500	-
-	11,608,171	-
<u>5,239,630</u>	<u>95,289,112</u>	<u>6,747,963</u>
<u>\$ 13,997,144</u>	<u>\$ 537,357,121</u>	<u>\$ 12,459,275</u>

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CITY OF HOLLAND, MICHIGAN

Statement of Revenues, Expenses and Change in Fund Net Position

Proprietary Funds

For the Year Ended June 30, 2024

	Business-type Activities - Enterprise Funds		
	Electric Utility	Wastewater Utility	Water Utility
Operating revenues			
Usage fees and charges for services	\$ 106,999,062	\$ 13,980,597	\$ 14,007,722
Premiums	-	-	-
Admissions and fares	-	-	-
Rentals	-	-	-
Miscellaneous	-	-	-
Total operating revenues	<u>106,999,062</u>	<u>13,980,597</u>	<u>14,007,722</u>
Operating expenses			
Personnel services	9,264,158	2,720,421	2,213,591
Other current expenses	57,524,377	6,509,803	5,335,254
Depreciation and amortization	14,032,593	3,072,668	2,760,944
Total operating expenses	<u>80,821,128</u>	<u>12,302,892</u>	<u>10,309,789</u>
Operating income (loss)	<u>26,177,934</u>	<u>1,677,705</u>	<u>3,697,933</u>
Nonoperating revenues (expenses)			
Property taxes	-	-	-
Other private donations	-	-	-
Investment income	3,407,196	686,006	265,562
Interest expense	(89,272)	(439,338)	(556,441)
Other income (expense), net	123,324	-	(11,896)
Insurance recovery	-	-	-
Gain (loss) on sale and disposal of capital assets	(3,370,045)	5,676	18,425
Total nonoperating revenues (expenses)	<u>71,203</u>	<u>252,344</u>	<u>(284,350)</u>
Income (loss) before contributions and transfers	<u>26,249,137</u>	<u>1,930,049</u>	<u>3,413,583</u>
Contributions and transfers			
Capital contributions	-	901,392	-
Contributions from other local units	283,484	1,962,593	577,565
Regulatory credits	(3,726,931)	(1,297,831)	-
Federal and/or state capital grants	3,726,931	181,555	-
Transfers in	-	-	-
Transfers out	(9,641,232)	-	-
Net contributions and transfers	<u>(9,357,748)</u>	<u>1,747,709</u>	<u>577,565</u>
Change in net position	<u>16,891,389</u>	<u>3,677,758</u>	<u>3,991,148</u>
Net position, beginning of year	<u>366,098,777</u>	<u>65,581,893</u>	<u>67,119,012</u>
Net position, end of year	<u>\$ 382,990,166</u>	<u>\$ 69,259,651</u>	<u>\$ 71,110,160</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
\$ 3,153,849	\$ 138,141,230	\$ 2,862,465
-	-	6,480,689
1,535,474	1,535,474	-
48,650	48,650	2,859,150
-	-	28,087
<u>4,737,973</u>	<u>139,725,354</u>	<u>12,230,391</u>
840,284	15,038,454	1,533,862
3,568,632	72,938,066	11,396,801
501,262	20,367,467	818,611
<u>4,910,178</u>	<u>108,343,987</u>	<u>13,749,274</u>
<u>(172,205)</u>	<u>31,381,367</u>	<u>(1,518,883)</u>
130,217	130,217	-
19,350	19,350	-
173,198	4,531,962	227,590
-	(1,085,051)	-
-	111,428	-
-	-	512,546
-	(3,345,944)	93,017
<u>322,765</u>	<u>361,962</u>	<u>833,153</u>
<u>150,560</u>	<u>31,743,329</u>	<u>(685,730)</u>
1,640	903,032	-
-	2,823,642	-
-	(5,024,762)	-
-	3,908,486	-
546,345	546,345	100,000
(580,015)	(10,221,247)	(2,002,536)
<u>(32,030)</u>	<u>(7,064,504)</u>	<u>(1,902,536)</u>
118,530	24,678,825	(2,588,266)
<u>13,878,614</u>	<u>512,678,296</u>	<u>15,047,541</u>
<u>\$ 13,997,144</u>	<u>\$ 537,357,121</u>	<u>\$ 12,459,275</u>

CITY OF HOLLAND, MICHIGAN

Statement of Cash Flows

Proprietary Funds

For the Year Ended June 30, 2024

	Business-type Activities - Enterprise Funds		
	Electric Utility	Wastewater Utility	Water Utility
Cash flows from operating activities			
Receipts from customers and users	\$ 103,126,911	\$ 13,868,817	\$ 13,365,094
Receipts from interfund services provided	-	-	-
Payments to suppliers	(56,374,352)	(10,917,859)	(4,900,302)
Payments to employees	(8,725,584)	(2,550,504)	(2,072,336)
Net cash provided by (used in) operating activities	<u>38,026,975</u>	<u>400,454</u>	<u>6,392,456</u>
Cash flows from noncapital financing activities			
Property taxes	-	-	-
Private donations	-	-	-
Insurance refunds	-	-	-
Intragovernmental receipts	-	-	-
Intragovernmental payments	(9,641,232)	-	-
Principal paid on pension bonds	(983,877)	(283,237)	(223,609)
Interest paid on pension bonds	(133,812)	(32,764)	(25,866)
Net cash provided by (used in) noncapital financing activities	<u>(10,758,921)</u>	<u>(316,001)</u>	<u>(249,475)</u>
Cash flows from capital and related financing activities			
Principal paid on capital related debt	(12,760,000)	(1,452,500)	(1,545,000)
Interest paid on capital related debt	(32,858)	(421,012)	(657,713)
Proceeds from Clean Water State Revolving Fund bonds	-	1,452,436	-
Capital contributions	4,010,414	1,925,465	757,565
Proceeds from sale of capital assets	90,841	11,773	35,040
Regulatory cost for future recovery	(796,458)	-	-
Cost incurred on disposal of capital assets	(2,229,823)	-	-
Purchase/construction of capital assets	(22,278,358)	(5,059,977)	(8,295,202)
Net cash provided by (used in) capital and related financing activities	<u>(33,996,242)</u>	<u>(3,543,815)</u>	<u>(9,705,310)</u>
Cash flows from investing activities			
Proceeds from sales of investments	57,225,104	13,794,943	4,832,794
Purchase of investments	(58,569,269)	(14,382,641)	(4,994,822)
Investment income	2,000,217	600,381	204,773
Net cash provided by (used in) investing activities	<u>656,052</u>	<u>12,683</u>	<u>42,745</u>
Net increase (decrease) in cash and pooled investments	<u>(6,072,136)</u>	<u>(3,446,679)</u>	<u>(3,519,584)</u>
Cash and pooled investments, beginning of year	<u>18,978,846</u>	<u>12,364,076</u>	<u>10,124,359</u>
Cash and pooled investments, end of year	<u>\$ 12,906,710</u>	<u>\$ 8,917,397</u>	<u>\$ 6,604,775</u>

Business-type Activities - Enterprise Funds		Governmental Activities
Nonmajor Enterprise Funds	Total	Internal Service Funds
\$ 4,757,610	\$ 135,118,432	\$ -
-	-	12,848,746
(3,520,000)	(75,712,513)	(11,984,381)
(840,331)	(14,188,755)	(1,504,806)
<u>397,279</u>	<u>45,217,164</u>	<u>(640,441)</u>
130,208	130,208	-
19,350	19,350	-
-	-	512,546
540,438	540,438	100,000
(237,554)	(9,878,786)	-
-	(1,490,723)	-
-	(192,442)	-
<u>452,442</u>	<u>(10,871,955)</u>	<u>612,546</u>
-	(15,757,500)	-
-	(1,111,583)	-
-	1,452,436	-
1,640	6,695,084	-
-	137,654	184,600
-	(796,458)	-
-	(2,229,823)	-
(6,600)	(35,640,137)	(1,345,936)
<u>(4,960)</u>	<u>(47,250,327)</u>	<u>(1,161,336)</u>
-	75,852,841	-
-	(77,946,732)	-
173,198	2,978,569	227,590
<u>173,198</u>	<u>884,678</u>	<u>227,590</u>
1,017,959	(12,020,440)	(961,641)
<u>3,787,288</u>	<u>45,254,569</u>	<u>7,511,998</u>
<u>\$ 4,805,247</u>	<u>\$ 33,234,129</u>	<u>\$ 6,550,357</u>

continued...

CITY OF HOLLAND, MICHIGAN

Statement of Cash Flows

Proprietary Funds

For the Year Ended June 30, 2024

	Business-type Activities - Enterprise Funds		
	Electric Utility	Wastewater Utility	Water Utility
Classified on the statement of net position as			
Cash and pooled investments	\$ 12,906,710	\$ 3,010,593	\$ 6,105,275
Restricted cash and pooled investments	-	5,906,804	499,500
	<u>\$ 12,906,710</u>	<u>\$ 8,917,397</u>	<u>\$ 6,604,775</u>
Cash flows from operating activities			
Operating income (loss)	\$ 26,177,934	\$ 1,677,705	\$ 3,697,933
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	13,944,233	3,072,668	2,760,944
Amortization of regulatory credits	88,360	-	-
Nooperating income (expense) reported in operating activity for cash flow purposes	123,324	-	(11,896)
Change in:			
Accounts receivable	(2,780,616)	(111,414)	(555,705)
Due from other governmental units	-	-	154,568
Due from other funds	(1,139,846)	(366)	(245,673)
Inventories	597,453	(1,026)	(359,910)
Prepaid items	(345,086)	(95,695)	(85,032)
Accounts payable	587,534	(4,244,563)	(137,567)
Claims payable	-	-	-
Accrued payroll and benefits	52,223	85,717	67,484
Due to other funds	210,010	(66,772)	1,029,357
Unearned revenue	-	-	-
Accrued compensated absences	(80,092)	(66,901)	(48,621)
Deposits	48,311	-	4,182
Landfill postclosure liability	(23,210)	-	-
Net pension liability	(740,852)	(213,275)	(168,375)
Deferred outflows of resources related to the net pension liability	1,408,454	405,464	320,103
Net other postemployment benefit asset	(46,245)	(15,470)	(12,931)
Deferred inflows of resources related to the net other postemployment benefit asset	(54,914)	(25,618)	(16,405)
Net cash provided by (used in) operating activities	<u>\$ 38,026,975</u>	<u>\$ 400,454</u>	<u>\$ 6,392,456</u>

Non-cash transactions

The City has purchases/construction of capital assets through accounts payable for the fiscal year ended June 30, 2024 of \$112,670 for the electric fund, \$1,486,307 for the wastewater fund, and \$212,546 for the water fund.

During the year, the nonmajor enterprise and internal service funds had noncash transfers of capital assets to governmental activities of \$580,000 and \$2,002,536, respectively.

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
\$ 4,805,247	\$ 26,827,825	\$ 6,550,357
-	6,406,304	-
<u>\$ 4,805,247</u>	<u>\$ 33,234,129</u>	<u>\$ 6,550,357</u>
\$ (172,205)	\$ 31,381,367	\$ (1,518,883)
501,262	20,279,107	818,611
-	88,360	-
-	111,428	-
14,587	(3,433,148)	114,773
-	154,568	422,654
-	(1,385,885)	24,138
-	236,517	(59,163)
-	(525,813)	(40,230)
48,632	(3,745,964)	(518,510)
-	-	30,323
5,032	210,456	2,759
-	1,172,595	55,474
5,050	5,050	1,316
(5,079)	(200,693)	26,297
-	52,493	-
-	(23,210)	-
-	(1,122,502)	-
-	2,134,021	-
-	(74,646)	-
-	(96,937)	-
<u>\$ 397,279</u>	<u>\$ 45,217,164</u>	<u>\$ (640,441)</u>

concluded

CITY OF HOLLAND, MICHIGAN

Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2024

	OPEB Trust Fund	Custodial Fund
Assets		
Cash and pooled investments	\$ -	\$ 2,746,415
MERS total market portfolio	704,593	-
	<hr/>	<hr/>
Total assets	704,593	2,746,415
Liabilities		
Due to other government	-	169,051
Undistributed receipts	-	13,810
	<hr/>	<hr/>
Total liabilities	-	182,861
Net position restricted for		
Other postemployment benefits	704,593	-
Other government units	-	2,563,554
	<hr/>	<hr/>
Total restricted net position	\$ 704,593	\$ 2,563,554

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, 2024

	OPEB Trust Fund	Custodial Fund
Additions		
Employer contributions	\$ 113,805	\$ -
Investment income	63,516	-
Contributions/benefit from general operating funds	47,345	-
Airport collections	-	1,259,068
Registration fees collected	-	4,590
Property tax collected	-	50,468,411
	<hr/>	<hr/>
Total additions	224,666	51,732,069
	<hr/>	<hr/>
Deductions		
Benefit payments, including refunds of employee contributions	47,345	-
Administrative expenses	1,301	-
Airport distributions	-	860,223
Registration fees distributed	-	4,590
Property tax distributed	-	50,468,411
	<hr/>	<hr/>
Total deductions	48,646	51,333,224
	<hr/>	<hr/>
Change in net position	176,020	398,845
Net position, beginning of year	528,573	2,164,709
	<hr/>	<hr/>
Net position, end of year	\$ 704,593	\$ 2,563,554
	<hr/> <hr/>	<hr/> <hr/>

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, 2024

	Downtown Development Authority	Brownfield Redevelopment Authority	SmartZone	Total
Assets				
Cash and pooled investments	\$ 286,657	\$ 2,016,748	\$ 1,240,421	\$ 3,543,826
Receivables, net	11,000	-	-	11,000
Prepaid items	200	-	-	200
Capital assets:				
Being depreciated, net of depreciation	84,999	-	-	84,999
Total assets	<u>382,856</u>	<u>2,016,748</u>	<u>1,240,421</u>	<u>3,640,025</u>
Liabilities				
Accounts payable	10,133	-	85,017	95,150
Accrued payroll and benefits	3,316	-	-	3,316
Due to other governmental units	-	85,830	-	85,830
Bonds, notes and other long-term liabilities:				
Due within one year	3,620	-	-	3,620
Total liabilities	<u>17,069</u>	<u>85,830</u>	<u>85,017</u>	<u>187,916</u>
Net position				
Investment in capital assets	84,999	-	-	84,999
Unrestricted	280,788	1,930,918	1,155,404	3,367,110
Total net position	<u>\$ 365,787</u>	<u>\$ 1,930,918</u>	<u>\$ 1,155,404</u>	<u>\$ 3,452,109</u>

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, 2024

	Downtown Development Authority	Holland Historical Trust	Brownfield Redevelopment Authority	SmartZone	Total
Expenses					
Downtown Development Authority	\$ 275,965		\$ -	\$ -	\$ 275,965
Brownfield Redevelopment Authority	-		4,673,093	-	4,673,093
SmartZone	-		-	316,972	316,972
Total expenses	<u>275,965</u>		<u>4,673,093</u>	<u>316,972</u>	<u>5,266,030</u>
Program revenues					
Charges for services	13,244		-	27,396	40,640
Operating grants and contributions	26,465		133,540	688,980	848,985
Total program revenues	<u>39,709</u>		<u>133,540</u>	<u>716,376</u>	<u>889,625</u>
Net expenses (revenues)	<u>(236,256)</u>		<u>(4,539,553)</u>	<u>399,404</u>	<u>(4,376,405)</u>
General revenues					
Property taxes	253,359		3,440,705	-	3,694,064
Unrestricted grants and contributions	-		3,722	-	3,722
Total general revenues	<u>253,359</u>		<u>3,444,427</u>	<u>-</u>	<u>3,697,786</u>
Change in net position	<u>17,103</u>		<u>(1,095,126)</u>	<u>399,404</u>	<u>(678,619)</u>
Net position, beginning of year, as previously reported	348,684	\$ 1,359,146	3,026,044	756,000	5,489,874
Change within financial reporting entity	-	(1,359,146)	-	-	(1,359,146)
Net position, beginning of year, as adjusted	<u>348,684</u>	<u>-</u>	<u>3,026,044</u>	<u>756,000</u>	<u>4,130,728</u>
Net position, end of year	<u>\$ 365,787</u>	<u>\$ -</u>	<u>\$ 1,930,918</u>	<u>\$ 1,155,404</u>	<u>\$ 3,452,109</u>

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

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

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.

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.

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

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.

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 funds:

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.

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

The *Other General Grants* 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 *Infrastructure Projects* and *Municipal Facilities/Land Improvements Projects* 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 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 21). 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.

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.

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

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

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.

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

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.

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.

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

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.

Lessor. The City is a lessor for a noncancellable lease of a train depot. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for prepaid lease payments received at lease inception. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts. The City uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

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

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.

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

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.

Due From Local Units

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 was 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 2024 were \$26.3 million, resulting in an accrued amount due from HCT of \$13.3 million, which includes accrued interest.

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, 2024 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 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 Other General Grants 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
Grant drawdowns in excess of amounts expended:	
Culture and community improvement	\$ 282,821
Infrastructure projects	83,536
General government	495,171
Other	5,496
Fees collected in excess of amounts earned	<u>73,137</u>
Total unearned revenue	<u><u>\$ 940,161</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 benefit (asset) 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, 2023 was \$1,517,162,354 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	9.1562		
Street development and improvement	1.2000		
Sidewalk development and improvement	0.1500		
Municipal capital projects	0.2545		
Debt service general obligation	<u>3.0150</u>		
	13.7757	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 \$6,228,000 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 2024 was \$3,413,232 allocated to the Municipal Facilities/Land Improvements Projects Fund. For fiscal year 2024, total transfers of \$9,641,232 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, 2024. 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 governmental activities 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 21 Regulatory Accounting for details.

Finally, the statements of net position and governmental funds balance sheet report deferred inflows related to leases. The amounts are deferred and amortized over the remaining life of the lease.

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. City Council has delegated the authority to assign fund balance to the City Manager, as documented in the City's fund balance policy. 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.

For the year ended June 30, 2024, 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	\$ 310,000	\$ 310,319	\$ 319
City treasurer	185,769	195,990	10,221
Parks and recreation:			
Cultural-recreational	-	1,408	1,408
Market	209,463	209,787	324
Debt service:			
Principal retirement	-	144,956	144,956
Interest and fiscal charges	-	3,604	3,604
Budget stabilization:			
General government:			
Other services and charges	5,000	8,985	3,985
Ottawa County Road Tax Fund			
Transfers out	325,000	700,000	375,000
Street Improvements Reserve Fund			
Transfers out	1,220,479	1,230,314	9,835
Snowmelt Operating System Fund			
Public works	251,710	252,820	1,110

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

4. DEPOSITS AND INVESTMENTS

The City's reporting entity deposits and investments as of June 30, 2024 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	\$ 77,232,294	\$ 26,827,825	\$ 3,543,826	\$ 2,746,415	\$ 110,350,360
Investments	-	73,308,699	-	-	73,308,699
Restricted assets:					
Cash and pooled investments	600,962	6,406,304	-	-	7,007,266
Investments	-	5,941,367	-	-	5,941,367
MERS total market portfolio	-	-	-	704,593	704,593
Total	\$ 77,833,256	\$ 112,484,195	\$ 3,543,826	\$ 3,451,008	\$ 197,312,285

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

Petty cash	\$ 14,649
Deposits (checking/savings accounts)	35,013,323
Certificate of deposit	3,957,311
Investments:	
Primary government	157,622,409
Fiduciary funds	704,593
	<u>\$ 197,312,285</u>

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.

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

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

	No maturity	Due < 1 year	Due in 1-5 years	Totals
Treasury notes	\$ -	\$ 11,687,885	\$ 14,555,838	\$ 26,243,723
Government bonds	-	16,435,507	37,979,505	54,415,012
Municipal bonds	-	2,686,435	2,588,194	5,274,629
Money market funds	51,291,540	-	-	51,291,540
Michigan CLASS government investment pool	16,081,962	-	-	16,081,962
MPPA investments	4,315,543	-	-	4,315,543
MERS total market portfolio	704,593	-	-	704,593
	<u>\$ 72,393,638</u>	<u>\$ 30,809,827</u>	<u>\$ 55,123,537</u>	<u>\$ 158,327,002</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.

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

S&P AAAM	\$ 42,336,364
S&P AA+	74,003,572
S&P AA	2,090,078
S&P AA-	738,056
Moody's Aaa	6,469,128
Moody's Aa1	2,632,530
Not subject to credit risk	<u>30,057,274</u>
	<u>\$ 158,327,002</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, \$34,891,931 of the bank balance of \$39,050,490 was exposed to custodial credit risk because it was uninsured and uncollateralized.

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

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.

The City has the following recurring fair value measurements as of June 30, 2024:

	Level 1	Level 2	Level 3	Total
Treasury notes	\$ -	\$ 26,243,723	\$ -	\$ 26,243,723
Government bonds	-	54,415,012	-	54,415,012
Municipal bonds	-	5,274,629	-	5,274,629
Michigan Public Power Agency	-	4,315,543	-	4,315,543
MERS total market portfolio	704,593	-	-	704,593
	<u>\$ 704,593</u>	<u>\$ 90,248,907</u>	<u>\$ -</u>	<u>90,953,500</u>
Assets carried at amortized cost:				
Money market funds				51,291,540
Assets carried at net asset value:				
Michigan CLASS government investment pool				<u>16,081,962</u>
Total investments				<u>\$ 158,327,002</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.

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

At year end, the net asset value of the City's investment in Michigan CLASS was \$16,081,962. 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	\$ 4,238,182
System expansion and decommissioning	24,699,892
Future debt payments	5,251,356
Maintenance	7,481,276
Operating	8,814,997
Insurance/risk retention	<u>9,915,254</u>
	<u>\$ 60,400,957</u>

5. RECEIVABLES

Receivables are comprised of the following at year-end:

	Governmental Activities	Business-type Activities	Component Units
Accounts	\$ 1,501,430	\$ 21,605,231	\$ 11,000
Allowance for uncollectible accounts receivable	(193,056)	(195,222)	-
Taxes and special assessments	458,233	28,886	142
Allowance for uncollectible taxes and special assessments	(16,171)	(106)	(142)
Notes	793,508	-	-
Allowance for notes receivable	(30,000)	-	-
Interest	154,389	554,753	-
Due from other governmental units	1,754,901	14,603,333	-
Leases	305,341	-	-
	<u>\$ 4,728,575</u>	<u>\$ 36,596,875</u>	<u>\$ 11,000</u>

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

Of the amounts reported for receivables above the following amounts are not expected to be collected within one year:

	Governmental Activities	Business-type Activities
Accounts	\$ 341,224	\$ -
Taxes and special assessments	318,886	-
Notes	713,389	-
Due from other governmental units	-	14,603,333
Leases	237,439	-
	<u>\$ 1,610,938</u>	<u>\$ 14,603,333</u>

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, 2024, was as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Governmental activities					
Capital assets, not being depreciated/amortized:					
Land	\$ 16,507,356	\$ -	\$ -	\$ 291,301	\$ 16,798,657
Construction in progress	5,658,175	13,621,131	(104,489)	(11,370,554)	7,804,263
	<u>22,165,531</u>	<u>13,621,131</u>	<u>(104,489)</u>	<u>(11,079,253)</u>	<u>24,602,920</u>
Capital assets, being depreciated/amortized:					
Land improvements	33,289,890	641,004	(278,332)	202,964	33,855,526
Buildings	53,709,946	7,903,843	(298,577)	4,135,961	65,451,173
Machinery and equipment	11,914,203	628,755	(371,161)	65,557	12,237,354
Vehicles	11,369,583	1,506,439	(474,561)	231,459	12,632,920
Infrastructure	144,170,399	576,825	(60,467)	8,390,144	153,076,901
Lease equipment (Note 9)	125,259	-	-	-	125,259
Subscription asset (Note 10)	92,539	-	-	-	92,539
	<u>254,671,819</u>	<u>11,256,866</u>	<u>(1,483,098)</u>	<u>13,026,085</u>	<u>277,471,672</u>
Less accumulated depreciation/amortization for:					
Land improvements	(19,698,627)	(1,285,498)	278,332	(198,666)	(20,904,459)
Buildings	(24,288,152)	(1,431,163)	221,540	(1,142,581)	(26,640,356)
Machinery and equipment	(7,166,987)	(596,843)	326,160	(25,585)	(7,463,255)
Vehicles	(6,014,955)	(732,133)	427,105	-	(6,319,983)
Infrastructure	(65,530,453)	(4,702,624)	57,278	-	(70,175,799)
Lease equipment (Note 9)	(25,056)	(25,056)	-	-	(50,112)
Subscription asset (Note 10)	(18,508)	(18,507)	-	-	(37,015)
	<u>(122,742,738)</u>	<u>(8,791,824)</u>	<u>1,310,415</u>	<u>(1,366,832)</u>	<u>(131,590,979)</u>
Total capital assets being depreciated/amortized, net	<u>131,929,081</u>	<u>2,465,042</u>	<u>(172,683)</u>	<u>11,659,253</u>	<u>145,880,693</u>
Governmental activities capital assets, net	<u>\$ 154,094,612</u>	<u>\$ 16,086,173</u>	<u>\$ (277,172)</u>	<u>\$ 580,000</u>	<u>\$ 170,483,613</u>

During the year, the business-type activities and internal service funds had transfers of capital assets to governmental activities of \$580,000 and \$2,002,536, respectively.

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Business-type activities					
Capital assets, not being depreciated:					
Land	\$ 29,539,972	\$ -	\$ (20,548)	\$ (291,300)	\$ 29,228,124
Construction in progress	46,595,922	37,324,745	-	(64,278,498)	19,642,169
	<u>76,135,894</u>	<u>37,324,745</u>	<u>(20,548)</u>	<u>(64,569,798)</u>	<u>48,870,293</u>
Capital assets, being depreciated:					
Land improvements	15,669,723	-	-	(202,966)	15,466,757
Buildings	3,944,219	-	-	(1,419,011)	2,525,208
Machinery and equipment	718,990,163	126,915	(5,783,727)	63,694,300	777,027,651
Vehicles	5,557,392	-	(207,004)	550,641	5,901,029
	<u>744,161,497</u>	<u>126,915</u>	<u>(5,990,731)</u>	<u>62,622,964</u>	<u>800,920,645</u>
Less accumulated depreciation for:					
Land improvements	(13,261,081)	(416,620)	-	198,668	(13,479,033)
Buildings	(2,777,500)	(66,263)	-	1,142,582	(1,701,181)
Machinery and equipment	(334,043,258)	(20,237,267)	4,553,110	25,584	(349,701,831)
Vehicles	(3,916,053)	(419,279)	204,394	-	(4,130,938)
	<u>(353,997,892)</u>	<u>(21,139,429)</u>	<u>4,757,504</u>	<u>1,366,834</u>	<u>(369,012,983)</u>
Total capital assets being depreciated, net	<u>390,163,605</u>	<u>(21,012,514)</u>	<u>(1,233,227)</u>	<u>63,989,798</u>	<u>431,907,662</u>
Business-type activities					
capital assets, net	<u>\$ 466,299,499</u>	<u>\$ 16,312,231</u>	<u>\$ (1,253,775)</u>	<u>\$ (580,000)</u>	<u>\$ 480,777,955</u>

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

Depreciation/amortization of governmental activities by function	
General government	\$ 265,189
Public safety	779,931
Public works	5,081,608
Parks and recreation	1,812,248
Welfare and social services	34,237
Internal service funds	818,611
	<u>\$ 8,791,824</u>

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

Depreciation of business-type activities by function

Electric Utility	\$ 14,032,593
Wastewater Utility	3,072,668
Water Utility	2,760,944
Nonmajor enterprise funds	501,262
Amortization (see note below)	<u>771,962</u>
	<u>\$ 21,139,429</u>

Depreciation and amortization expense as noted on the Statement of Revenues, Expenses, and Changes in Fund Net Position includes \$(88,360) of current year amortization expense related to regulatory cost for future recovery and \$860,322 of current year amortization expense related to regulatory credits, see Note 21 Regulatory Accounting, that off-sets the depreciation of \$21,139,429 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>(331,176)</u>	<u>(11,082)</u>	<u>-</u>	<u>-</u>	<u>(342,258)</u>
Downtown Development Authority					
capital assets, net	<u>\$ 96,081</u>	<u>\$ (11,082)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 84,999</u>

7. PAYABLES

Payables are comprised of the following at year-end:

	Governmental Activities	Business-type Activities	Component Units
Accounts	\$ 4,874,127	\$ 11,334,474	\$ 95,150
Accrued payroll and benefits	891,212	1,020,821	3,316
Claims payable	273,789	-	-
Accrued interest payable	1,252,719	311,091	-
Accrued interest payable from restricted assets	-	6,125	-
Due to other governmental units	<u>290,066</u>	<u>-</u>	<u>85,830</u>
	<u>\$ 7,581,913</u>	<u>\$ 12,672,511</u>	<u>\$ 184,296</u>

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

8. BONDS, NOTES AND OTHER LONG-TERM LIABILITIES

Bonds, noted and other long-term liabilities at June 30, 2024, is comprised of the following:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Governmental activities					
General obligation bonds	\$ 34,735,000	\$ 17,535,000	\$ (1,375,000)	\$ 50,895,000	\$ 1,805,000
Pension bonds	20,120,662	-	(1,879,277)	18,241,385	1,938,554
Bonds and notes from direct borrowings and direct placements	2,662,048	-	(603,670)	2,058,378	523,132
Lease liability (Note 9)	98,388	-	(27,269)	71,119	27,933
Subscription liability (Note 10)	72,832	-	(20,187)	52,645	20,679
Total installment liabilities	57,688,930	17,535,000	(3,905,403)	71,318,527	4,315,298
Premium on bonds payable	1,180,064	1,052,775	(116,031)	2,116,808	132,157
Compensated absences	1,998,515	1,755,576	(1,600,432)	2,153,659	1,600,000
Totals governmental activities	\$ 60,867,509	\$ 20,343,351	\$ (5,621,866)	\$ 75,588,994	\$ 6,047,455

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.

\$ 16,685,000

\$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.

8,210,000

\$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.

1,865,000

\$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.

6,600,000

\$17,535,000 2023 Unlimited Tax Obligation Bonds, due in annual installments of \$380,000 to \$1,120,000, plus interest at 5.00% payable semi-annually, through May 1, 2043.

17,535,000

Total general obligation bonds

\$ 50,895,000

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.

\$ 2,426,385

\$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.

15,815,000

Total pension bonds

\$ 18,241,385

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.

\$ 1,405,000

\$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.

653,378

Total bonds and notes from direct borrowings and direct placements

\$ 2,058,378

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Business-type activities					
Direct placement revenue bonds	\$ 15,250,000	\$ -	\$ (14,000,000)	\$ 1,250,000	\$ 1,250,000
Revenue bonds	40,752,923	1,452,436	(1,295,000)	40,910,359	1,315,000
Pension bonds	4,624,338	-	(1,490,723)	3,133,615	1,541,446
Installment sales agreement	6,580,000	-	(462,500)	6,117,500	472,500
Total installment liabilities	67,207,261	1,452,436	(17,248,223)	51,411,474	4,578,946
Premium on bonds payable	1,109,278	-	(138,407)	970,871	138,407
Landfill liability	626,670	-	(23,210)	603,460	-
Compensated absences	1,621,871	1,410,665	(1,611,358)	1,421,178	1,421,178
Total business-type activities	\$ 70,565,080	\$ 2,863,101	\$ (19,021,198)	\$ 54,406,983	\$ 6,138,531

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. \$ 1,250,000

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. \$ 2,713,610

\$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. 22,861,749

Total revenue bonds \$ 40,910,359

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. \$ 3,133,615

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. \$ 6,117,500

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.

Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
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Component Unit - Downtown Development Authority

Compensated absences	\$ -	\$ 11,301	\$ (7,681)	\$ 3,620	\$ 3,620
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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, 2024 are as follows:

Year Ended June 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2025	\$ 3,743,554	\$ 3,419,160	\$ 2,856,446	\$ 1,232,927
2026	4,417,831	2,808,704	3,367,170	1,152,648
2027	3,165,000	2,655,258	1,825,000	1,075,422
2028	3,055,000	2,529,838	1,880,000	1,023,798
2029	3,155,000	2,403,739	1,930,000	970,272
2030-2034	17,415,000	9,899,875	10,523,610	3,974,358
2035-2039	18,655,000	5,901,857	12,200,000	2,301,960
2040-2044	12,165,000	2,271,405	9,610,000	556,688
2045-2047	3,365,000	341,750	-	-
	<u>\$ 69,136,385</u>	<u>\$ 32,231,586</u>	44,192,226	<u>\$ 12,288,073</u>
Less amounts not yet drawn			<u>(148,252)</u>	
			<u>\$ 44,043,974</u>	

The annual requirements to maturity on installment sales agreement outstanding as of June 30, 2024 are as follows:

Year Ended June 30,	Business-type Activities	
	Principal	Interest
2025	\$ 472,500	\$ 179,465
2026	485,000	168,598
2027	500,000	156,957
2028	512,500	144,208
2029	532,500	130,626
2030-2034	2,957,500	404,104
2035	657,500	22,355
	<u>\$ 6,117,500</u>	<u>\$ 1,206,313</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, 2024 are as follows:

Year Ended June 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2025	\$ 523,132	\$ 36,716	\$ 1,250,000	\$ 12,250
2026	545,246	26,156	-	-
2027	230,000	17,028	-	-
2028	245,000	13,072	-	-
2029	255,000	8,858	-	-
2030	260,000	4,472	-	-
	<u>\$ 2,058,378</u>	<u>\$ 106,302</u>	<u>\$ 1,250,000</u>	<u>\$ 12,250</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

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 \$652,140 and \$4,750,373 respectively.

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 \$1,452,526 and \$4,750,373, respectively.

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

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 8% of net revenues. The total principal and interest paid for the current year and total customer net revenues were \$1,264,402 and \$6,458,877, 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 4% of net revenues. The total principal and interest paid for the current year and total customer net revenues were \$625,231 and \$6,458,877, 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 1% of net revenues. The total principal and interest paid for the current year and total customer net revenues were \$380,465 and \$6,458,877, respectively.

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 26 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, 2024, 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, 2024 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 and internal service funds are believed to be due in one year.

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

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 Agreement
Equipment	30 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.

The net present value of future minimum payments as of June 30, 2024, were as follows:

Year Ended June 30,	Principal	Interest
2025	\$ 27,933	\$ 1,407
2026	28,614	726
2027	14,572	98
	<u>\$ 71,119</u>	<u>\$ 2,231</u>

Lessor - The City is involved in an agreement as a lessor that qualifies as a long-term lease agreement. Below is a summary of this agreement. This agreement qualifies as long-term lease agreement as the City will not surrender control of the asset at the end of the term and the noncancelable term of the agreement surpasses one year. Total lease revenue for the year ended June 30, 2024 was \$68,750.

Asset Type	Remaining Term of Agreement
Train depot	49 months

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

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	30 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, 2024, were as follows:

Year Ended June 30,	Principal	Interest
2025	\$ 20,679	\$ 1,041
2026	21,183	537
2027	10,783	76
	<u>\$ 52,645</u>	<u>\$ 1,654</u>

11. 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.

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

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, 2024, the Board recognized expenses totaling \$11,090,107 under the terms of the contracts which represented \$424,483 for fixed operating costs, \$358,135 for debt service and \$10,307,489 for the purchase of power. Accounts payable to MPPA totaled net \$433,413 at June 30, 2024. 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.

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

Year Ended June 30,	Debt Service	Fixed Operating	Total
2025	\$ 357,892	\$ 386,672	\$ 744,564
2026	357,576	373,891	731,467
2027	357,854	369,182	727,036
2028	357,380	377,746	735,126
2029	358,167	405,503	763,670
2030-2032	1,072,986	1,342,265	2,415,251
	<u>\$ 2,861,855</u>	<u>\$ 3,255,259</u>	<u>\$ 6,117,114</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, 2024, the total debt service for Fremont was \$2,861,855, 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.

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CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

12. INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2024, was as follows:

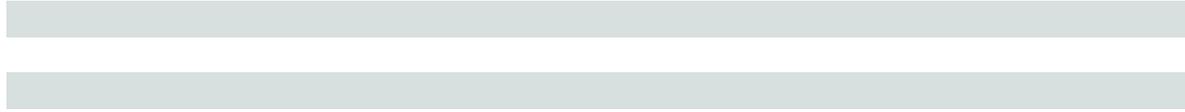
	Due from Other Funds			
	General Fund	Infrastructure Projects	Municipal Facilities/Land Improvements	Nonmajor Governmental Funds
Due to other funds				
General Fund	\$ -	\$ -	\$ -	\$ -
Other General Grants	-	-	-	-
Infrastructure Projects	-	-	-	-
Nonmajor Governmental Funds	-	-	99,450	-
Electric Utility	1,491	402,309	-	9,586
Wastewater Utility	123	33,159	-	790
Water Utility	3,935	1,061,789	-	25,298
Nonmajor Enterprise Funds	-	-	-	-
Internal Service Funds	-	-	-	-
	<u>\$ 5,549</u>	<u>\$ 1,497,257</u>	<u>\$ 99,450</u>	<u>\$ 35,674</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, 2024, interfund transfers consisted of the following:

	Transfers in			
	General Fund	Infrastructure Projects	Municipal Facilities/Land Improvements Projects	Nonmajor Governmental Funds
Transfers out				
General Fund	\$ -	\$ -	\$ 3,107,775	\$ 527,966
Municipal Facilities/Land Improvement Projects	15,470	5,053,633	-	726,166
Nonmajor Governmental Funds	96,093	3,282,883	-	478,037
Electric Utility	6,228,000	-	3,413,232	-
Nonmajor Enterprise Funds	15	-	-	-
Internal Service Funds	-	-	-	-
	<u>\$ 6,339,578</u>	<u>\$ 8,336,516</u>	<u>\$ 6,521,007</u>	<u>\$ 1,732,169</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.



Due from Other Funds					
Electric Utility	Wastewater Utility	Water Utility	Nonmajor Enterprise Funds	Internal Service Funds	Total
\$ 140,117	\$ 229	\$ 20,643	\$ -	\$ -	\$ 160,989
778,637	1,274	114,716	-	-	894,627
592,038	969	87,224	-	-	680,231
574,180	940	84,593	-	-	759,163
-	-	-	127,996	13,772	555,154
-	-	-	10,550	1,135	45,757
-	-	-	337,814	36,348	1,465,184
2,238	4	329	-	-	2,571
131,047	214	19,310	-	-	150,571
<u>\$ 2,218,257</u>	<u>\$ 3,630</u>	<u>\$ 326,815</u>	<u>\$ 476,360</u>	<u>\$ 51,255</u>	<u>\$ 4,714,247</u>

Transfers in			
Nonmajor Enterprise Funds	Internal Service Funds	Governmental Activities	Total
\$ 546,345	\$ -	\$ -	\$ 4,182,086
-	-	-	5,795,269
-	100,000	-	3,957,013
-	-	-	9,641,232
-	-	580,000	580,015
-	-	2,002,536	2,002,536
<u>\$ 546,345</u>	<u>\$ 100,000</u>	<u>\$ 2,582,536</u>	<u>\$ 26,158,151</u>

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

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 interfund 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, 2024 is 6.25% of the average of the previous three year sales. Internal service funds transfers include allocation for capital expenditures.

Also during the year, the business-type activities and internal service funds had transfers of capital assets to governmental activities of \$580,000 and \$2,002,536, respectively. These transfers were for the closing of funds for activity that is now being accounted for through governmental activities.

13. NET INVESTMENT IN CAPITAL ASSETS

The composition of net investment in capital assets as of June 30, 2024, was as follows:

	Governmental Activities	Business-type Activities	Component Units
Capital assets:			
Land	\$ 16,798,657	\$ 29,228,124	\$ -
Construction in progress	7,804,263	19,642,169	-
Capital assets being depreciated/amortized, net	<u>145,880,693</u>	<u>431,907,662</u>	<u>84,999</u>
	<u>170,483,613</u>	<u>480,777,955</u>	<u>84,999</u>
Related debt:			
Total installment liabilities	71,318,527	51,411,474	-
Less: bonds payable related to pension obligations	(18,241,385)	(3,133,615)	-
Net bond premium	2,116,808	970,871	-
Unspent bond proceeds	(26,021,091)	-	-
Payables related to capital purchases	<u>3,821,542</u>	<u>1,811,523</u>	<u>-</u>
	<u>32,994,401</u>	<u>51,060,253</u>	<u>-</u>
Net investment in capital assets	<u><u>\$ 137,489,212</u></u>	<u><u>\$ 429,717,702</u></u>	<u><u>\$ 84,999</u></u>

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

14. FUND BALANCES - GOVERNMENTAL FUNDS

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

	General Fund	Infrastructure Projects	Municipal Facilities/Land Improvements Projects	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable					
Prepaid items	\$ 72,095	\$ -	\$ -	\$ 314,975	\$ 387,070
Cemetery endowment corpus	-	-	-	2,697,399	2,697,399
	<u>72,095</u>			<u>3,012,374</u>	<u>3,084,469</u>
Restricted					
Street construction and maintenance	-	-	-	5,585,644	5,585,644
Cemetery maintenance and improvements	-	-	-	57,939	57,939
Parking system and maintenance	-	-	-	210,520	210,520
Downtown promotion	-	-	-	121,036	121,036
Grant and support programs	-	-	-	68,677	68,677
Specified donations	-	-	-	2,134,850	2,134,850
Assistance programs	-	-	-	275,733	275,733
Opioid	-	-	-	136,000	136,000
Unspent bond proceeds	-	18,393,013	7,628,078	-	26,021,091
Capital improvements	-	329,633	1,091,995	-	1,421,628
Debt service	-	-	-	1,514,147	1,514,147
	<u>-</u>	<u>18,722,646</u>	<u>8,720,073</u>	<u>10,104,546</u>	<u>37,547,265</u>
Committed					
Parking system and maintenance	-	-	-	115,634	115,634
Public access television	-	-	-	273,190	273,190
Dangerous structures	-	-	-	11,398	11,398
Capital improvements	-	-	11,739,461	-	11,739,461
Energy conservation	-	-	-	1,068,571	1,068,571
	<u>-</u>	<u>-</u>	<u>11,739,461</u>	<u>1,468,793</u>	<u>13,208,254</u>
Unassigned	<u>16,210,534</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,210,534</u>
Total fund balances - governmental funds	<u>\$ 16,282,629</u>	<u>\$ 18,722,646</u>	<u>\$ 20,459,534</u>	<u>\$ 14,585,713</u>	<u>\$ 70,050,522</u>

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

15. 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, 2023 valuation date, plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits	388
Inactive employees entitled to but not yet receiving benefits	44
Active employees	<u>100</u>
Total membership	<u><u>532</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, 2024:

Division/Bargaining Unit	Employer Contribution	Employee Contribution	Status
01 - Gen. NonUnion	\$25,550/month	3.00%	Closed
02 - Public Safety Command	\$9,616/month	3.00%	Closed
11 - PubWks Local 586	\$52,361/month	3.00%	Closed
13 - PubWks-NonUnion	\$19,919/month	3.00%	Closed
14 - Clerical	\$4,794/month	3.00%	Closed
20 - Police FOP	\$36,023/month	6.00%	Closed
50 - Fire Local 759	\$16,101/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, 2023, 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, 2023 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	6.93%, net of investment and administrative expense including inflation

The base mortality tables used are constructed as described below and are based on 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, 2023 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%
Dedicated gains adjustment			-0.07%
Administrative expenses netted above			0.25%
Investment rate of return			7.18%

In February 2022, the MERS Retirement Board adopted a Dedicated Gains Policy. The purpose of the Policy is to automatically reduce the assumed rate of investment return for annual actuarial valuation purposes if the plan year's market value of investment income exceeds the expected investment income. Investment performance measured for the one-year period ending December 31, 2023 resulted in current year excess gains for use in lowering the assumed rate of investment return, as reflected above.

Discount Rate. The discount rate used to measure the total pension liability as of December 31, 2023 was 7.18% (down from 7.25% at December 31, 2022). 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, 2022	\$ 160,013,548	\$ 127,874,632	\$ 32,138,916
Changes for the year:			
Service cost	1,063,684	-	1,063,684
Interest	11,256,365	-	11,256,365
Differences between expected and actual experience	1,533,263	-	1,533,263
Changes in assumptions	1,111,457	-	1,111,457
Employer contributions	-	2,510,264	(2,510,264)
Employee contributions	-	461,657	(461,657)
Net investment income	-	14,179,415	(14,179,415)
Benefit payments, including refunds of employee contributions	(10,570,355)	(10,570,355)	-
Administrative expense	-	(295,071)	295,071
Net changes	4,394,414	6,285,910	(1,891,496)
Balances at December 31, 2023	\$ 164,407,962	\$ 134,160,542	\$ 30,247,420

The statement of net position presents a net pension liability of \$18,762,377 and \$11,485,043 for governmental and business-type activities, respectively.

Changes in Assumptions. Amounts reported as changes in assumptions resulted from a decrease in the assumed rate of return from 7.00% to 6.93%.

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 7.18%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1% lower (6.18%) or 1% higher (8.18%) than the current rate:

	1% Decrease (6.18%)	Current Discount Rate (7.18%)	1% Increase (8.18%)
Net pension liability	\$ 47,635,399	\$ 30,247,420	\$ 15,507,389

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, 2024, the City recognized pension expense of \$5,682,862. 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	\$ 7,420,380	\$ -	\$ 7,420,380
Contributions subsequent to the measurement date	1,219,225	-	1,219,225
Total	\$ 8,639,605	\$ -	\$ 8,639,605

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, 2025. 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
2025	\$ 1,205,721
2026	2,813,633
2027	4,439,953
2028	<u>(1,038,927)</u>
Total	\$ 7,420,380

Payable to the Pension Plan. At June 30, 2024, the City reported a payable of \$187,488 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2024.

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 \$1,967,523 and employees contributed \$605,498 to the defined contribution plan for the year ended June 30, 2024.

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 \$448,719 to the defined compensation plan.

16. 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, 2024, the date of the most recent actuarial valuation, OPEB Plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefit payments	29
Active plan members	<u>257</u>
Total membership	<u><u>286</u></u>

Net OPEB Asset/Liability. The City's net OPEB asset/liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB asset/liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total OPEB liability in the June 30, 2024 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	N/A as this is a stipend only plan
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, 2024 is summarized in the table below.

Rate of Return. For the year ended June 30, 2024, the actual annual money-weighted rate of return on investments, net of investment expense, was 10.28 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, 2024 was 4.21% (down from 4.13% at June 30, 2023). 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 asset allocated to the Holland Board of Public Works, the discount rate used to measure the total OPEB liability as of June 30, 2024 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, 2023	\$ 4,042,608	\$ 528,573	\$ 3,514,035
Changes for the year:			
Service cost	113,146	-	113,146
Interest	187,938	-	187,938
Differences between expected and actual experience	(2,160,883)	-	(2,160,883)
Changes in assumptions	173,082	-	173,082
Employer contributions	-	113,805	(113,805)
Contributions/benefit from general operating funds	-	47,345	(47,345)
Net investment income	-	63,516	(63,516)
Benefit payments, including refunds of employee contributions	(47,345)	(47,345)	-
Administrative expense	-	(1,301)	1,301
Net changes	<u>(1,734,062)</u>	<u>176,020</u>	<u>(1,910,082)</u>
Balances at June 30, 2024	<u><u>\$ 2,308,546</u></u>	<u><u>\$ 704,593</u></u>	<u><u>\$ 1,603,953</u></u>

Plan fiduciary net position as a percentage of
total pension liability

30.5%

The statement of net position presents a net OPEB liability of \$1,606,589 and a net OPEB asset of \$2,636 for governmental and business-type activities, respectively.

Changes in Assumptions. Amounts reported as changes in assumptions resulted from a change in the future salary increase from 3.25% to 3.50%. The City's discount rate increased from 4.13% to 4.21%.

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 4.21% 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 (3.21% / 6.00%) or 1% higher (5.21% / 8.00%) than the current rate:

	1% Decrease (3.21% / 6.00%)	Current Discount Rate (4.21% / 7.00%)	1% Increase (5.21% / 8.00%)
Net OPEB liability	\$ 1,742,432	\$ 1,603,953	\$ 1,473,393

The sensitivity of the net OPEB liability to changes in the healthcare cost trend rate is not applicable as this is a stipend only plan.

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

For the year ended June 30, 2024, the City recognized an OPEB benefit of \$296,895. 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	\$ 219,736	\$ 3,535,404	\$ (3,315,668)
Changes of assumptions	419,187	744,139	(324,952)
Net difference between projected and actual earnings on OPEB plan investments	-	50,693	(50,693)
Total	\$ 638,923	\$ 4,330,236	\$ (3,691,313)

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
2025	\$ (581,124)
2026	(575,467)
2027	(583,752)
2028	(578,019)
2029	(565,003)
Thereafter	<u>(807,948)</u>
Total	<u>\$ (3,691,313)</u>

Payable to the OPEB Plan. At June 30, 2024, the City had no payables for contributions to the OPEB plan.

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

17. 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

18. 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	Income Protection	Total
Estimated liability, June 30, 2022	\$ 118,878	\$ -	\$ -	\$ -	\$ 118,878
Estimated claims incurred	7,119,813	166,526	393,220	90,863	7,770,422
Claim payments	(7,039,701)	(166,526)	(393,220)	(88,780)	(7,688,227)
Estimated liability, June 30, 2023	198,990	-	-	2,083	201,073
Estimated claims incurred	7,346,285	134,538	465,172	74,442	8,020,437
Claim payments	(7,271,486)	(134,538)	(465,172)	(76,525)	(7,947,721)
Estimated liability, June 30, 2024	\$ 273,789	\$ -	\$ -	\$ -	\$ 273,789

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.

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

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, 2024, but the settlements did exceed insured coverage for the fiscal years ended June 30, 2023 and 2022.

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

19. COMMITMENTS

At June 30, 2024, the City had the following outstanding commitments:

- \$18,222,000 for road construction and related infrastructure projects
- \$17,042,000 for various electric utility projects
- \$3,017,000 for various water utility projects
- \$1,775,000 for various wastewater utility projects

20. 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, 2023, and the amount of taxes abated for each of the programs for the year ended June 30, 2024 were as follows:

Industrial Facility Tax Exemption (IFT)	\$ 483,491
Payment in Lieu of Taxes (PILOT)	237,459
Michigan Renaissance Zone	240,017
Neighborhood Enterprise Zone Act (NEZ)	57,156
Brownfield Redevelopment Financing Act	<u>926,649</u>
	<u>\$ 1,944,772</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

21. 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, 2024 is as follows:

	Electric Utility	Wastewater Utility	Water Utility	Total
Regulatory Assets				
Gas Pipeline Inspection	\$ 380,047	\$ -	\$ -	\$ 380,047
Plant Outage	785,396	-	-	785,396
	<u>\$ 1,165,443</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,165,443</u>
Regulatory Credits				
Contributions in aid of construction:				
Biosolids Improvement	\$ -	\$ 5,668,559	\$ -	\$ 5,668,559
Vista Green Housing	-	219,796	329,691	549,487
Anaerobic Digester	-	15,838,490	-	15,838,490
NSA Equipment Replacement	-	2,833,399	-	2,833,399
Grant contributions:				
Anaerobic Digester	-	2,924,333	-	2,924,333
Interconnect	-	-	428,201	428,201
Holland Fiber	4,144,941	-	-	4,144,941
	<u>\$ 4,144,941</u>	<u>\$ 27,484,577</u>	<u>\$ 757,892</u>	<u>\$ 32,387,410</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, 2024 related to these regulatory assets was \$77,298.

Holland Energy Park Planned Outage – \$796,458 was expended in fiscal year 2024 to perform inspection and maintenance on generating units and balance of plant equipment at the Holland Energy Park. These inspections and maintenance activities are required every six years. Amortization expense for the year ended June 30, 2024 related to these regulatory assets was \$11,062.

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

Regulatory Credits - Deferred Inflows of Resources

Electric Grant

Holland Fiber – The City is making American Rescue Plan funds available to provide partial funding for materials related to build-out of the fiber network. 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.

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 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, and \$1,116,277 in fiscal year 2024. The regulatory credit is amortized over the life of the assets 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. 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 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.

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 regulatory credit is amortized over the life of the assets as an offset to depreciation expense.

22. 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.

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

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, 2024 are as follows:

Balance, beginning of year	\$ 2,215,985
Change in value of investments	226,579
Administrative fees	<u>(19,602)</u>
Balance, end of year	<u>\$ 2,422,962</u>

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 \$2,422,962 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.

In addition to the amount listed above, the Foundation maintains donor funds for the benefit of the City which have not been included in the accompanying financial statements. Resources of the donor funds can be requested and expended by the City under the provisions of the fund agreement and upon approval by the Foundation. The balance in these donor funds at June 30, 2024 was \$3,552,760.

23. 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 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 and the remaining installments expected to be made annually beginning in 2026. The City is currently allocated approximately 0.096% of the total State of Michigan local unit settlement and the total amount of the settlement is expected to be \$263,373 and \$61,909 from the Distributors and Janssen, respectively.

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

In 2022, additional settlements with pharmacies and manufacturers were announced, including CVS, Walgreens, Walmart, Allergan, and Teva, and the associated state-subdivision agreement was finalized in 2023. In 2023, additional settlements with Mallinckrodt and Meijer were announced. The term of the settlement varies by pharmacy and manufacturer; however, the City expects to receive installment payments beginning in 2024. The total amount of these settlements is expected to be \$279,352. Additional settlements with other pharmacies and manufacturers may be forthcoming as well. However, as of June 30, 2024, 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.

The receivable for the various settlement agreements was recorded at the net present value, using a discount rate for payments to be received subsequent to 2024 of 3%. The net present value of the combined settlement payments to be received as of June 30, 2024 is \$388,867.

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

24. ADJUSTMENTS TO BEGINNING EQUITY

For the year ended June 30, 2024, the City had the following adjustments to beginning equity:

	General Fund	Infrastructure Projects	Municipal Facilities/Land Improvements Projects	Nonmajor Governmental Funds	Component Units
Fund balances/net position, beginning of year, as previously reported	\$ 11,408,801	\$ -	\$ -	\$ 40,624,697	\$ 5,489,874
Change within financial reporting entity:					
Change from nonmajor to major fund	-	224,081	27,136,029	(27,360,110)	-
Removal of fund	1,812,179	-	-	17,405	-
Discontinued component unit	-	-	-	-	(1,359,146)
Fund balances/net position, beginning of year, as adjusted	<u>\$ 13,220,980</u>	<u>\$ 224,081</u>	<u>\$ 27,136,029</u>	<u>\$ 13,281,992</u>	<u>\$ 4,130,728</u>

The City previously reported the Infrastructure Projects and the Municipal Facilities/Land Improvements Projects capital projects funds as nonmajor. These funds met the quantitative threshold for major funds in accordance with GAAP for the year ended June 30, 2024.

The City removed the Compensated Absences internal services fund and moved the related liability to governmental activities. As a result, the City adjusted fund balance/net position in the General Fund, nonmajor governmental funds and governmental activities.

The City previously reported the Holland Historical Trust as a discretely presented component unit. This entity no longer meets the criteria for recognizing as a component unit in accordance with GAAP for the year ended June 30, 2024.



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,			
	2024	2023	2022	2021
Total pension liability				
Service cost	\$ 1,063,684	\$ 1,154,127	\$ 1,077,831	\$ 1,213,447
Interest	11,256,365	11,066,663	10,970,359	10,630,795
Changes in benefit terms	-	-	-	-
Differences between expected and actual experience	1,533,263	825,135	974,146	(1,212,317)
Changes of assumptions	1,111,457	-	5,294,071	3,608,442
Benefit payments, including refunds of employee contributions	(10,570,355)	(10,197,887)	(9,917,610)	(9,491,615)
Net change in total pension liability	<u>4,394,414</u>	<u>2,848,038</u>	<u>8,398,797</u>	<u>4,748,752</u>
Total pension liability, beginning of year	<u>160,013,548</u>	<u>157,165,510</u>	<u>148,766,713</u>	<u>144,017,961</u>
Total pension liability, end of year	<u>164,407,962</u>	<u>160,013,548</u>	<u>157,165,510</u>	<u>148,766,713</u>
Plan fiduciary net position				
Employer contributions	2,510,264	3,059,635	2,754,448	2,581,911
Employee contributions	461,657	581,756	558,437	492,738
Net investment income (loss)	14,179,415	(16,667,528)	18,489,966	17,575,093
Benefit payments, including refunds of employee contributions	(10,570,355)	(10,197,887)	(9,917,610)	(9,491,615)
Administrative expense	(295,071)	(273,373)	(219,566)	(255,384)
Net change in plan fiduciary net position	<u>6,285,910</u>	<u>(23,497,397)</u>	<u>11,665,675</u>	<u>10,902,743</u>
Plan fiduciary net position, beginning of year	<u>127,874,632</u>	<u>151,372,029</u>	<u>139,706,354</u>	<u>128,803,611</u>
Plan fiduciary net position, end of year	<u>134,160,542</u>	<u>127,874,632</u>	<u>151,372,029</u>	<u>139,706,354</u>
City's net pension liability	<u>\$ 30,247,420</u>	<u>\$ 32,138,916</u>	<u>\$ 5,793,481</u>	<u>\$ 9,060,359</u>
Plan fiduciary net position as a percentage of total pension liability	81.6%	79.9%	96.3%	93.9%
Covered payroll	\$ 9,264,655	\$ 10,196,261	\$ 10,398,594	\$ 10,642,964
City's net pension liability as a percentage of covered payroll	326.5%	315.2%	55.7%	85.1%

See notes to required supplementary information.

Year Ended June 30,					
2020	2019	2018	2017	2016	2015
\$ 1,318,778	\$ 1,333,190	\$ 1,403,351	\$ 1,422,305	\$ 1,395,000	\$ 1,451,999
10,591,696	10,403,124	10,216,997	10,095,787	9,806,547	9,570,281
-	7,165	27,530	-	(35,121)	-
414,602	(559,110)	(767,736)	(1,674,442)	(1,624,003)	-
4,468,033	-	-	-	6,009,942	-
(9,023,916)	(8,616,101)	(8,420,858)	(8,217,231)	(8,254,623)	(8,005,271)
7,769,193	2,568,268	2,459,284	1,626,419	7,297,742	3,017,009
136,248,768	133,680,500	131,221,216	129,594,797	122,297,055	119,280,046
144,017,961	136,248,768	133,680,500	131,221,216	129,594,797	122,297,055
1,852,924	21,016,269	1,924,547	3,033,757	28,953,539	3,989,428
764,175	603,517	680,007	667,112	592,609	543,411
15,974,927	(5,051,853)	13,521,596	11,009,981	(1,046,066)	4,785,679
(9,023,916)	(8,616,101)	(8,420,858)	(8,217,231)	(8,254,623)	(8,005,271)
(275,124)	(246,616)	(214,540)	(217,181)	(172,535)	(175,174)
9,292,986	7,705,216	7,490,752	6,276,438	20,072,924	1,138,073
119,510,625	111,805,409	104,314,657	98,038,219	77,965,295	76,827,222
128,803,611	119,510,625	111,805,409	104,314,657	98,038,219	77,965,295
\$ 15,214,350	\$ 16,738,143	\$ 21,875,091	\$ 26,906,559	\$ 31,556,578	\$ 44,331,760
89.4%	87.7%	83.6%	79.5%	75.6%	63.8%
\$ 11,549,838	\$ 11,648,336	\$ 12,718,509	\$ 12,389,202	\$ 12,891,251	\$ 13,451,949
131.7%	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
2024	\$ 1,972,400	\$ 2,205,400	\$ 233,000	\$ 10,099,793	21.8%
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.

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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,			
	2024	2023	2022	2021
Total OPEB liability				
Service cost	\$ 113,146	\$ 113,548	\$ 191,749	\$ 200,343
Interest	187,938	175,885	148,007	142,627
Differences between expected and actual experience	(2,160,883)	56,955	(1,134,546)	(140,437)
Changes of assumptions	173,082	29,175	(559,330)	(120,737)
Benefit payments, including refunds of employee contributions	(47,345)	(177,038)	(32,937)	(24,502)
Net change in total OPEB liability	(1,734,062)	198,525	(1,387,057)	57,294
Total OPEB liability, beginning of year	4,042,608	3,844,083	5,231,140	5,173,846
Total OPEB liability, end of year	2,308,546	4,042,608	3,844,083	5,231,140
Plan fiduciary net position				
Employer contributions	113,805	116,472	119,881	270,382
Contributions/benefit from general operating funds	47,345	177,038	32,937	24,502
Net investment income (loss)	63,516	28,631	(37,000)	31,855
Benefit payments, including refunds of employee contributions	(47,345)	(177,038)	(32,937)	(24,502)
Administrative expense	(1,301)	(725)	(654)	(269)
Net change in plan fiduciary net position	176,020	144,378	82,227	301,968
Plan fiduciary net position, beginning of year	528,573	384,195	301,968	-
Plan fiduciary net position, end of year	704,593	528,573	384,195	301,968
City's net OPEB liability	\$ 1,603,953	\$ 3,514,035	\$ 3,459,888	\$ 4,929,172
Plan fiduciary net position as a percentage of total pension liability	30.5%	13.1%	10.0%	5.8%
Covered payroll	\$ 24,149,222	\$ 23,056,949	\$ 22,453,714	\$ 22,181,457
City's net OPEB liability as a percentage of covered payroll	6.6%	15.2%	15.4%	23.6%

See notes to required supplementary information.



Year Ended June 30,		
2020	2019	2018
\$ 230,274	\$ 235,620	\$ 255,182
171,123	164,726	177,821
(1,088,406)	(57,067)	39,706
453,601	-	(684,747)
<u>(133,175)</u>	<u>(116,165)</u>	<u>(293,674)</u>
(366,583)	227,114	(505,712)
<u>5,540,429</u>	<u>5,313,315</u>	<u>5,819,027</u>
<u>5,173,846</u>	<u>5,540,429</u>	<u>5,313,315</u>
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 5,173,846</u>	<u>\$ 5,540,429</u>	<u>\$ 5,313,315</u>
0.0%	0.0%	0.0%
\$ 21,879,905	\$ 24,991,574	\$ 23,993,330
23.6%	22.2%	22.1%

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
2024	\$ 610,785	\$ 161,150	\$ (449,635)	\$ 24,149,222	0.7%
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, 2024, the actuarially determined contribution for the Holland Board of Public Works was \$43,805 and for the remaining funds of the City \$566,980. Contributions in relation to the actuarially determined contribution for the Holland Board of Public Works were \$142,325 and for the remaining funds of the City \$18,825.

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
2024	10.28%
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.

Changes in assumptions for the June 30, 2024 actuarial valuation resulted from a change in the future salary increases from 3.25% to 3.50%. The City's discount rate increased from 4.13% to 4.21%.

**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.

The City's fund balance policy recommends maintaining an unassigned 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.

In accordance with City ordinance, the City maintains a minimum of 5% of the General Fund operating appropriations for the ensuing fiscal year. Furthermore, the balance should not exceed 15% of the average of the City's five most recent General Fund budgets. 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, 2024

	General	Budget Stabilization	Total General Fund
Assets			
Cash and pooled investments	\$ 14,800,996	\$ 2,145,191	\$ 16,946,187
Receivables, net:			
Accounts	507,061	-	507,061
Taxes	1,379	-	1,379
Interest	154,389	-	154,389
Due from other governmental units	735,326	-	735,326
Leases	305,341	-	305,341
Due from other funds	5,549	-	5,549
Prepaid items	72,095	-	72,095
Total assets	<u>\$ 16,582,136</u>	<u>\$ 2,145,191</u>	<u>\$ 18,727,327</u>
Liabilities			
Accounts payable	\$ 590,226	\$ 7,980	\$ 598,206
Accrued payroll and benefits	748,608	-	748,608
Due to other governmental units	290,066	-	290,066
Due to other funds	160,989	-	160,989
Deposits	21,245	-	21,245
Unearned revenue	328,253	-	328,253
Total liabilities	<u>2,139,387</u>	<u>7,980</u>	<u>2,147,367</u>
Deferred inflows of resources			
Deferred lease amounts	297,331	-	297,331
Fund balances			
Nonspendable	72,095	-	72,095
Unassigned	14,073,323	2,137,211	16,210,534
Total fund balances	<u>14,145,418</u>	<u>2,137,211</u>	<u>16,282,629</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 16,582,136</u>	<u>\$ 2,145,191</u>	<u>\$ 18,727,327</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, 2024

	General	Budget Stabilization	Elimination	Total General Fund
Revenues				
Taxes	\$ 13,688,984	\$ -	\$ -	\$ 13,688,984
Licenses and permits	2,084,697	-	-	2,084,697
Intergovernmental	9,930,902	-	-	9,930,902
Charges for services	1,881,811	-	-	1,881,811
Fines and fees	169,179	-	-	169,179
Interest and rents	1,535,079	-	-	1,535,079
Miscellaneous	233,197	-	-	233,197
Total revenues	29,523,849	-	-	29,523,849
Expenditures				
Current:				
General government	4,952,476	8,985	-	4,961,461
Public safety	16,023,468	-	-	16,023,468
Public works	1,690,641	-	-	1,690,641
Welfare and social services	753,004	-	-	753,004
Parks and recreation	4,393,976	-	-	4,393,976
Other	648,582	-	-	648,582
Debt service:				
Principal retirement	144,956	-	-	144,956
Interest and fiscal charges	3,604	-	-	3,604
Total expenditures	28,610,707	8,985	-	28,619,692
Revenue over (under) expenditures	913,142	(8,985)	-	904,157
Other financing sources (uses)				
Transfers in	6,339,578	370,749	(370,749)	6,339,578
Transfers out	(4,552,835)	-	370,749	(4,182,086)
Total other financing sources (uses)	1,786,743	370,749	-	2,157,492
Net changes in fund balances	2,699,885	361,764	-	3,061,649
Fund balances, beginning of year, as previously reported	9,633,354	1,775,447	-	11,408,801
Change within financial reporting entity	1,812,179	-	-	1,812,179
Fund balances, beginning of year, as adjusted	11,445,533	1,775,447	-	13,220,980
Fund balances, end of year	\$ 14,145,418	\$ 2,137,211	\$ -	\$ 16,282,629

CITY OF HOLLAND, MICHIGAN

Detailed Schedule of Revenues

Budget and Actual - General Fund
For the Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
<i>General Fund revenues</i>				
Taxes:				
Property	\$ 12,777,200	\$ 12,710,650	\$ 12,757,088	\$ 46,438
Penalties and interest on delinquent taxes	60,000	80,000	106,715	26,715
Administration fee	700,000	702,100	753,883	51,783
Public service charge in lieu of property tax	60,000	66,200	69,757	3,557
Other miscellaneous taxes	1,500	1,500	1,541	41
Total taxes	13,598,700	13,560,450	13,688,984	128,534
Licenses and permits:				
Business	24,500	32,200	32,854	654
Nonbusiness	1,249,000	1,921,000	2,051,843	130,843
Total licenses and permits	1,273,500	1,953,200	2,084,697	131,497
Intergovernmental:				
State	5,907,905	6,407,000	6,345,280	(61,720)
Federal	406,000	3,473,880	3,476,885	3,005
Other	100,000	102,000	108,737	6,737
Total intergovernmental	6,413,905	9,982,880	9,930,902	(51,978)
Charges for services:				
Fees	942,700	989,997	1,025,183	35,186
Services rendered	909,640	814,170	848,619	34,449
Sales	192,300	161,200	8,009	(153,191)
Total charges for services	2,044,640	1,965,367	1,881,811	(83,556)
Fines and fees	130,300	125,700	169,179	43,479
Interest and rents:				
Investment earnings	150,000	830,000	1,156,485	326,485
Rents	339,155	389,250	378,594	(10,656)
Total interest and rents	489,155	1,219,250	1,535,079	315,829
Miscellaneous	107,473	153,454	233,197	79,743
Total revenues	\$ 24,057,673	\$ 28,960,301	\$ 29,523,849	\$ 563,548

CITY OF HOLLAND, MICHIGAN

Detailed Schedule of Expenditures

Budget and Actual - General Fund
For the Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Expenditures				
<i>General Fund expenditures</i>				
General government:				
City council	\$ 315,704	\$ 327,524	\$ 309,745	\$ (17,779)
City manager	484,510	515,773	486,151	(29,622)
Elections	108,842	108,455	94,783	(13,672)
City finance	831,762	859,327	834,691	(24,636)
Independent audit	52,900	47,725	47,669	(56)
City assessor	526,657	533,303	512,063	(21,240)
Legal services	243,000	310,000	310,319	319
City clerk	330,346	327,888	323,135	(4,753)
Human resources	542,863	508,306	421,698	(86,608)
City treasurer	187,252	185,769	195,990	10,221
City hall and grounds	250,538	242,475	230,698	(11,777)
Cemetery	902,860	933,966	830,639	(103,327)
Boards and commissions	9,797	9,207	8,524	(683)
Planning commission	398,120	413,996	346,371	(67,625)
Total general government	<u>5,185,151</u>	<u>5,323,714</u>	<u>4,952,476</u>	<u>(371,238)</u>
Public safety:				
Police	10,554,626	10,750,001	10,603,671	(146,330)
Fire	3,713,879	3,806,165	3,738,243	(67,922)
Environmental health/inspections	533,000	533,213	518,689	(14,524)
Construction inspections	1,083,079	1,194,376	1,162,865	(31,511)
Total public safety	<u>15,884,584</u>	<u>16,283,755</u>	<u>16,023,468</u>	<u>(260,287)</u>
Public works:				
Streets	1,355,022	1,542,115	1,395,586	(146,529)
Transportation management/engineering	316,409	298,010	295,055	(2,955)
Total public works	<u>1,671,431</u>	<u>1,840,125</u>	<u>1,690,641</u>	<u>(149,484)</u>
Welfare and social services:				
Housing and neighborhood	150,617	148,410	138,471	(9,939)
Economic development assistance	394,215	371,111	318,207	(52,904)
Human relations commission	354,563	357,080	296,326	(60,754)
Total welfare and social services	<u>899,395</u>	<u>876,601</u>	<u>753,004</u>	<u>(123,597)</u>

continued...

CITY OF HOLLAND, MICHIGAN

Detailed Schedule of Expenditures

Budget and Actual - General Fund
For the Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Expenditures (concluded)				
<i>General Fund expenditures (concluded)</i>				
Parks and recreation:				
Parks	\$ 2,475,879	\$ 2,511,433	\$ 2,483,352	\$ (28,081)
Nature center	85,154	85,536	69,716	(15,820)
Cultural-recreational	-	-	1,408	1,408
Recreation	1,708,080	1,731,125	1,629,713	(101,412)
Market	211,074	209,463	209,787	324
Total parks and recreation	<u>4,480,187</u>	<u>4,537,557</u>	<u>4,393,976</u>	<u>(143,581)</u>
Other:				
Insurance	295,787	316,787	315,582	(1,205)
MERS payment	233,000	233,000	233,000	-
Allocation to Holland Historical Trust	-	100,000	100,000	-
Contingencies	727,500	175,000	-	(175,000)
Total other	<u>1,256,287</u>	<u>824,787</u>	<u>648,582</u>	<u>(176,205)</u>
Debt service:				
Principal retirement	-	-	144,956	144,956
Interest and fiscal charges	-	-	3,604	3,604
Total debt service	<u>-</u>	<u>-</u>	<u>148,560</u>	<u>148,560</u>
Total general fund expenditures	29,377,035	29,686,539	28,610,707	(1,075,832)
<i>Budget Stabilization Fund expenditures</i>				
General government:				
Other services and charges	<u>5,000</u>	<u>5,000</u>	<u>8,985</u>	<u>3,985</u>
Total expenditures	<u>\$ 29,382,035</u>	<u>\$ 29,691,539</u>	<u>\$ 28,619,692</u>	<u>\$ (1,071,847)</u>

concluded

CITY OF HOLLAND, MICHIGAN

Detailed Schedule of Transfers

Budget and Actual - General Fund
For the Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Transfers in				
Permanent Fund:				
Cemetery Perpetual Care	\$ 4,000	\$ 40,000	\$ 60,447	\$ 20,447
Special Revenue Funds:				
Miscellaneous Government Functions:				
Dangerous Structures	-	-	35,646	35,646
Capital Projects Funds:				
Municipal Facilities/Land Improvement Projects	104,721	50,000	15,470	(34,530)
Enterprise Funds:				
Electric Utility	6,419,370	6,228,000	6,228,000	-
Depot Operations	-	-	15	15
Budget Stabilization Fund Elimination	-	370,749	370,749	-
	-	(370,749)	(370,749)	-
Total transfers in	\$ 6,528,091	\$ 6,318,000	\$ 6,339,578	\$ 21,578
Transfers out				
Special Revenue Funds:				
Public Safety:				
Public Safety Grants	\$ -	\$ 263,371	\$ 252,966	\$ (10,405)
Public Works:				
Holland Energy	-	275,000	275,000	-
Capital Projects Funds:				
Municipal Facilities/Land Improvement Projects	1,208,729	3,107,775	3,107,775	-
Enterprise Funds:				
Civic Center	-	651,157	546,345	(104,812)
Budget Stabilization Fund Elimination	154,070	-	-	-
	(154,070)	-	-	-
Total transfers out	\$ 1,208,729	\$ 4,297,303	\$ 4,182,086	\$ (115,217)

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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.

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.

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.

Public Safety Grants Fund

This fund provides financial accountability for revenue and expenditure operations, as well as balance sheet items, for public safety-related grants. The following grants are among those accounted for in this fund in FY 2024:

Michigan 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. Via the law enforcement distribution (LED), the State distributes 60% of assessments to local governments. These monies are provided to law enforcement agencies for direct costs in support of in-service training for licensed law enforcement officers. Distributions are made on a per-full time equivalent (FTE) basis to eligible agencies determined by total hours worked by officers in the prior calendar year.

CITY OF HOLLAND, MICHIGAN

Nonmajor Governmental Funds

Special Revenue Funds (Continued)

Edward Byrne Memorial Justice Assistance Grant (JAG) – JAG is a federal grant program that provides states, tribes, and local governments with critical funding necessary to support a range of program areas including law enforcement, prosecution, indigent defense, courts, crime prevention and education, corrections, drug treatment and enforcement, planning, evaluation, technology improvement, crime victim and witness initiatives, mental health programs, and related law enforcement and corrections programs, including behavioral programs and crisis intervention teams, and implementation of state crisis intervention court proceedings and related programs or initiatives including but not limited to mental health courts, drug courts, veterans courts, and extreme risk protection order programs. The City of Holland benefitted from two JAG awards in FY 2024, one which supported the regional West Michigan Enforcement Team (WMET) and one which supported several small local projects.

Office of Highway Safety Planning (OHSP) – The Michigan OHSP provides grants to eligible entities to conduct effective traffic safety programs with federal funding received through the National Highway Traffic Safety Administration (NHTSA).

Patrick Leahy Bulletproof Vest Partnership (BVP) – Created by the Bulletproof Vest Partnership Grant Act of 1998, the BVP is a federal grant program administered by the Bureau of Justice Assistance (BJA) that reimburses states, units of local government, and federally recognized Indian tribes for up to 50 percent of the cost of body armor vests purchased for law enforcement officers.

Culture and Community Improvement 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*.

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, 2024, of estimated revenues and appropriations are carried forward to the ensuing fiscal year.

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, 2018 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.
- as "debt service payment" of annual principal and interest on a twenty-five year Capital Improvement bond dated October 18, 2022 for construction of the Waverly Fire Station and remodel of the Kollen Park Fire Station.
- as "debt service payment" of annual principal and interest on a twenty year refunding General Obligation bond dated October 19, 2023 for infrastructure and expansion of City Broadband.

CITY OF HOLLAND, MICHIGAN

Nonmajor Governmental Funds

Debt Service Funds (Concluded)

Alternative Special Assessments 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.

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, 2024, of estimated revenues and appropriations are carried forward to the ensuing fiscal year.

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

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

Parks and Recreation

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

CITY OF HOLLAND, MICHIGAN

■ Nonmajor Governmental Funds

Capital Projects Funds (Concluded)

All Other Municipal Projects & Programs

Community and Neighborhood:

Snowmelt Improvements

Planning:

Waterfront Redevelopment

Museum Renovation

Ice Rink

Facilities:

Fire Station Renovation

Street Development and/or Redevelopment Projects

Annual Resurfacing Program of Various Streets

6th Street Improvements

16th Street widening

28th Street & Wildwood

Columbia Avenue, 10th Street to 24th Street

40th Street Improvements

VanRaalte Avenue, 10th Street to 24th Street

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.



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CITY OF HOLLAND, MICHIGAN

Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2024

	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	\$ 2,021,842	\$ 141,644	\$ 998,370	\$ 12,991	\$ 1,623,713
Beneficial interest in assets held by others	-	-	-	-	-
Receivables:					
Accounts	13,279	379	-	-	-
Taxes and special assessments	-	-	-	-	-
Notes	-	-	-	-	-
Due from other governmental units	670,176	188,397	-	-	-
Due from other funds	2,976	2,727	-	-	-
Prepaid items	6,537	6,711	-	-	301,427
Total assets	<u>\$ 2,714,810</u>	<u>\$ 339,858</u>	<u>\$ 998,370</u>	<u>\$ 12,991</u>	<u>\$ 1,925,140</u>
Liabilities					
Accounts payable	\$ 10,466	\$ 8,775	\$ -	\$ -	\$ -
Accrued payroll and benefits	28,127	14,119	-	-	-
Due to other funds	27,287	2,076	-	-	-
Unearned revenue	-	-	-	-	-
Total liabilities	<u>65,880</u>	<u>24,970</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	6,537	6,711	-	-	301,427
Restricted	2,642,393	308,177	998,370	12,991	1,623,713
Committed	-	-	-	-	-
Total fund balances	<u>2,648,930</u>	<u>314,888</u>	<u>998,370</u>	<u>12,991</u>	<u>1,925,140</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,714,810</u>	<u>\$ 339,858</u>	<u>\$ 998,370</u>	<u>\$ 12,991</u>	<u>\$ 1,925,140</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
\$ 189,307	\$ 141,524	\$ 128,050	\$ 193,660	\$ 275,733	\$ 2,162,623	\$ 16,398
-	-	-	-	-	-	-
34,574	-	314	93,210	-	2,150	-
-	-	-	-	429,794	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	300	-	-	-	-
<u>\$ 223,881</u>	<u>\$ 141,524</u>	<u>\$ 128,664</u>	<u>\$ 286,870</u>	<u>\$ 705,527</u>	<u>\$ 2,164,773</u>	<u>\$ 16,398</u>
\$ 5,872	\$ -	\$ 1,819	\$ 1,769	\$ -	\$ 29,923	\$ 5,000
4,773	-	5,509	11,911	-	-	-
2,716	25,890	-	-	-	-	-
-	-	-	-	-	-	-
<u>13,361</u>	<u>25,890</u>	<u>7,328</u>	<u>13,680</u>	<u>-</u>	<u>29,923</u>	<u>5,000</u>
-	-	-	-	429,794	-	-
-	-	-	-	-	-	-
-	-	-	-	429,794	-	-
-	-	300	-	-	-	-
210,520	-	121,036	-	275,733	2,134,850	-
-	115,634	-	273,190	-	-	11,398
<u>210,520</u>	<u>115,634</u>	<u>121,336</u>	<u>273,190</u>	<u>275,733</u>	<u>2,134,850</u>	<u>11,398</u>
<u>\$ 223,881</u>	<u>\$ 141,524</u>	<u>\$ 128,664</u>	<u>\$ 286,870</u>	<u>\$ 705,527</u>	<u>\$ 2,164,773</u>	<u>\$ 16,398</u>

continued...

CITY OF HOLLAND, MICHIGAN

Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2024

	Special Revenue Funds				
	Public Safety	Culture and Community	Welfare & Social Services	Public Works	Debt Service Funds
	Public Safety Grants	Culture and Community Improvement	Opioid Settlement	Holland Energy	General Obligation Debt Service
Assets					
Cash and pooled investments	\$ 22,801	\$ 45,733	\$ 136,000	\$ 882,467	\$ 1,513,775
Beneficial interest in assets held by others	-	-	-	-	-
Receivables:					
Accounts	-	-	388,867	1,424	-
Taxes and special assessments	-	-	-	-	372
Notes	-	-	-	763,508	-
Due from other governmental units	7,158	150,127	-	-	-
Due from other funds	-	-	-	29,971	-
Prepaid items	-	-	-	-	-
Total assets	<u>\$ 29,959</u>	<u>\$ 195,860</u>	<u>\$ 524,867</u>	<u>\$ 1,677,370</u>	<u>\$ 1,514,147</u>
Liabilities					
Accounts payable	\$ 1,784	\$ 14,851	\$ -	\$ 5,451	\$ -
Accrued payroll and benefits	10,641	2,711	-	1,604	-
Due to other funds	-	99,450	-	601,744	-
Unearned revenue	-	27,705	-	-	-
Total liabilities	<u>12,425</u>	<u>144,717</u>	<u>-</u>	<u>608,799</u>	<u>-</u>
Deferred inflows of resources					
Unavailable revenue:					
Special assessment receivable	-	-	-	-	-
Opioid settlement receivable	-	-	388,867	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>388,867</u>	<u>-</u>	<u>-</u>
Fund balances					
Nonspendable	-	-	-	-	-
Restricted	17,534	51,143	136,000	-	1,514,147
Committed	-	-	-	1,068,571	-
Total fund balances	<u>17,534</u>	<u>51,143</u>	<u>136,000</u>	<u>1,068,571</u>	<u>1,514,147</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 29,959</u>	<u>\$ 195,860</u>	<u>\$ 524,867</u>	<u>\$ 1,677,370</u>	<u>\$ 1,514,147</u>



Debt Service Funds		Permanent Fund	
Alternative Special Assessments	Act 99 Debt Service	Cemetery Perpetual Care	Total
\$ -	\$ -	\$ 329,301	\$ 10,835,932
-	-	2,422,962	2,422,962
-	-	3,075	537,272
10,517	-	-	440,683
-	-	-	763,508
-	-	-	1,015,858
-	-	-	35,674
-	-	-	314,975
<u>\$ 10,517</u>	<u>\$ -</u>	<u>\$ 2,755,338</u>	<u>\$ 16,366,864</u>
\$ -	\$ -	\$ -	\$ 85,710
-	-	-	79,395
-	-	-	759,163
-	-	-	27,705
-	-	-	951,973
10,517	-	-	440,311
-	-	-	388,867
10,517	-	-	829,178
-	-	2,697,399	3,012,374
-	-	57,939	10,104,546
-	-	-	1,468,793
-	-	2,755,338	14,585,713
<u>\$ 10,517</u>	<u>\$ -</u>	<u>\$ 2,755,338</u>	<u>\$ 16,366,864</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, 2024

	Special Revenue Funds				
	Street Maintenance and Improvements				
	Major Street	Local Street	Allegan County Road Tax	Ottawa County Road Tax	Street Improvements Reserve
Revenues					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 1,671,918
Special assessments	-	-	-	-	-
Intergovernmental	4,536,419	1,175,048	637,272	465,898	181,998
Charges for services	31,530	50,991	-	-	-
Fines and fees	-	-	-	-	-
Contributions from private sector	-	-	-	-	-
Interest and rents	180,312	5,513	40,686	9,962	(123,105)
Miscellaneous	31,518	-	-	-	-
Total revenues	<u>4,779,779</u>	<u>1,231,552</u>	<u>677,958</u>	<u>475,860</u>	<u>1,730,811</u>
Expenditures					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	5,053,293	1,085,272	-	-	-
Parks and recreation	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	<u>5,053,293</u>	<u>1,085,272</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenue over (under) expenditures	<u>(273,514)</u>	<u>146,280</u>	<u>677,958</u>	<u>475,860</u>	<u>1,730,811</u>
Other financing sources (uses)					
Transfers in	-	-	-	100,000	622,666
Transfers out	-	-	(821,056)	(700,000)	(1,230,314)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(821,056)</u>	<u>(600,000)</u>	<u>(607,648)</u>
Net changes in fund balances	<u>(273,514)</u>	<u>146,280</u>	<u>(143,098)</u>	<u>(124,140)</u>	<u>1,123,163</u>
Fund balances, beginning of year, as previously reported	2,922,444	168,608	1,141,468	137,131	801,977
Change within financial reporting entity	-	-	-	-	-
Fund balances, beginning of year, as adjusted	<u>2,922,444</u>	<u>168,608</u>	<u>1,141,468</u>	<u>137,131</u>	<u>801,977</u>
Fund balances, end of year	<u>\$ 2,648,930</u>	<u>\$ 314,888</u>	<u>\$ 998,370</u>	<u>\$ 12,991</u>	<u>\$ 1,925,140</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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
260,958	411,491	212,331	-	394,707	-	-
-	-	-	-	-	-	-
80,054	-	84,504	1,340	-	-	48,944
-	-	-	390,925	-	-	-
-	-	60,659	-	-	402,312	-
7,374	3,757	5,335	8,461	33,904	75,185	277
-	-	-	1,800	-	-	-
<u>348,386</u>	<u>415,248</u>	<u>362,829</u>	<u>402,526</u>	<u>428,611</u>	<u>477,497</u>	<u>49,221</u>
-	-	-	336,827	-	197,250	2,177
-	-	-	-	-	-	-
337,104	252,820	-	-	-	-	-
-	-	428,028	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	5,652	-	2,777	-
<u>337,104</u>	<u>252,820</u>	<u>428,028</u>	<u>342,479</u>	<u>-</u>	<u>200,027</u>	<u>2,177</u>
<u>11,282</u>	<u>162,428</u>	<u>(65,199)</u>	<u>60,047</u>	<u>428,611</u>	<u>277,470</u>	<u>47,044</u>
-	3,500	-	-	-	-	-
-	(142,356)	-	(100,000)	(531,513)	-	(35,646)
-	(138,856)	-	(100,000)	(531,513)	-	(35,646)
<u>11,282</u>	<u>23,572</u>	<u>(65,199)</u>	<u>(39,953)</u>	<u>(102,902)</u>	<u>277,470</u>	<u>11,398</u>
196,357	92,062	181,593	303,561	378,635	1,857,380	-
2,881	-	4,942	9,582	-	-	-
<u>199,238</u>	<u>92,062</u>	<u>186,535</u>	<u>313,143</u>	<u>378,635</u>	<u>1,857,380</u>	<u>-</u>
<u>\$ 210,520</u>	<u>\$ 115,634</u>	<u>\$ 121,336</u>	<u>\$ 273,190</u>	<u>\$ 275,733</u>	<u>\$ 2,134,850</u>	<u>\$ 11,398</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, 2024

	Special Revenue Funds				
	Public Safety	Culture and Community	Welfare & Social Services	Public Works	Debt Service Funds
	Public Safety Grants	Culture and Community Improvement	Opioid Settlement	Holland Energy	General Obligation Debt Service
Revenues					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 4,491,307
Special assessments	-	-	-	-	-
Intergovernmental	84,922	361,956	-	-	714,599
Charges for services	-	-	78,827	-	-
Fines and fees	-	-	-	-	-
Contributions from private sector	-	91,982	-	-	-
Interest and rents	-	745	-	81,816	109,594
Miscellaneous	-	10,084	-	4,073	542,778
Total revenues	84,922	464,767	78,827	85,889	5,858,278
Expenditures					
Current:					
General government	-	-	-	-	-
Public safety	323,444	-	-	-	-
Public works	-	-	-	182,445	-
Parks and recreation	-	483,244	-	-	-
Debt service:					
Principal retirement	-	-	-	-	3,444,277
Interest and fiscal charges	-	-	-	-	2,219,680
Capital outlay	7,471	-	-	-	-
Total expenditures	330,915	483,244	-	182,445	5,663,957
Revenue over (under) expenditures	(245,993)	(18,477)	78,827	(96,556)	194,321
Other financing sources (uses)					
Transfers in	252,966	-	-	275,000	142,356
Transfers out	-	-	-	-	(335,681)
Total other financing sources (uses)	252,966	-	-	275,000	(193,325)
Net changes in fund balances	6,973	(18,477)	78,827	178,444	996
Fund balances, beginning of year, as previously reported	10,561	69,620	57,173	890,127	1,513,151
Change within financial reporting entity	-	-	-	-	-
Fund balances, beginning of year, as adjusted	10,561	69,620	57,173	890,127	1,513,151
Fund balances, end of year	\$ 17,534	\$ 51,143	\$ 136,000	\$ 1,068,571	\$ 1,514,147

Debt Service Funds		Capital Projects Funds (formally nonmajor funds)		Permanent Fund	
Alternative Special Assessments	Act 99 Debt Service	Infrastructure Projects	Municipal Facilities/Land Improvements Projects	Cemetery Perpetual Care	Total
\$ -	\$ -			\$ -	\$ 6,163,225
-	-			-	1,279,487
-	-			-	8,158,112
-	-			51,475	427,665
-	-			-	390,925
-	-			-	554,953
-	-			221,571	661,387
-	-			-	590,253
-	-			273,046	18,226,007
-	-			-	536,254
-	-			-	323,444
-	-			-	6,910,934
-	-			-	911,272
-	316,170			-	3,760,447
-	19,511			-	2,239,191
-	-			-	15,900
-	335,681			-	14,697,442
-	(335,681)			273,046	3,528,565
-	335,681			-	1,732,169
-	-			(60,447)	(3,957,013)
-	335,681			(60,447)	(2,224,844)
-	-			212,599	1,303,721
-	-	\$ 224,081	\$ 27,136,029	2,542,739	40,624,697
-	-	(224,081)	(27,136,029)	-	(27,342,705)
-	-	-	-	2,542,739	13,281,992
\$ -	\$ -	\$ -	\$ -	\$ 2,755,338	\$ 14,585,713

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, 2024

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Intergovernmental	\$ 4,478,222	\$ 4,569,134	\$ 4,536,419	\$ (32,715)
Charges for services	17,000	30,000	31,530	1,530
Interest and rents	20,000	75,000	180,312	105,312
Miscellaneous	-	20,000	31,518	11,518
Total revenues	<u>4,515,222</u>	<u>4,694,134</u>	<u>4,779,779</u>	<u>85,645</u>
Expenditures				
Current:				
Public works:				
Personnel services	706,544	704,861	689,162	(15,699)
Other services and charges	3,360,585	4,385,488	4,364,131	(21,357)
Capital outlay	25,000	25,000	-	(25,000)
Total expenditures	<u>4,092,129</u>	<u>5,115,349</u>	<u>5,053,293</u>	<u>(62,056)</u>
Revenues over (under) expenditures	423,093	(421,215)	(273,514)	147,701
Other financing uses				
Transfers out	(417,811)	(200,000)	-	(200,000)
Net changes in fund balances	5,282	(621,215)	(273,514)	347,701
Fund balances, beginning of year	<u>2,922,444</u>	<u>2,922,444</u>	<u>2,922,444</u>	<u>-</u>
Fund balances, end of year	<u>\$ 2,927,726</u>	<u>\$ 2,301,229</u>	<u>\$ 2,648,930</u>	<u>\$ 347,701</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, 2024

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Intergovernmental	\$ 1,151,797	\$ 1,140,976	\$ 1,175,048	\$ 34,072
Charges for services	22,000	40,000	50,991	10,991
Interest and rents	500	400	5,513	5,113
Miscellaneous	100	-	-	-
Total revenues	<u>1,174,397</u>	<u>1,181,376</u>	<u>1,231,552</u>	<u>50,176</u>
Expenditures				
Current:				
Public works:				
Personnel services	712,008	513,455	502,464	(10,991)
Other services and charges	855,200	846,200	582,808	(263,392)
Capital outlay	25,000	25,000	-	(25,000)
Total expenditures	<u>1,592,208</u>	<u>1,384,655</u>	<u>1,085,272</u>	<u>(299,383)</u>
Revenues over (under) expenditures	(417,811)	(203,279)	146,280	349,559
Other financing sources				
Transfers in	417,811	200,000	-	(200,000)
Net changes in fund balances	-	(3,279)	146,280	149,559
Fund balances, beginning of year	<u>168,608</u>	<u>168,608</u>	<u>168,608</u>	<u>-</u>
Fund balances, end of year	<u>\$ 168,608</u>	<u>\$ 165,329</u>	<u>\$ 314,888</u>	<u>\$ 149,559</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, 2024

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Intergovernmental	\$ 390,000	\$ 540,000	\$ 637,272	\$ 97,272
Interest and rents	5,000	30,000	40,686	10,686
Total revenues	395,000	570,000	677,958	107,958
Other financing uses				
Transfers out	(375,000)	(1,080,100)	(821,056)	(259,044)
Net changes in fund balances	20,000	(510,100)	(143,098)	367,002
Fund balances, beginning of year	1,141,468	1,141,468	1,141,468	-
Fund balances, end of year	<u>\$ 1,161,468</u>	<u>\$ 631,368</u>	<u>\$ 998,370</u>	<u>\$ 367,002</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, 2024

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Intergovernmental	\$ 400,000	\$ 400,000	\$ 465,898	\$ 65,898
Interest and rents	2,000	2,700	9,962	7,262
Total revenues	<u>402,000</u>	<u>402,700</u>	<u>475,860</u>	<u>73,160</u>
Other financing sources (uses)				
Transfers in	-	100,000	100,000	-
Transfers out	(450,000)	(325,000)	(700,000)	375,000
Total other financing sources (uses)	<u>(450,000)</u>	<u>(225,000)</u>	<u>(600,000)</u>	<u>375,000</u>
Net changes in fund balances	(48,000)	177,700	(124,140)	(301,840)
Fund balances, beginning of year	<u>137,131</u>	<u>137,131</u>	<u>137,131</u>	<u>-</u>
Fund balances, end of year	<u>\$ 89,131</u>	<u>\$ 314,831</u>	<u>\$ 12,991</u>	<u>\$ (301,840)</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, 2024

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ 1,674,600	\$ 1,664,400	\$ 1,671,918	\$ 7,518
Intergovernmental	165,400	182,000	181,998	(2)
Interest and rents	12,000	-	(123,105)	(123,105)
Total revenues	<u>1,852,000</u>	<u>1,846,400</u>	<u>1,730,811</u>	<u>(115,589)</u>
Other financing sources (uses)				
Transfers in	-	622,666	622,666	-
Transfers out	(1,913,478)	(1,220,479)	(1,230,314)	9,835
Total other financing sources (uses)	<u>(1,913,478)</u>	<u>(597,813)</u>	<u>(607,648)</u>	<u>9,835</u>
Net changes in fund balances	(61,478)	1,248,587	1,123,163	(125,424)
Fund balances, beginning of year	<u>801,977</u>	<u>801,977</u>	<u>801,977</u>	<u>-</u>
Fund balances, end of year	<u>\$ 740,499</u>	<u>\$ 2,050,564</u>	<u>\$ 1,925,140</u>	<u>\$ (125,424)</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, 2024

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Special assessments	\$ 258,545	\$ 260,957	\$ 260,958	\$ 1
Charges for services	74,805	76,905	80,054	3,149
Interest and rents	1,500	4,300	7,374	3,074
Total revenues	<u>334,850</u>	<u>342,162</u>	<u>348,386</u>	<u>6,224</u>
Expenditures				
Current:				
Public works:				
Personnel services	106,488	114,826	112,796	(2,030)
Other services and charges	253,140	263,790	224,308	(39,482)
Total expenditures	<u>359,628</u>	<u>378,616</u>	<u>337,104</u>	<u>(41,512)</u>
Net changes in fund balances	<u>(24,778)</u>	<u>(36,454)</u>	<u>11,282</u>	<u>47,736</u>
Fund balances, beginning of year, as previously reported	196,357	196,357	196,357	-
Change within financial reporting entity	2,881	2,881	2,881	-
Fund balances, beginning of year, as adjusted	<u>199,238</u>	<u>199,238</u>	<u>199,238</u>	<u>-</u>
Fund balances, end of year	<u>\$ 174,460</u>	<u>\$ 162,784</u>	<u>\$ 210,520</u>	<u>\$ 47,736</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, 2024

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Special assessments	\$ 390,526	\$ 411,492	\$ 411,491	\$ (1)
Interest and rents	1,000	2,700	3,757	1,057
Total revenues	391,526	414,192	415,248	1,056
Expenditures				
Current:				
Public works:				
Other services and charges	213,315	251,710	252,820	1,110
Revenues over (under) expenditures	178,211	162,482	162,428	(54)
Other financing sources (uses)				
Transfers in	-	3,500	3,500	-
Transfers out	(142,356)	(142,356)	(142,356)	-
Total other financing sources (uses)	(142,356)	(138,856)	(138,856)	-
Net changes in fund balances	35,855	23,626	23,572	(54)
Fund balances, beginning of year	92,062	92,062	92,062	-
Fund balances, end of year	<u>\$ 127,917</u>	<u>\$ 115,688</u>	<u>\$ 115,634</u>	<u>\$ (54)</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, 2024

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Special assessments	\$ 211,000	\$ 212,330	\$ 212,331	\$ 1
Charges for services	85,900	83,995	84,504	509
Contributions from private sector	57,600	60,658	60,659	1
Interest and rents	500	3,603	5,335	1,732
Total revenues	<u>355,000</u>	<u>360,586</u>	<u>362,829</u>	<u>2,243</u>
Expenditures				
Current:				
Parks and recreation:				
Personnel services	148,463	151,682	149,705	(1,977)
Other services and charges	229,000	284,972	278,323	(6,649)
Total expenditures	<u>377,463</u>	<u>436,654</u>	<u>428,028</u>	<u>(8,626)</u>
Net changes in fund balances	<u>(22,463)</u>	<u>(76,068)</u>	<u>(65,199)</u>	<u>10,869</u>
Fund balances, beginning of year, as previously reported	181,593	181,593	181,593	-
Change within financial reporting entity	4,942	4,942	4,942	-
Fund balances, beginning of year, as adjusted	<u>186,535</u>	<u>186,535</u>	<u>186,535</u>	<u>-</u>
Fund balances, end of year	<u>\$ 164,072</u>	<u>\$ 110,467</u>	<u>\$ 121,336</u>	<u>\$ 10,869</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, 2024

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Charges for services	\$ 1,500	\$ 2,000	\$ 1,340	\$ (660)
Fines and fees	440,000	440,000	390,925	(49,075)
Interest and rents	1,000	3,400	8,461	5,061
Miscellaneous	2,500	1,500	1,800	300
Total revenues	<u>445,000</u>	<u>446,900</u>	<u>402,526</u>	<u>(44,374)</u>
Expenditures				
Current:				
General government:				
Personnel services	291,866	282,462	277,621	(4,841)
Other services and charges	60,416	64,716	59,206	(5,510)
Capital outlay	14,000	5,652	5,652	-
Total expenditures	<u>366,282</u>	<u>352,830</u>	<u>342,479</u>	<u>(10,351)</u>
Revenues over (under) expenditures	78,718	94,070	60,047	(34,023)
Other financing uses				
Transfers out	(100,000)	(100,000)	(100,000)	-
Net changes in fund balances	<u>(21,282)</u>	<u>(5,930)</u>	<u>(39,953)</u>	<u>(34,023)</u>
Fund balances, beginning of year, as previously reported	303,561	303,561	303,561	-
Change within financial reporting entity	9,582	9,582	9,582	-
Fund balances, beginning of year, as adjusted	<u>313,143</u>	<u>313,143</u>	<u>313,143</u>	<u>-</u>
Fund balances, end of year	<u>\$ 291,861</u>	<u>\$ 307,213</u>	<u>\$ 273,190</u>	<u>\$ (34,023)</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, 2024

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Special assessments	\$ 125,000	\$ 369,342	\$ 394,707	\$ 25,365
Interest and rents	20,150	26,840	33,904	7,064
Total revenues	145,150	396,182	428,611	32,429
Other financing uses				
Transfers out	-	(531,513)	(531,513)	-
Net changes in fund balances	145,150	(135,331)	(102,902)	32,429
Fund balances, beginning of year	378,635	378,635	378,635	-
Fund balances, end of year	<u>\$ 523,785</u>	<u>\$ 243,304</u>	<u>\$ 275,733</u>	<u>\$ 32,429</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, 2024

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Contributions from private sector	\$ -	\$ 164,121	\$ 402,312	\$ 238,191
Interest and rents	-	-	75,185	75,185
Total revenues	-	164,121	477,497	313,376
Expenditures				
Current:				
General government:				
Other services and charges	-	541,299	197,250	(344,049)
Capital outlay	-	131,419	2,777	(128,642)
Total expenditures	-	672,718	200,027	(472,691)
Revenues over (under) expenditures	-	(508,597)	277,470	786,067
Other financing uses				
Transfers out	-	(7,540)	-	(7,540)
Net changes in fund balances	-	(516,137)	277,470	793,607
Fund balances, beginning of year	1,857,380	1,857,380	1,857,380	-
Fund balances, end of year	<u>\$ 1,857,380</u>	<u>\$ 1,341,243</u>	<u>\$ 2,134,850</u>	<u>\$ 793,607</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, 2024

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Charges for services	\$ 48,900	\$ 48,950	\$ 48,944	\$ (6)
Interest and rents	-	-	277	277
Total revenues	48,900	48,950	49,221	271
Expenditures				
Current:				
General government:				
Other services and charges	11,600	2,660	2,177	(483)
Revenues over expenditures	37,300	46,290	47,044	754
Other financing uses				
Transfers out	(37,300)	(35,646)	(35,646)	-
Net changes in fund balances	-	10,644	11,398	754
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	\$ -	\$ 10,644	\$ 11,398	\$ 754

CITY OF HOLLAND, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Public Safety Grant Funds
For the Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Intergovernmental	\$ 12,000	\$ 344,851	\$ 84,922	\$ (259,929)
Expenditures				
Current:				
Public safety:				
Personal services	-	306,582	303,063	(3,519)
Other services and charges	12,000	27,287	20,381	(6,906)
Capital outlay	-	10,982	7,471	(3,511)
Total expenditures	12,000	344,851	330,915	(13,936)
Revenues under expenditures	-	-	(245,993)	(245,993)
Other financing sources				
Transfers in	-	-	252,966	252,966
Net changes in fund balances	-	-	6,973	6,973
Fund balances, beginning of year	10,561	10,561	10,561	-
Fund balances, end of year	\$ 10,561	\$ 10,561	\$ 17,534	\$ 6,973

CITY OF HOLLAND, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Culture and Community Improvement Fund
For the Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ 15	\$ 5	\$ -	\$ (5)
Intergovernmental	-	628,404	361,956	(266,448)
Contributions from private sector	-	60,776	91,982	31,206
Interest and rents	-	-	745	745
Miscellaneous	-	10,084	10,084	-
Total revenues	<u>15</u>	<u>699,269</u>	<u>464,767</u>	<u>(234,502)</u>
Expenditures				
Current:				
Parks and recreation:				
Personnel services	-	356,113	90,312	(265,801)
Other services and charges	15	363,487	392,932	29,445
Total expenditures	<u>15</u>	<u>719,600</u>	<u>483,244</u>	<u>(236,356)</u>
Net changes in fund balances	-	(20,331)	(18,477)	1,854
Fund balances, beginning of year	<u>69,620</u>	<u>69,620</u>	<u>69,620</u>	<u>-</u>
Fund balances, end of year	<u>\$ 69,620</u>	<u>\$ 49,289</u>	<u>\$ 51,143</u>	<u>\$ 1,854</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, 2024

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Charges for services	\$ -	\$ -	\$ 78,827	\$ 78,827
Fund balances, beginning of year	57,173	57,173	57,173	-
Fund balances, end of year	<u>\$ 57,173</u>	<u>\$ 57,173</u>	<u>\$ 136,000</u>	<u>\$ 78,827</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, 2024

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Contributions from private sector	\$ 10,000	\$ 10,000	\$ -	\$ (10,000)
Interest and rents	45,000	45,000	81,816	36,816
Miscellaneous	-	-	4,073	4,073
Total revenues	<u>55,000</u>	<u>55,000</u>	<u>85,889</u>	<u>30,889</u>
Expenditures				
Current:				
Public works:				
Personnel services	-	41,189	28,012	(13,177)
Other services and charges	414,150	354,739	154,433	(200,306)
Total expenditures	<u>414,150</u>	<u>395,928</u>	<u>182,445</u>	<u>(213,483)</u>
Revenues over (under) expenditures	(359,150)	(340,928)	(96,556)	244,372
Other financing sources				
Transfers in	275,000	275,000	275,000	-
Net changes in fund balances	<u>(84,150)</u>	<u>(65,928)</u>	<u>178,444</u>	<u>244,372</u>
Fund balances, beginning of year	890,127	890,127	890,127	-
Fund balances, end of year	<u>\$ 805,977</u>	<u>\$ 824,199</u>	<u>\$ 1,068,571</u>	<u>\$ 244,372</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, 2024

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Charges for services	\$ 60,000	\$ 60,000	\$ 51,475	\$ (8,525)
Interest and rents	4,000	6,600	221,571	214,971
Total revenues	64,000	66,600	273,046	206,446
Other financing uses				
Transfers out	(4,000)	(115,000)	(60,447)	(54,553)
Net changes in fund balances	60,000	(48,400)	212,599	260,999
Fund balances, beginning of year	2,542,739	2,542,739	2,542,739	-
Fund balances, end of year	<u>\$ 2,602,739</u>	<u>\$ 2,494,339</u>	<u>\$ 2,755,338</u>	<u>\$ 260,999</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.

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.

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.



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CITY OF HOLLAND, MICHIGAN

Combining Statement of Net Position

Nonmajor Enterprise Funds

June 30, 2024

	Refuse and Recycling Pickup	Windmill Island	Depot Operations	Airport Facilities and Management System
Assets				
Current assets:				
Cash and pooled investments	\$ 944,189	\$ 3,809,766	\$ -	\$ 684
Receivables:				
Accounts	304,896	16,918	-	-
Taxes and special assessments	-	-	-	12
Due from other funds	476,360	-	-	-
Total current assets	<u>1,725,445</u>	<u>3,826,684</u>	<u>-</u>	<u>696</u>
Noncurrent assets:				
Capital assets:				
Land	-	99,809	-	5,662,128
Construction in progress	-	6,600	-	-
Machinery and equipment	-	5,055,801	-	13,993,709
Accumulated depreciation	-	(2,931,589)	-	(13,128,944)
Total noncurrent assets	<u>-</u>	<u>2,230,621</u>	<u>-</u>	<u>6,526,893</u>
Total assets	<u>1,725,445</u>	<u>6,057,305</u>	<u>-</u>	<u>6,527,589</u>
Liabilities				
Current liabilities:				
Accounts payable	201,739	17,961	-	-
Accrued payroll and benefits	5,397	34,769	-	-
Due to other funds	-	2,218	-	-
Deposits	-	21,875	-	-
Current portion of bonds, notes and other long-term liabilities	7,401	36,000	-	-
Total liabilities (all current)	<u>214,537</u>	<u>112,823</u>	<u>-</u>	<u>-</u>
Net position				
Investment in capital assets	-	2,230,621	-	6,526,893
Unrestricted	<u>1,510,908</u>	<u>3,713,861</u>	<u>-</u>	<u>696</u>
Total net position	<u>\$ 1,510,908</u>	<u>\$ 5,944,482</u>	<u>\$ -</u>	<u>\$ 6,527,589</u>



Civic Center	Employee Benefit Fund	Total
\$ 35,652	\$ 14,956	\$ 4,805,247
50,000	-	371,814
-	-	12
-	-	476,360
<u>85,652</u>	<u>14,956</u>	<u>5,653,433</u>
-	-	5,761,937
-	-	6,600
-	-	19,049,510
-	-	(16,060,533)
-	-	<u>8,757,514</u>
<u>85,652</u>	<u>14,956</u>	<u>14,410,947</u>
79,154	862	299,716
1,445	-	41,611
353	-	2,571
-	-	21,875
4,629	-	48,030
<u>85,581</u>	<u>862</u>	<u>413,803</u>
-	-	8,757,514
<u>71</u>	<u>14,094</u>	<u>5,239,630</u>
<u>\$ 71</u>	<u>\$ 14,094</u>	<u>\$ 13,997,144</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, 2024

	Refuse and Recycling Pickup	Windmill Island	Depot Operations	Airport Facilities and Management System
Operating revenues				
Usage fees and charges for services	\$ 2,867,452	\$ 272,177	\$ -	\$ -
Admissions and fares	-	1,535,474	-	-
Rentals	-	48,650	-	-
Total operating revenues	<u>2,867,452</u>	<u>1,856,301</u>	<u>-</u>	<u>-</u>
Operating expenses				
Personnel services	149,728	650,485	-	-
Other current expenses	2,565,221	356,918	-	130,299
Depreciation	-	167,690	24,025	309,547
Total operating expenses	<u>2,714,949</u>	<u>1,175,093</u>	<u>24,025</u>	<u>439,846</u>
Operating income (loss)	<u>152,503</u>	<u>681,208</u>	<u>(24,025)</u>	<u>(439,846)</u>
Nonoperating revenues				
Property taxes	-	-	-	130,217
Other private donations	-	19,350	-	-
Investment income	43,694	129,016	-	10
Total nonoperating revenues	<u>43,694</u>	<u>148,366</u>	<u>-</u>	<u>130,227</u>
Income (loss) before contributions and transfers	<u>196,197</u>	<u>829,574</u>	<u>(24,025)</u>	<u>(309,619)</u>
Contributions and transfers				
Capital contributions	-	1,640	-	-
Transfers in	-	-	-	-
Transfers out	-	-	(580,015)	-
Total contributions and transfers	<u>-</u>	<u>1,640</u>	<u>(580,015)</u>	<u>-</u>
Change in net position	<u>196,197</u>	<u>831,214</u>	<u>(604,040)</u>	<u>(309,619)</u>
Net position, beginning of year	<u>1,314,711</u>	<u>5,113,268</u>	<u>604,040</u>	<u>6,837,208</u>
Net position, end of year	<u>\$ 1,510,908</u>	<u>\$ 5,944,482</u>	<u>\$ -</u>	<u>\$ 6,527,589</u>



Civic Center	Employee Benefit Fund	Total
\$ -	\$ 14,220	\$ 3,153,849
-	-	1,535,474
-	-	48,650
-	14,220	4,737,973
39,327	744	840,284
506,947	9,247	3,568,632
-	-	501,262
546,274	9,991	4,910,178
(546,274)	4,229	(172,205)
-	-	130,217
-	-	19,350
-	478	173,198
-	478	322,765
(546,274)	4,707	150,560
-	-	1,640
546,345	-	546,345
-	-	(580,015)
546,345	-	(32,030)
71	4,707	118,530
-	9,387	13,878,614
\$ 71	\$ 14,094	\$ 13,997,144

CITY OF HOLLAND, MICHIGAN

Combining Statement of Cash Flows

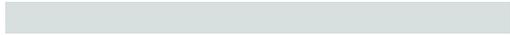
Nonmajor Enterprise Funds

For the Year Ended June 30, 2024

	Refuse and Recycling Pickup	Windmill Island	Depot Operations	Airport Facilities and Management System
Cash flows from operating activities				
Receipts from customers and users	\$ 2,887,667	\$ 1,855,723	\$ -	\$ -
Payments to suppliers	(2,565,933)	(349,354)	-	(130,299)
Payments to employees	(152,516)	(647,886)	-	-
Net cash provided by (used in) operating activities	<u>169,218</u>	<u>858,483</u>	<u>-</u>	<u>(130,299)</u>
Cash flows from noncapital financing activities				
Property taxes	-	-	-	130,208
Private donations	-	19,350	-	-
Intragovernmental receipts	-	-	-	-
Intragovernmental payments	(237,539)	-	(15)	-
Net cash provided by (used in) noncapital financing activities	<u>(237,539)</u>	<u>19,350</u>	<u>(15)</u>	<u>130,208</u>
Cash flows from capital and related financing activities				
Capital contributions	-	1,640	-	-
Purchase/construction of capital assets	-	(6,600)	-	-
Net cash used in capital and related financing activities	<u>-</u>	<u>(4,960)</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities				
Investment income	43,694	129,016	-	10
Net increase (decrease) in cash and pooled investments	<u>(24,627)</u>	<u>1,001,889</u>	<u>(15)</u>	<u>(81)</u>
Cash and pooled investments, beginning of year	968,816	2,807,877	15	765
Cash and pooled investments, end of year	<u>\$ 944,189</u>	<u>\$ 3,809,766</u>	<u>\$ -</u>	<u>\$ 684</u>
Cash flows from operating activities				
Operating income (loss)	\$ 152,503	\$ 681,208	\$ (24,025)	\$ (439,846)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	-	167,690	24,025	309,547
Change in:				
Accounts receivable	20,215	(5,628)	-	-
Accounts payable	(712)	7,564	-	-
Accrued payroll and benefits	1,204	3,575	-	-
Unearned revenue	-	5,050	-	-
Accrued compensated absences	(3,992)	(976)	-	-
Net cash provided by (used in) operating activities	<u>\$ 169,218</u>	<u>\$ 858,483</u>	<u>\$ -</u>	<u>\$ (130,299)</u>

Noncash transactions:

During the year, the Depot Operations fund had a noncash transfer of capital assets to governmental activities of \$580,000.



Civic Center	Employee Benefit Fund	Total
\$ -	\$ 14,220	\$ 4,757,610
(465,601)	(8,813)	(3,520,000)
<u>(39,185)</u>	<u>(744)</u>	<u>(840,331)</u>
<u>(504,786)</u>	<u>4,663</u>	<u>397,279</u>
-	-	130,208
-	-	19,350
540,438	-	540,438
<u>-</u>	<u>-</u>	<u>(237,554)</u>
<u>540,438</u>	<u>-</u>	<u>452,442</u>
-	-	1,640
<u>-</u>	<u>-</u>	<u>(6,600)</u>
<u>-</u>	<u>-</u>	<u>(4,960)</u>
<u>-</u>	<u>478</u>	<u>173,198</u>
35,652	5,141	1,017,959
<u>-</u>	<u>9,815</u>	<u>3,787,288</u>
<u>\$ 35,652</u>	<u>\$ 14,956</u>	<u>\$ 4,805,247</u>
\$ (546,274)	\$ 4,229	\$ (172,205)
-	-	501,262
-	-	14,587
41,346	434	48,632
253	-	5,032
-	-	5,050
<u>(111)</u>	<u>-</u>	<u>(5,079)</u>
<u>\$ (504,786)</u>	<u>\$ 4,663</u>	<u>\$ 397,279</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.

Technology 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. The fund also manages postage services for the City.

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

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.

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

CITY OF HOLLAND, MICHIGAN

Internal Service Funds

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

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.

General Insurance 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.

CITY OF HOLLAND, MICHIGAN

Internal Service Funds

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.

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.

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'.

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.

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).

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 property damage claims, as well as commercial insurance premiums for stop-loss (excess) coverage.

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 \$20,000,000 '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.

Employee Insurance 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 the insurance company or insurance brokerage firm, 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.



CITY OF HOLLAND, MICHIGAN

Combining Statement of Net Position

Internal Service Funds

June 30, 2024

	Equipment Services			
	Technology Services	Fuel Dispensing	Centralized Vehicle / Equipment	Fire Vehicle / Equipment
Assets				
Current assets:				
Cash and pooled investments	\$ 527,312	\$ 21,867	\$ 530,062	\$ -
Receivables:				
Accounts	-	28,760	163,573	-
Due from other funds	-	9,794	27,421	-
Inventories	1,558	29,631	723,176	-
Prepaid items	14,950	-	-	-
Total current assets	543,820	90,052	1,444,232	-
Noncurrent assets:				
Capital assets:				
Machinery and equipment	948,657	331,880	12,482,452	-
Accumulated depreciation	(867,849)	(131,857)	(7,051,971)	-
Total noncurrent assets	80,808	200,023	5,430,481	-
Total assets	624,628	290,075	6,874,713	-
Liabilities				
Current liabilities:				
Accounts payable	218,171	23,538	105,865	-
Claims payable	-	-	-	-
Accrued payroll and benefits	18,410	-	35,789	-
Due to other funds	1,305	-	121	-
Unearned revenue	-	-	5,496	-
Current portion of bonds, notes and other long-term liabilities	32,656	-	156,969	-
Total liabilities (all current)	270,542	23,538	304,240	-
Net position				
Investment in capital assets	80,808	200,023	5,430,481	-
Unrestricted	273,278	66,514	1,139,992	-
Total net position	\$ 354,086	\$ 266,537	\$ 6,570,473	\$ -



Insurance Services		
General Insurance	Employee Insurance	Total
\$ 652,120	\$ 4,818,996	\$ 6,550,357
-	6,615	198,948
14,040	-	51,255
-	-	754,365
220,437	-	235,387
<u>886,597</u>	<u>4,825,611</u>	<u>7,790,312</u>
-	-	13,762,989
-	-	(8,051,677)
-	-	<u>5,711,312</u>
<u>886,597</u>	<u>4,825,611</u>	<u>13,501,624</u>
7,311	13,784	368,669
-	273,789	273,789
-	-	54,199
-	149,145	150,571
-	-	5,496
-	-	<u>189,625</u>
<u>7,311</u>	<u>436,718</u>	<u>1,042,349</u>
-	-	5,711,312
<u>879,286</u>	<u>4,388,893</u>	<u>6,747,963</u>
<u>\$ 879,286</u>	<u>\$ 4,388,893</u>	<u>\$ 12,459,275</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, 2024

	Equipment Services			
	Technology Services	Fuel Dispensing	Centralized Vehicle / Equipment	Fire Vehicle / Equipment
Operating revenues				
Charges for services	\$ 1,330,023	\$ 798,392	\$ 734,050	\$ -
Premiums	-	-	-	-
Rentals	-	-	2,859,150	-
Miscellaneous	6,598	-	938	-
Total operating revenues	<u>1,336,621</u>	<u>798,392</u>	<u>3,594,138</u>	<u>-</u>
Operating expenses				
Personnel services	485,967	12,665	1,027,803	-
Other current expenses	1,130,234	774,137	1,648,965	-
Depreciation	23,283	16,804	778,524	-
Total operating expenses	<u>1,639,484</u>	<u>803,606</u>	<u>3,455,292</u>	<u>-</u>
Operating income (loss)	<u>(302,863)</u>	<u>(5,214)</u>	<u>138,846</u>	<u>-</u>
Nonoperating revenues				
Investment income	10,478	582	6,634	-
Insurance recovery	-	-	-	-
Gain on sale and disposal of capital assets	-	-	93,017	-
Total nonoperating revenues	<u>10,478</u>	<u>582</u>	<u>99,651</u>	<u>-</u>
Income (loss) before transfers	<u>(292,385)</u>	<u>(4,632)</u>	<u>238,497</u>	<u>-</u>
Transfers				
Transfers in	100,000	-	-	-
Transfers out	-	-	-	(2,002,536)
Net transfers	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>(2,002,536)</u>
Change in net position	<u>(192,385)</u>	<u>(4,632)</u>	<u>238,497</u>	<u>(2,002,536)</u>
Net position, beginning of year	<u>546,471</u>	<u>271,169</u>	<u>6,331,976</u>	<u>2,002,536</u>
Net position, end of year	<u>\$ 354,086</u>	<u>\$ 266,537</u>	<u>\$ 6,570,473</u>	<u>\$ -</u>



Insurance Services		
General Insurance	Employee Insurance	Total
\$ -	\$ -	\$ 2,862,465
681,242	5,799,447	6,480,689
-	-	2,859,150
20,551	-	28,087
<u>701,793</u>	<u>5,799,447</u>	<u>12,230,391</u>
-	7,427	1,533,862
1,007,608	6,835,857	11,396,801
-	-	818,611
<u>1,007,608</u>	<u>6,843,284</u>	<u>13,749,274</u>
<u>(305,815)</u>	<u>(1,043,837)</u>	<u>(1,518,883)</u>
20,855	189,041	227,590
-	512,546	512,546
-	-	93,017
<u>20,855</u>	<u>701,587</u>	<u>833,153</u>
<u>(284,960)</u>	<u>(342,250)</u>	<u>(685,730)</u>
-	-	100,000
<u>-</u>	<u>-</u>	<u>(2,002,536)</u>
<u>-</u>	<u>-</u>	<u>(1,902,536)</u>
<u>(284,960)</u>	<u>(342,250)</u>	<u>(2,588,266)</u>
<u>1,164,246</u>	<u>4,731,143</u>	<u>15,047,541</u>
<u>\$ 879,286</u>	<u>\$ 4,388,893</u>	<u>\$ 12,459,275</u>

CITY OF HOLLAND, MICHIGAN

Combining Statement of Cash Flows

Internal Service Funds

For the Year Ended June 30, 2024

	Equipment Services			
	Technology Services	Fuel Dispensing	Centralized Vehicle / Equipment	Fire Vehicle / Equipment
Cash flows from operating activities				
Receipts from interfund services provided	\$ 1,363,411	\$ 740,766	\$ 3,943,045	\$ -
Payments to suppliers	(801,115)	(742,156)	(2,431,928)	-
Payments to employees	(481,422)	(12,665)	(1,001,065)	-
Net cash provided by (used in) operating activities	<u>80,874</u>	<u>(14,055)</u>	<u>510,052</u>	<u>-</u>
Cash flows from noncapital financing activities				
Insurance refunds	-	-	-	-
Intergovernmental receipts	100,000	-	-	-
Net cash provided by noncapital financing activities	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from capital and related financing activities				
Proceeds from sale of capital assets	844	-	183,756	-
Purchase/construction of capital assets	(10,007)	-	(1,335,929)	-
Net cash used in capital and related financing activities	<u>(9,163)</u>	<u>-</u>	<u>(1,152,173)</u>	<u>-</u>
Cash flows from investing activities				
Investment income	10,478	582	6,634	-
Net increase (decrease) in cash and pooled investments	<u>182,189</u>	<u>(13,473)</u>	<u>(635,487)</u>	<u>-</u>
Cash and pooled investments, beginning of year	<u>345,123</u>	<u>35,340</u>	<u>1,165,549</u>	<u>-</u>
Cash and pooled investments, end of year	<u><u>\$ 527,312</u></u>	<u><u>\$ 21,867</u></u>	<u><u>\$ 530,062</u></u>	<u><u>\$ -</u></u>



Insurance Services		
General Insurance	Employee Insurance	Total
\$ 687,778	\$ 6,113,746	\$ 12,848,746
(1,209,277)	(6,799,905)	(11,984,381)
<u>-</u>	<u>(9,654)</u>	<u>(1,504,806)</u>
<u>(521,499)</u>	<u>(695,813)</u>	<u>(640,441)</u>
-	512,546	512,546
-	-	100,000
<u>-</u>	<u>-</u>	<u>100,000</u>
-	512,546	612,546
<u>-</u>	<u>512,546</u>	<u>612,546</u>
-	-	184,600
-	-	(1,345,936)
<u>-</u>	<u>-</u>	<u>(1,161,336)</u>
<u>20,855</u>	<u>189,041</u>	<u>227,590</u>
(500,644)	5,774	(961,641)
<u>1,152,764</u>	<u>4,813,222</u>	<u>7,511,998</u>
<u>\$ 652,120</u>	<u>\$ 4,818,996</u>	<u>\$ 6,550,357</u>

continued...

CITY OF HOLLAND, MICHIGAN

Combining Statement of Cash Flows
 Internal Service Funds
 For the Year Ended June 30, 2024

	Equipment Services			
	Technology Services	Fuel Dispensing	Centralized Vehicle / Equipment	Fire Vehicle / Equipment
Cash flows from operating activities				
Operating income (loss)	\$ (302,863)	\$ (5,214)	\$ 138,846	\$ -
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	23,283	16,804	778,524	-
Change in:				
Accounts receivable	26,460	8,030	(84,896)	-
Due from other governmental units	-	-	422,654	-
Due from other funds	-	27,333	10,845	-
Inventories	3,132	8,443	(70,738)	-
Prepaid items	117,676	-	-	-
Accounts payable	208,311	23,538	(712,225)	-
Claims payable	-	-	-	-
Accrued payroll and benefits	2,756	-	2,230	-
Due to other funds	330	(92,989)	(1,012)	-
Unearned revenue	-	-	1,316	-
Accrued compensated absences	1,789	-	24,508	-
Net cash provided by (used in) operating activities	<u>\$ 80,874</u>	<u>\$ (14,055)</u>	<u>\$ 510,052</u>	<u>\$ -</u>

Noncash transactions:

During the year, the Fire Vehicle/Equipment fund had a noncash transfer of capital assets to governmental activities of \$2,002,536.



Insurance Services		
General Insurance	Employee Insurance	Total
\$ (305,815)	\$ (1,043,837)	\$ (1,518,883)
-	-	818,611
25	165,154	114,773
-	-	422,654
(14,040)	-	24,138
-	-	(59,163)
(159,087)	1,181	(40,230)
(42,582)	4,448	(518,510)
-	30,323	30,323
-	(2,227)	2,759
-	149,145	55,474
-	-	1,316
-	-	26,297
<u>\$ (521,499)</u>	<u>\$ (695,813)</u>	<u>\$ (640,441)</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, 2024 twenty-four individual Brownfield Redevelopment Projects have been approved of which fourteen currently have TIF capture. 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

CITY OF HOLLAND, MICHIGAN

Component Units

Brownfield Redevelopment Project Sites	TIF Capture Base Year	Brownfield Construction Activity
156 W 11 th St. (former Washington School, new residential development)	2016	Completed
Property located between 8th & 9th and between River & Pine Ave (formerly several buildings), new mixed use facilities and parking deck	2016	Completed
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	Completed
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	Completed
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.]

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.

CITY OF HOLLAND, MICHIGAN

Balance Sheet

Downtown Development Authority Component Unit

June 30, 2024

Assets

Current assets:

Cash and pooled investments	\$ 286,657
Accounts receivable	11,000
Prepaid items	<u>200</u>

Total assets

\$ 297,857

Liabilities

Current liabilities:

Accounts payable	\$ 10,133
Accrued payroll and benefits	<u>3,316</u>

Total liabilities

13,449

Fund balances

Nonspendable for prepaid items	200
Unassigned	<u>284,208</u>

Total fund balances

284,408

Total liabilities and fund balances

\$ 297,857

CITY OF HOLLAND, MICHIGAN

Reconciliation

Fund Balance of the Governmental Fund
to Net Position of Component Unit
Downtown Development Authority Component Unit
June 30, 2024

Fund balance - total governmental fund \$ 284,408

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 84,999

Certain liabilities are not due and payable in the current period and
therefore are not reported in the funds.

Compensated absences (3,620)

Net position of component unit \$ 365,787

CITY OF HOLLAND, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balance

Downtown Development Authority Component Unit

For the Year Ended June 30, 2024

Revenues

Property taxes	\$ 253,359
Charges for services	13,244
Investment income	14,715
Other revenue	<u>11,750</u>

Total revenues

293,068

Expenditures

Current:

Economic development:

Personnel services	95,164
Current operating expenditures	171,573
Capital outlay	<u>130</u>

Total expenditures

266,867

Net changes in fund balance

26,201

Fund balance, beginning of year

258,207

Fund balance, end of year

\$ 284,408

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, 2024

Net changes in fund balance - total governmental fund \$ 26,201

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 (11,082)

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.

Change in compensated absences 1,984

Change in net position of component unit \$ 17,103

CITY OF HOLLAND, MICHIGAN

Balance Sheet

Brownfield Redevelopment Authority Component Unit
June 30, 2024

Assets

Current assets:

Cash and pooled investments \$ 2,016,748

Liabilities

Current liabilities:

Due to other governmental units \$ 85,830

Fund balance

Unassigned 1,930,918

Total liabilities and fund balances **\$ 2,016,748**

CITY OF HOLLAND, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balance

Brownfield Redevelopment Authority Component Unit

For the Year Ended June 30, 2024

Revenues

Property taxes	\$ 3,440,705
Intergovernmental	3,722
Investment income	<u>133,540</u>

Total revenues

3,577,967

Expenditures

Current:

Economic development	<u>4,673,093</u>
----------------------	------------------

Net changes in fund balance

(1,095,126)

Fund balance, beginning of year

3,026,044

Fund balance, end of year

\$ 1,930,918

CITY OF HOLLAND, MICHIGAN

Balance Sheet

SmartZone Component Unit

June 30, 2024

Assets

Current assets:

Cash and pooled investments \$ 1,240,421

Liabilities

Current liabilities:

Accounts payable \$ 85,017

Fund balance

Unassigned 1,155,404

Total liabilities and fund balances **\$ 1,240,421**

CITY OF HOLLAND, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balance

SmartZone Component Unit

For the Year Ended June 30, 2024

Revenues

Charges for services	\$ 27,396
Contributions	638,800
Investment income	<u>50,180</u>

Total revenues

716,376

Expenditures

Current:

Economic development	<u>316,972</u>
----------------------	----------------

Net changes in fund balance

399,404

Fund balance, beginning of year

756,000

Fund balance, end of year

\$ 1,155,404

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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.	226
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.	236
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.	242
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.	252
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.	254

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			
	2024	2023	2022	2021
Governmental activities				
Net investment in capital assets	\$ 137,489,212	\$ 132,371,659	\$ 129,246,420	\$ 125,338,987
Restricted	17,936,549	12,024,966	8,827,705	9,326,937
Unrestricted (deficit)	(2,452,887)	(5,621,248)	(5,688,645)	(13,474,811)
Total governmental activities net position	\$ 152,972,874	\$ 138,775,377	\$ 132,385,480	\$ 121,191,113
Business-type activities				
Net investment in capital assets	\$ 429,717,702	\$ 400,097,996	\$ 394,720,658	\$ 375,415,497
Restricted	12,350,307	26,343,300	10,931,710	11,067,495
Unrestricted	95,289,112	86,237,000	92,049,608	112,483,693
Total business-type activities net position	\$ 537,357,121	\$ 512,678,296	\$ 497,701,976	\$ 498,966,685
Primary government				
Net investment in capital assets	\$ 567,206,914	\$ 532,469,655	\$ 523,967,078	\$ 500,754,484
Restricted	30,286,856	38,368,266	19,759,415	20,394,432
Unrestricted	92,836,225	80,615,752	86,360,963	99,008,882
Total primary government net position	\$ 690,329,995	\$ 651,453,673	\$ 630,087,456	\$ 620,157,798

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					
2020	2019	2018	2017	2016	2015
\$ 121,803,108	\$ 117,526,801	\$ 110,819,862	\$ 106,647,631	\$ 107,920,320	\$ 101,785,238
7,236,082	6,462,602	4,920,535	5,552,677	3,986,636	6,339,594
(18,407,158)	(18,768,821)	(19,116,428)	(13,506,025)	(16,316,283)	(13,905,867)
<u>\$ 110,632,032</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>
\$ 266,015,919	\$ 271,210,102	\$ 260,423,184	\$ 243,038,572	\$ 227,299,822	\$ 164,628,976
24,769,600	25,439,897	43,801,278	32,305,746	26,103,060	24,300,021
171,377,014	137,904,515	98,489,792	100,980,789	93,263,171	125,351,237
<u>\$ 462,162,533</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>
\$ 387,819,027	\$ 388,736,903	\$ 371,243,046	\$ 349,686,203	\$ 335,220,142	\$ 266,414,214
32,005,682	31,902,499	48,721,813	37,858,423	30,089,696	30,639,615
152,969,856	119,135,694	79,373,364	87,474,764	76,946,888	111,445,370
<u>\$ 572,794,565</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>

CITY OF HOLLAND, MICHIGAN

Changes in Net Position

Last Ten Fiscal Years

	Fiscal Year			
	2024	2023	2022	2021
Expenses				
Governmental activities:				
General government	\$ 7,604,872	\$ 7,659,810	\$ 5,687,293	\$ 5,413,608
Public safety	18,907,702	18,957,326	13,045,393	14,475,186
Public works	16,292,290	13,232,408	15,557,452	9,462,061
Welfare and social services	1,346,656	1,584,861	1,099,101	1,288,600
Parks and recreation	4,585,032	6,376,710	4,060,045	4,568,078
Interest on long-term liabilities	2,954,911	2,005,036	1,593,768	1,723,038
Total governmental activities expenses	51,691,463	49,816,151	41,043,052	36,930,571
Business-type activities:				
Electric utility	84,280,445	86,159,789	83,439,530	76,315,214
Wastewater utility	12,736,554	13,672,926	12,545,127	11,610,812
Water utility	10,847,805	10,236,364	8,677,612	7,952,801
Other enterprise activities	4,910,178	5,168,945	4,571,928	4,637,042
Total business-type activities expenses	112,774,982	115,238,024	109,234,197	100,515,869
Total primary government expenses	164,466,445	165,054,175	150,277,249	137,446,440
Program revenues				
Governmental activities:				
Charges for services:				
General government	2,429,983	1,867,247	1,559,285	1,479,766
Public safety	2,801,084	3,677,817	1,998,409	1,920,107
Parks and recreation	636,582	713,826	724,305	568,028
Other activities	1,953,533	1,286,022	1,146,155	1,121,537
Operating grants and contributions	16,747,207	12,318,735	7,874,622	9,283,735
Capital grants and contributions	1,140,516	864,783	6,515,282	1,694,559
Total governmental activities program revenues	25,708,905	20,728,430	19,818,058	16,067,732
Business-type activities:				
Charges for services:				
Electric utility	106,999,062	104,412,007	99,596,066	108,456,418
Wastewater utility	13,980,597	13,094,805	13,403,130	12,162,493
Water utility	14,007,722	13,047,847	12,468,325	12,478,970
Other enterprise activities	4,737,973	4,723,108	4,163,879	3,393,245
Operating grants and contributions	4,662,740	1,931,869	(1,233,299)	650,593
Capital grants and contributions	2,610,398	843,216	1,485,568	7,437,958
Total business-type activities program revenues	146,998,492	138,052,852	129,883,669	144,579,677
Total primary government program revenues	172,707,397	158,781,282	149,701,727	160,647,409
Net (expenses) revenues				
Governmental activities	(25,982,558)	(29,087,721)	(21,224,994)	(20,862,839)
Business-type activities	34,223,510	22,814,828	20,649,472	44,063,808
Total primary government net (expenses) revenues	8,240,952	(6,272,893)	(575,522)	23,200,969

Fiscal Year					
2020	2019	2018	2017	2016	2015
\$ 6,553,853	\$ 6,167,196	\$ 5,909,809	\$ 5,908,892	\$ 4,903,394	\$ 5,465,655
13,786,896	13,238,407	13,907,546	14,190,015	13,985,570	12,903,945
11,512,480	10,550,613	10,875,928	10,765,351	10,443,197	9,312,839
917,443	967,189	859,619	733,058	979,963	901,870
4,405,764	5,764,976	4,047,132	4,112,906	5,289,399	5,339,569
1,817,666	1,736,880	1,553,125	1,123,331	942,486	787,260
<u>38,994,102</u>	<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>
76,715,328	78,618,473	83,893,634	79,772,187	80,103,538	80,847,034
11,664,304	11,394,066	10,839,049	9,857,338	9,672,514	8,773,098
7,576,697	6,677,972	6,757,010	6,844,228	6,540,960	6,248,425
4,140,407	4,315,014	3,541,088	2,981,978	3,124,822	3,104,234
<u>100,096,736</u>	<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>
139,090,838	139,430,786	142,183,940	136,289,284	135,985,843	133,683,929
1,521,299	1,792,680	1,406,666	1,397,974	1,400,401	1,357,140
1,464,756	1,496,018	1,664,917	1,435,896	1,156,746	1,366,794
462,440	665,133	783,594	679,877	652,440	607,673
992,002	1,234,051	957,068	1,551,928	1,181,296	783,711
7,461,978	8,762,366	7,174,268	5,802,887	6,009,124	5,489,592
2,047,450	4,272,296	869,568	1,756,505	2,006,264	793,387
<u>13,949,925</u>	<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>
104,674,832	107,400,748	109,961,111	111,706,239	106,199,176	100,816,653
12,436,922	11,845,701	11,632,142	11,384,632	10,856,173	10,305,015
10,831,789	10,796,706	10,723,043	10,009,506	9,338,887	8,694,022
2,609,650	3,220,123	3,087,119	3,052,548	2,669,132	2,307,355
3,863,515	3,942,707	3,414,566	1,440,753	1,977,470	1,107,948
239,707	1,012,740	523,725	876,078	7,544,349	2,339,301
<u>134,656,415</u>	<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>
148,606,340	156,441,269	152,197,787	151,094,823	150,991,458	135,968,591
(25,044,177)	(20,202,717)	(24,297,078)	(24,208,486)	(24,137,738)	(24,312,841)
<u>34,559,679</u>	<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>9,515,502</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>

continued...

CITY OF HOLLAND, MICHIGAN

Changes in Net Position

Last Ten Fiscal Years

	Fiscal Year			
	2024	2023	2022	2021
General revenues and other changes in net position				
Governmental activities:				
Property taxes	\$ 20,415,674	\$ 18,919,152	\$ 17,750,575	\$ 16,859,353
State shared revenue	4,273,012	4,156,819	4,138,420	3,655,096
Grants and contributions not restricted to specific programs	3,432,332	3,307,940	3,160,308	3,319,261
Investment earnings (loss) - unrestricted	2,384,135	1,134,369	(648,361)	217,450
Gain on sale of capital assets	-	-	21,899	-
Transfers - internal activities	9,674,902	7,959,338	7,996,520	7,370,760
Total governmental activities	40,180,055	35,477,618	32,419,361	31,421,920
Business-type activities:				
Property taxes	130,217	120,830	115,397	111,104
Gain on sale of capital assets	-	-	-	-
Transfers - internal activities	(9,674,902)	(7,959,338)	(7,996,520)	(7,370,760)
Special item	-	-	-	-
Extraordinary item	-	-	-	-
Total business-type activities	(9,544,685)	(7,838,508)	(7,881,123)	(7,259,656)
Total primary government general revenues, transfers, special and extraordinary items	30,635,370	27,639,110	24,538,238	24,162,264
Change in net position				
Governmental activities	14,197,497	6,389,897	11,194,367	10,559,081
Business-type activities	24,678,825	14,976,320	12,768,349	36,804,152
Total primary government change in net position	\$ 38,876,322	\$ 21,366,217	\$ 23,962,716	\$ 47,363,233

Fiscal Year						
2020	2019	2018	2017	2016	2015	
\$ 16,093,740	\$ 15,531,723	\$ 14,954,459	\$ 15,837,255	\$ 16,862,893	\$ 15,694,176	
3,207,996	3,276,560	3,149,161	3,051,775	2,893,597	2,895,971	
3,247,960	3,860,869	417,737	2,396,125	-	-	
800,239	652,531	391,246	176,941	231,995	138,303	
-	-	-	-	-	-	
7,105,692	5,477,647	6,296,016	5,850,000	5,520,961	5,165,762	
<u>30,455,627</u>	<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>	
107,937	104,707	99,785	98,937	104,432	99,983	
46,095	-	152,397	-	-	-	
(7,105,692)	(5,477,647)	(6,296,016)	(5,850,000)	(5,520,961)	(5,165,762)	
-	-	-	-	(1,341,005)	-	
-	-	(1,605,380)	(3,603,908)	-	-	
<u>(6,951,660)</u>	<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>23,503,967</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>	
5,411,450	8,596,613	911,541	3,103,610	1,371,708	(418,629)	
<u>27,608,019</u>	<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>\$ 33,019,469</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>	

concluded

CITY OF HOLLAND, MICHIGAN

Fund Balances, Governmental Funds

Last Ten Fiscal Years

	Fiscal Year			
	2024	2023	2022	2021
General fund				
Nonspendable	\$ 72,095	\$ 44,617	\$ 7,834	\$ 6,790
Committed	-	-	-	-
Unassigned	16,210,534	11,364,184	8,393,071	7,039,356
Total general fund	<u>\$ 16,282,629</u>	<u>\$ 11,408,801</u>	<u>\$ 8,400,905</u>	<u>\$ 7,046,146</u>
All other governmental funds				
Nonspendable	\$ 3,012,374	\$ 2,483,542	\$ 2,249,504	\$ 2,377,222
Restricted	37,547,265	26,528,508	6,510,869	6,853,497
Committed	13,208,254	11,612,647	10,173,379	6,582,998
Total all other governmental funds	<u>\$ 53,767,893</u>	<u>\$ 40,624,697</u>	<u>\$ 18,933,752</u>	<u>\$ 15,813,717</u>

During the year ended June 30, 2024, the City removed the Compensated Absences internal service fund and moved the related liability to governmental activities. As a result, there were changes in the reporting entity that impacted the activity in the General Fund and nonmajor governmental funds. Prior years were not restated.

Fiscal Year					
2020	2019	2018	2017	2016	2015
\$ -	\$ 3,083	\$ 19,920	\$ 60,057	\$ 12,483	\$ 20,736
5,667	5,667	5,667	5,667	5,667	12,915
<u>5,085,389</u>	<u>5,051,676</u>	<u>4,793,365</u>	<u>4,755,738</u>	<u>4,650,598</u>	<u>4,948,792</u>
<u>\$ 5,091,056</u>	<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>
\$ 1,800,198	\$ 2,132,525	\$ 1,655,807	\$ 1,586,687	\$ 1,586,687	\$ 1,554,387
5,251,572	4,055,502	2,934,548	11,853,782	3,890,895	4,959,854
<u>5,385,493</u>	<u>4,279,608</u>	<u>6,060,178</u>	<u>7,841,778</u>	<u>4,827,247</u>	<u>3,009,413</u>
<u>\$ 12,437,263</u>	<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>

CITY OF HOLLAND, MICHIGAN

Changes in Fund Balances, Governmental Funds

For the Last Ten Fiscal Years

	Fiscal Year			
	2024	2023	2022	2021
Revenues				
Taxes	\$ 20,415,674	\$ 18,919,152	\$ 17,750,575	\$ 16,859,353
Special assessments	1,279,487	903,998	911,305	855,518
Licenses and permits	2,084,697	3,039,686	1,375,622	1,339,138
Intergovernmental	22,520,447	16,190,174	15,124,534	16,032,892
Charges for services	2,309,476	2,248,977	2,101,944	1,901,711
Fines and fees	560,104	584,141	611,526	588,225
Contributions from private sector	554,953	2,648,950	5,813,773	458,567
Interest and rents	4,544,786	2,236,266	(429,745)	1,042,372
Miscellaneous	845,950	875,147	721,653	737,095
Total revenues	55,115,574	47,646,491	43,981,187	39,814,871
Expenditures				
Current:				
General government	5,497,715	5,247,496	4,547,910	4,561,534
Public safety	16,384,111	15,735,553	14,482,490	13,625,121
Public works	8,601,575	7,049,077	7,910,228	6,784,630
Welfare and social services	753,004	1,516,912	1,109,854	1,266,963
Parks and recreation	5,305,248	4,502,469	4,174,156	3,662,352
Other	648,582	662,904	770,083	379,819
Debt service:				
Principal retirement	3,905,403	3,555,484	4,656,692	4,536,805
Interest and fiscal charges	2,242,795	1,945,393	1,586,270	1,721,470
Bond issuance costs	-	-	33,156	-
Capital outlay	23,172,378	9,738,636	8,094,070	5,075,393
Total expenditures	66,510,811	49,953,924	47,364,909	41,614,087
Revenues under expenditures	(11,395,237)	(2,307,433)	(3,383,722)	(1,799,216)
Other financing sources (uses)				
Issuance of bonds and other long-term liabilities	17,535,000	17,487,798	-	-
Premium on issuance of bonds payable	1,052,775	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	22,929,270	14,000,993	13,281,212	12,345,983
Transfers out	(13,934,368)	(5,543,216)	(5,384,692)	(5,215,223)
Total other financing sources (uses)	27,582,677	27,006,274	7,858,516	7,130,760
Net changes in fund balances	\$ 16,187,440	\$ 24,698,841	\$ 4,474,794	\$ 5,331,544
Debt service as a percentage of noncapital expenditures	14.3%	14.0%	16.2%	18.6%

During the year ended June 30, 2024, the City removed the Compensated Absences internal service fund and moved the related liability to governmental activities. As a result, there were changes in the reporting entity that impacted the activity in the General Fund and nonmajor governmental funds. Prior years were not restated.

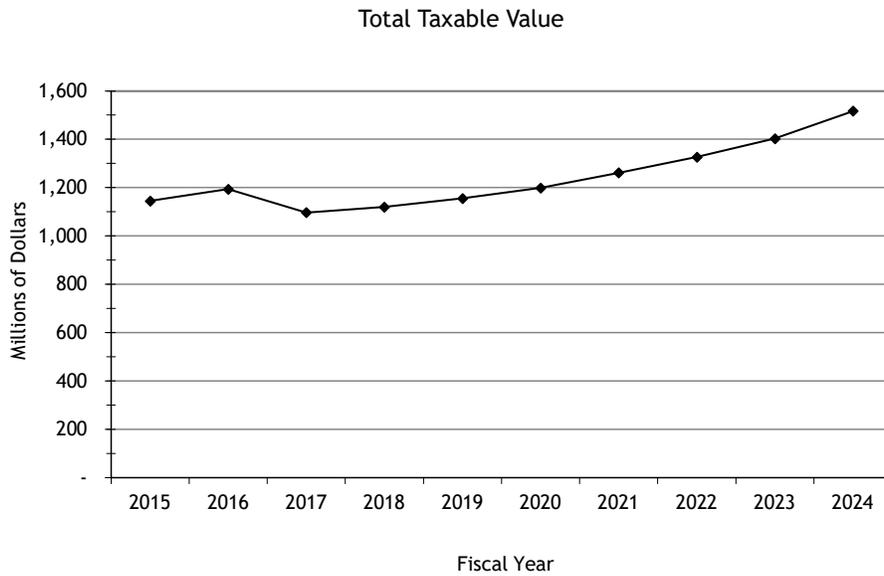
Fiscal Year					
2020	2019	2018	2017	2016	2015
\$ 16,093,740	\$ 15,531,723	\$ 14,954,459	\$ 15,837,255	\$ 16,862,893	\$ 15,694,176
889,170	894,603	831,764	1,287,641	773,449	747,753
926,208	925,333	1,098,803	783,080	535,824	694,822
14,045,247	13,965,370	9,545,504	11,622,410	8,134,798	8,019,895
1,772,602	1,919,340	2,043,156	1,928,243	1,830,609	1,774,682
572,900	634,373	595,113	622,228	628,994	640,851
1,089,847	4,264,039	778,204	1,003,182	2,279,761	658,219
1,073,492	945,128	662,260	901,379	994,305	945,998
550,515	1,598,149	336,114	391,202	309,061	297,550
<u>37,013,721</u>	<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>
4,283,418	4,760,291	4,160,209	4,032,687	3,805,834	3,814,393
12,683,646	12,024,646	11,882,548	11,857,849	11,936,561	11,819,699
6,282,476	6,281,719	6,675,323	4,727,422	4,337,160	4,400,212
885,730	920,254	824,813	717,689	961,655	899,556
3,581,567	3,965,929	3,773,181	4,971,220	5,111,051	5,053,039
897,675	86,894	19,970,496	87,808	11,115,067	92,809
4,761,266	5,473,115	3,826,237	3,884,269	2,445,000	2,389,000
1,822,499	1,705,838	1,401,951	721,854	696,684	779,254
-	322,001	-	198,843	-	-
<u>6,570,878</u>	<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>41,769,155</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>(4,755,434)</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>
-	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
12,739,441	11,920,999	14,283,879	13,226,579	19,322,548	11,671,851
<u>(5,983,749)</u>	<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>6,755,692</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>\$ 2,000,258</u>	<u>\$ 58,576</u>	<u>\$ (10,634,224)</u>	<u>\$ 11,130,132</u>	<u>\$ 467,480</u>	<u>\$ 4,164</u>
18.8%	20.2%	10.0%	15.2%	7.4%	10.4%

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
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
2024	857,125,736	422,706,289	264,037,903	11,350,140	38,057,714	1,517,162,354	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
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
2024	9.1562	3.0150	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 2024, 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:

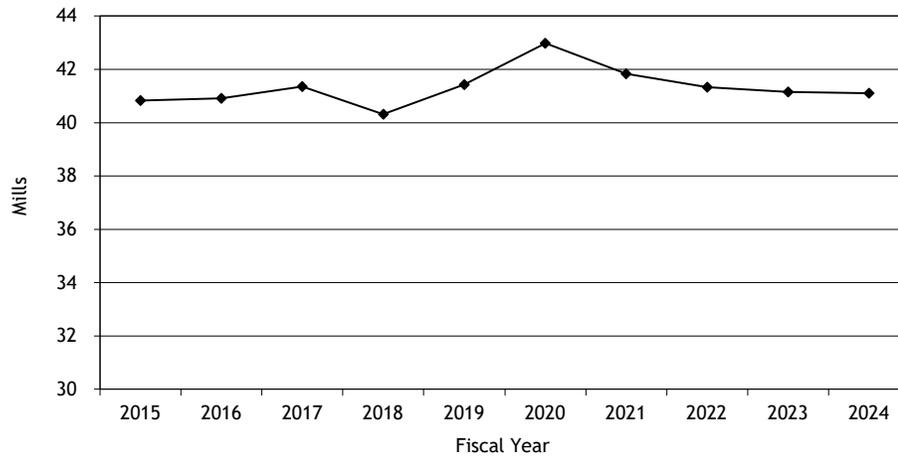
The City of Holland is located in both Ottawa and Allegan County and Holland, Hamilton and Zeeland School District. The county and school tax paid by property owners depends on the location of their property. Approximately 80% of the City of Holland is located in Ottawa County and 20% in Allegan County.

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	1.7100	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
6.1546	1.9705	5.3984	6.9630	5.9119	23.9119	4.3500	22.3500	8.9302	26.9302

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

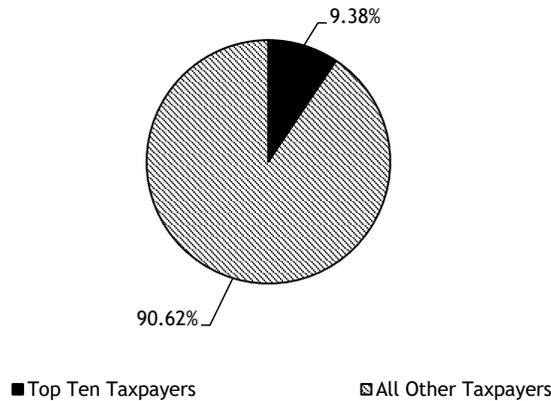
For the Current Fiscal Year and Nine Years Ago

Taxpayer	2024			2015		
	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	\$ 36,040,786	1	2.42 %	-----		---- %
Haworth, Inc	20,716,359	2	1.39	\$ 24,372,835	1	2.42
Lumir LLC	13,832,794	3	0.93	14,016,014	6	1.39
Holland Waverly LLC	13,294,123	4	0.89	-----		----
Hudsonville Creamery & Ice Cream	11,479,596	5	0.77	-----		----
Dutch Developers III LLC	10,846,607	6	0.73	-----		----
Shoreline Flats LLC	9,706,818	7	0.65	-----		----
Hotel Holdings Holland DTW LLC	8,165,290	8	0.55	-----		----
Holland Southview LLC	7,973,466	9	0.53	-----		----
3303 John F Donnally Dr. LLC	7,783,510	10	0.52	-----		----
JCIM US LLC	-----		----	20,398,551	2	2.02
Johnson Controls Interiors	-----		----	17,205,764	3	1.71
Johnson Controls, Inc	-----		----	15,377,500	4	1.53
American Retirement Corp.	-----		----	15,087,544	5	1.50
H J Heinz Co LP	-----		----	7,560,395	7	0.75
American Bottling/Brooks Bev	-----		----	6,561,700	8	0.65
Challenge Mfg Company	-----		----	6,064,510	9	0.60
Semco Energy	-----		----	5,734,700	10	0.57
	<u>\$139,839,349</u>		<u>9.38 %</u>	<u>\$132,379,513</u>		<u>13.14 %</u>

Source: City of Holland Assessor's Office

2024 Total Taxable Value is \$1,517,162,354, which includes IFT's at equivalency valuation.

Concentration of 2024 Taxpayers



Property Tax Levies and Collections
For the Last Ten Fiscal Years

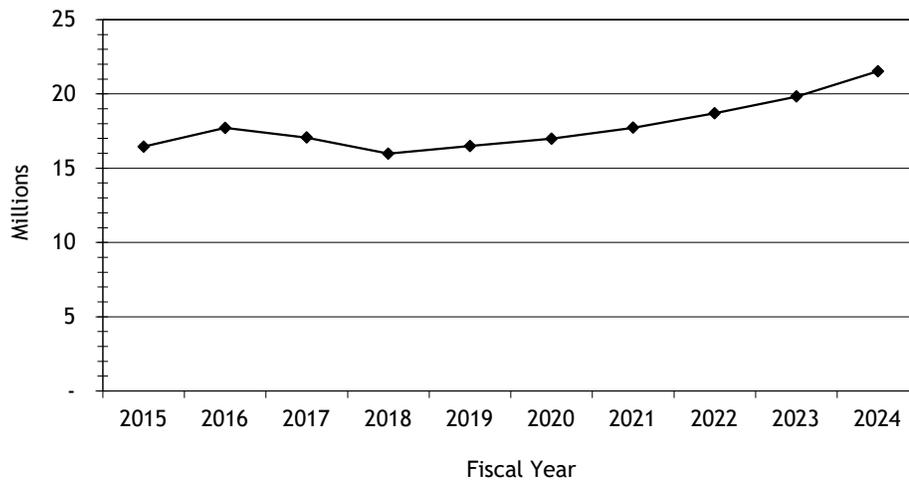
Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year*	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2015	\$ 16,493,211	\$ 16,446,521	99.72 %	\$ 4,315	\$ 16,450,836	99.74 %
2016	17,714,681	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	265	19,821,923	99.97
2024	21,540,364	21,520,573	99.91	-	21,520,573	99.91

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

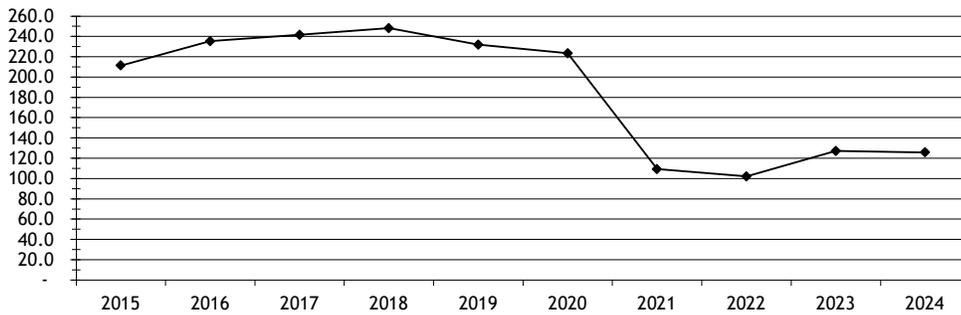
Fiscal Year	Governmental Activities							Total Governmental Activities
	Building Authority Bonds	General Obligation Bonds	Special Assessment Bonds	Capital Improvement Bonds	Pension Obligation Bonds	Notes Payable	Lease & Subscription Liabilities	
2015	\$ 12,060,000	\$ -	\$ 60,000	\$ 7,049,168	\$ -	\$ -	\$ -	\$ 19,169,168
2016	10,340,000	-	50,000	6,285,421	10,910,000	3,000,000	-	30,585,421
2017	8,525,000	-	-	19,129,116	9,917,190	2,728,541	-	40,299,847
2018	150,000	-	-	24,879,872	28,803,470	2,451,024	-	56,284,366
2019	-	-	-	28,535,448	27,144,476	2,336,903	-	58,016,827
2020	-	-	-	25,735,494	25,455,844	2,029,269	-	53,220,607
2021	-	-	-	23,210,540	23,723,210	1,715,098	-	48,648,848
2022	-	-	-	20,600,410	21,947,210	1,394,406	-	43,942,026
2023	-	-	-	37,510,064	20,120,662	1,067,048	171,220	58,868,994
2024	-	18,548,613	-	35,868,195	18,241,385	653,378	123,764	73,435,335

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						Total Primary Government	Percentage of Personal Income**	Per Capita**
Water Bonds	Wastewater Bonds	Electric Bonds	Pension Obligation Bonds	Installment Sales Agreement	Total Business-type Activities			
\$ 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	3,002
20,269,481	22,861,749	-	3,133,615	6,117,500	52,382,345	125,817,680	12.91	3,643

PRIMARY GOVERNMENT DEBT



Ratios of Net General Bonded Debt Outstanding
For the Last Ten Fiscal Years

Fiscal Year	Building Authority Bonds	General Obligation Bonds	Capital Improvement Bonds	Pension Obligation Bonds	Total	Less: Amounts Restricted to Repaying Principal	Net Bonded Debt Outstanding	Percentage of Actual Taxable Value* of Property	Per Capita**
2015	\$ 12,060,000	\$ -	\$ 7,049,168	\$ -	\$ 17,340,421	\$ -	\$ 17,340,421	1.67	\$ 568
2016	10,340,000	-	6,285,421	25,000,000	41,625,421	-	41,625,421	3.80	1,234
2017	8,525,000	-	19,129,116	22,725,001	50,379,117	-	50,379,117	5.84	1,502
2018	150,000	-	24,879,872	40,315,001	65,344,873	90,015	65,254,858	5.84	1,958
2019	-	-	28,535,448	37,340,001	65,875,449	529,123	65,346,326	5.70	1,977
2020	-	-	25,735,494	34,310,001	60,045,495	593,900	59,451,595	5.01	1,808
2021	-	-	23,210,540	31,205,000	54,415,540	924,747	53,490,793	4.31	1,583
2022	-	-	20,600,410	28,020,001	48,620,411	502,095	48,118,316	3.67	1,429
2023	-	-	37,510,064	24,745,000	62,255,064	1,088,579	61,166,485	4.44	1,831
2024	-	18,548,613	35,868,195	21,375,000	75,791,808	271,945	75,519,863	5.00	2,194

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.

Direct and Overlapping Governmental Activities Debt

As of June 30, 2024

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable*	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Ottawa Area Intermediate School District	\$ 25,956,853	8.11%	\$ 2,105,101
Hamilton School District	43,016,755	15.15%	6,517,038
Holland School District	105,412,500	74.22%	78,237,158
Zeeland School District	120,521,623	0.00%	-
Allegan County	28,137,418	5.07%	1,426,567
Ottawa County	167,133,690	6.54%	10,930,543
Holland Area Community Swimming Pool Authority	21,238,264	74.22%	<u>15,763,040</u>
Subtotal, overlapping debt			112,874,346
City direct debt			<u>73,435,335</u>
Total direct and overlapping debt			<u><u>\$ 186,309,681</u></u>

Sources: Assessed value data used to estimate applicable percentages provided by the 2023 Allegan and 2023 Ottawa Equalization Reports. Debt outstanding data provided by each governmental unit.

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

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

CITY OF HOLLAND, MICHIGAN

Legal Debt Margin Information

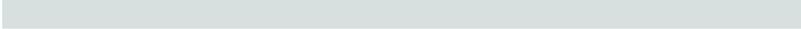
For the Last Ten Fiscal Years

Legal Debt Margin Calculation for Fiscal Year 2024

Assessed value	\$ 1,517,162,354
Debt limit (10% of assessed value)	151,716,235
Debt applicable to limit:	
Building authority bonds	-
Capital improvement bonds	35,868,195
Pension obligation bonds	21,375,000
Notes payable	653,378
Less: Amount set aside for repayment of debt	<u>(271,945)</u>
Total net debt applicable to limit	<u>57,624,628</u>
Legal debt margin	<u>\$ 94,091,607</u>

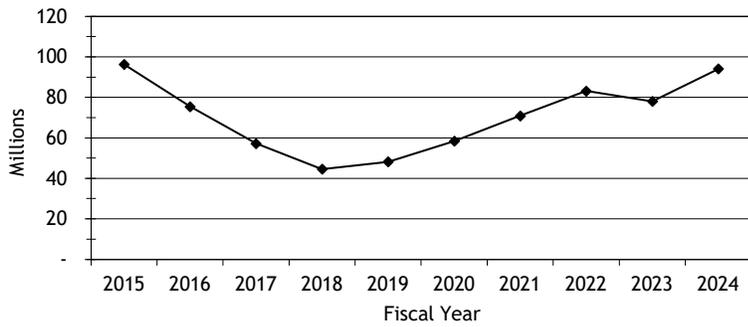
	Fiscal Year				
	2024	2023	2022	2021	2020
Debt Limit	\$ 151,716,235	\$ 140,249,996	\$ 132,656,169	\$ 126,125,190	\$ 119,846,845
Total net debt applicable to limit	<u>57,624,628</u>	<u>62,233,533</u>	<u>49,512,722</u>	<u>55,205,891</u>	<u>61,480,864</u>
Legal debt margin	<u>\$ 94,091,607</u>	<u>\$ 78,016,463</u>	<u>\$ 83,143,447</u>	<u>\$ 70,919,299</u>	<u>\$ 58,365,981</u>
Total net debt applicable to the limit as a percentage of debt limit	61.24%	79.77%	59.55%	77.84%	105.34%

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



Fiscal Year				
2019	2018	2017	2016	2015
\$ 115,521,045	\$ 111,958,873	\$ 109,643,622	\$ 119,348,148	\$ 114,436,011
67,328,868	67,356,232	52,424,216	43,938,017	18,046,699
<u>\$ 48,192,177</u>	<u>\$ 44,602,641</u>	<u>\$ 57,219,406</u>	<u>\$ 75,410,131</u>	<u>\$ 96,389,312</u>
139.71%	151.01%	91.62%	58.27%	18.72%

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	
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
2024	14,007,722	7,548,845	6,458,877	1,545,000	657,713	2.93

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 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	
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)
2024	106,999,062	66,788,535	40,210,527	12,760,000	32,858	3.14

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	
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
2024	13,980,597	9,230,224	4,750,373	1,452,500	421,012	2.54

Pledged-Revenue Coverage
For the Last Ten Fiscal Years

Fiscal Year	Special Assessment Bonds				Coverage
	Special Assessment Collections	Debt Service			
		Principal	Interest		
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	-	-	-	
2024	404,913	-	-	-	

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)
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%
2023	34,540	1,154,845	33,435	3.8%

Sources:

(1) United States Census Bureau

(2) United States Census Bureau

(3) Michigan Department of Technology, Management and Budget

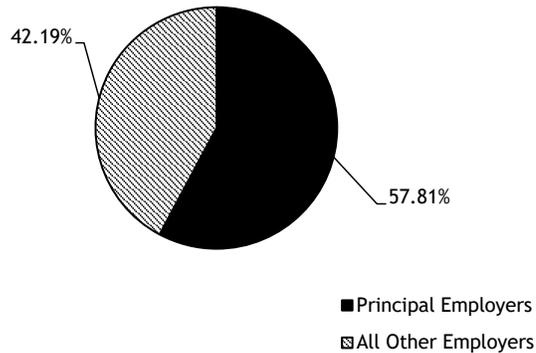
Principal Employers

Current Year and Nine Years Ago

Employer	2024			2015		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Haworth Inc	2,935	1	16.91 %	1,731	3	10.17 %
Holland Community Hospital	2,060	2	11.87	1,788	2	10.50
LG Chem Michigan Inc	1,149	3	6.62	-	-	-
Hope College	927	4	5.34	542	6	3.18
Challenge Mfg Company	862	5	4.97	845	4	4.96
Tiara Yachts	695	6	4.00	-	-	-
Holland Public Schools	622	7	3.58	523	7	3.07
City of Holland / HBPW	399	8	2.30	385	9	2.26
Benteler Aluminum Systems	385	9	-	378	10	2.22
Herman Miller	368	10	2.22	416	8	2.44
Johnson Controls Interiors	-		-	1,943	1	11.41
Dialog Direct	-		-	626	5	3.68
	<u>10,402</u>		<u>57.81 %</u>	<u>9,177</u>		<u>53.89 %</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				
	2024	2023	2022	2021	2020
General government					
Management services	2.75	2.75	2.75	2.75	3.75
Fiscal services	12.90	12.90	11.90	11.90	12.15
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	0.30	0.15	0.15	1.15
Cemetery	6.12	3.46	3.75	3.75	3.25
Planning	2.55	3.05	2.45	2.45	2.95
Technology	7.30	6.30	6.30	6.30	6.30
Public safety					
Police	65.30	65.30	65.15	64.15	63.00
Fire	25.20	25.20	22.10	22.10	22.00
Environmental health & inspections	14.48	13.15	12.65	13.15	12.95
Public works					
Streets	16.67	16.67	16.66	16.66	16.66
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	10.02	9.01	9.01	7.01
Welfare and social services					
Ourstreet / Human relations	1.50	1.75	1.75	1.75	1.75
Economic development assistance	1.92	1.60	1.60	1.10	0.10
Downtown development	2.84	2.84	2.57	2.17	2.57
Parks and recreation					
Recreation	8.44	8.28	5.76	6.16	6.16
Parks	13.61	14.43	13.50	14.50	11.60
Civic Center	0.35	0.35	0.20	0.20	1.20
Board of Public Works Utilities	<u>192.00</u>	<u>180.00</u>	<u>177.00</u>	<u>176.00</u>	<u>173.00</u>
Total	<u><u>392.20</u></u>	<u><u>383.30</u></u>	<u><u>370.20</u></u>	<u><u>369.20</u></u>	<u><u>362.50</u></u>

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

Full-time Equivalent Employees as of June 30				
2019	2018	2017	2016	2015
3.65	2.65	2.35	3.35	2.60
12.90	11.90	11.90	12.90	12.95
2.00	2.00	2.00	2.00	2.00
2.60	2.60	1.60	1.60	1.60
0.10	0.10	0.60	0.60	1.00
2.85	2.85	2.35	2.35	2.85
1.70	1.60	1.60	1.40	1.90
6.50	6.50	6.80	5.80	4.00
63.00	63.00	62.00	65.00	65.00
22.00	21.50	21.00	21.00	21.00
12.45	11.65	10.65	9.65	8.90
16.65	16.65	16.65	15.65	15.65
3.35	3.35	3.35	3.35	2.35
0.00	0.00	0.00	0.00	0.00
7.00	7.00	7.00	7.00	7.00
3.00	2.90	3.95	2.90	1.95
0.10	0.10	0.10	0.10	0.85
2.15	2.15	3.15	3.15	3.30
4.95	5.95	4.50	4.00	4.00
14.00	14.00	14.00	13.50	11.85
1.00	0.00	1.45	1.45	1.45
<u>175.50</u>	<u>176.00</u>	<u>175.00</u>	<u>178.00</u>	<u>171.00</u>
<u>363.45</u>	<u>359.45</u>	<u>356.00</u>	<u>358.75</u>	<u>347.20</u>

CITY OF HOLLAND, MICHIGAN

Operating Indicators by Function

For the Last Ten Fiscal Years

Function	Fiscal Year				
	2024	2023	2022	2021	2020
Cemetery					
Burials	227	273	301	256	245
Police					
Physical arrests	827	761	842	706	962
Parking violations	2,983	2,260	3,488	2,696	2,912
Traffic violations	2,246	2,471	2,342	2,279	3,437
Fire					
Emergency responses	4,121	4,062	4,065	3,913	3,829
Fires	88	82	70	78	80
Medical Emergencies	2,594	2,701	2,590	2,537	2,422
Inspections	400	331	251	299	210
Public works					
Street resurfacing (miles)	2.2	7.9	5.9	7.2	8.8
Working in the ROW permits	283	235	285	315	280
Community & neighborhood services					
Number of construction permits:					
Industrial & commercial	153	153	117	110	109
Residential	598	760	642	603	442
Institutional & municipal	29	27	24	19	21
Value of construction permits (millions of dollars)					
Industrial & commercial	210.94	386.58	131.81	83.06	35.90
Residential	49.42	127.25	30.94	18.40	33.90
Institutional & municipal	58.91	20.80	13.66	25.30	5.06
Parks and recreation					
Program participants	11,624	11,062	10,719	19,622	11,188
Pool attendance	11,984	9,995	12,246	9,965	10,661
Water					
Service connections	11,836	11,185	11,181	11,134	13,439
Average daily consumption (thousands of gallons)	14,971	15,000	14,730	13,220	13,578
Wastewater					
Service connections	10,863	11,811	11,793	9,701	11,320
Average daily consumption (thousands of gallons)	4,852	8,861	5,020	4,370	5,548

Source: Various city departments

Fiscal Year				
2019	2018	2017	2016	2015
223	189	234	270	222
1,073	1,093	1,333	1,498	1,901
4,066	2,909	4,161	4,010	3,783
2,636	2,600	3,034	3,209	4,373
3,733	3,863	3,083	3,457	3,268
81	85	83	105	91
2,117	2,414	1,965	2,238	2,160
213	130	113	224	263
7.9	8.8	6.9	7.0	4.6
282	363	350	323	340
95	120	96	69	99
514	587	427	499	530
21	20	21	20	16
42.50	48.01	37.70	12.10	36.27
13.07	18.18	24.90	15.00	28.23
21.39	37.02	15.10	23.70	8.85
20,054	22,938	22,931	22,285	21,427
12,860	11,662	13,338	17,500	11,700
13,675	13,660	13,600	13,500	13,405
12,287	13,802	13,073	13,332	11,200
12,584	12,575	12,524	12,400	12,335
7,312	7,895	8,036	9,683	9,025

CITY OF HOLLAND, MICHIGAN

Capital Asset Statistics by Function

For the Last Ten Fiscal Years

Function	Fiscal Year				
	2024	2023	2022	2021	2020
General Government					
Cemeteries	2	2	2	2	2
Police					
Stations	1	1	1	1	1
Patrol Units	21	21	21	21	21
Fire Stations					
	3	3	3	3	3
Public works					
Streets (miles)	149	149	149	149	149
Streetlights	2,550	2,548	2,554	2,554	2,496
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	200	198	252
Fire hydrants	1,893	1,884	1,884	1,783	2,441
Maximum daily capacity of plant (thousands of gallons)	38,500	38,500	38,500	38,500	38,500
Wastewater					
Sanitary sewers (miles)	192.00	190.00	190.00	190.00	186.61
Storm sewers (miles)	148.0	148.0	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				
2019	2018	2017	2016	2015
2	2	2	2	2
1	1	1	1	1
20	20	19	19	19
3	3	3	3	3
149	149	149	149	149
2,561	2,535	2,535	2,615	2,598
404	404	403	403	403
23	23	22	22	22
10	10	10	10	10
11	11	11	11	11
1	1	1	1	1
11	11	11	14	14
10	10	10	-	-
1	1	1	1	1
1	1	1	1	1
1	1	1	1	1
252	250	249	252	248
2,400	2,400	2,395	2,395	2,363
38,500	38,500	38,500	38,500	38,500
185.73	184.30	183.55	185.00	183.00
152.0	152.0	152.0	152.0	151.5
14,400	14,400	14,400	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,				
	2024	2023	2022	2021	2020
Essential services expense ⁽¹⁾					
Police	\$ 10,603,671	\$ 10,268,919	\$ 9,402,016	\$ 8,737,677	\$ 8,237,305
Fire	3,738,243	3,640,298	3,298,538	3,124,731	2,903,294
Change in government-wide liabilities attributed to the police and fire functions:					
Net other postemployment benefits obligation	-	-	-	-	-
Total other postemployment benefits liability ⁽²⁾	143,572	81,606	2,067	90,728	47,271
Total essential services expense	<u>\$ 14,485,486</u>	<u>\$ 13,990,823</u>	<u>\$ 12,702,621</u>	<u>\$ 11,953,136</u>	<u>\$ 11,187,870</u>
General fund operating property tax revenue	<u>\$ 13,688,984</u>	<u>\$ 12,175,338</u>	<u>\$ 11,406,455</u>	<u>\$ 10,327,698</u>	<u>\$ 9,744,264</u>
Percentage utilized for essential services	105.8%	114.9%	111.4%	115.7%	114.8%

⁽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,

2019	2018	2017	2016	2015
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\$ 7,864,300	\$ 7,751,264	\$ 7,695,093	\$ 7,754,936	\$ 7,835,153
2,751,424	2,808,343	2,820,802	2,845,200	2,698,560

-	-	94,145	36,673	136,431
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<u>79,601</u>	<u>45,923</u>	<u>-</u>	<u>-</u>	<u>-</u>
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<u>\$ 10,695,325</u>	<u>\$ 10,605,530</u>	<u>\$ 10,610,040</u>	<u>\$ 10,636,809</u>	<u>\$ 10,670,144</u>
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<u>\$ 8,940,407</u>	<u>\$ 8,367,823</u>	<u>\$ 9,036,247</u>	<u>\$ 10,913,743</u>	<u>\$ 10,131,445</u>
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119.6%	126.7%	117.4%	97.5%	105.3%
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