



**Holland**  
MICHIGAN



# Comprehensive Annual Financial Report

For Fiscal Year End  
June 30, 2020

## **INTRODUCTORY SECTION**

This page intentionally left blank.

# **CITY OF HOLLAND**

## **HOLLAND, MICHIGAN**

### **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2020**

Prepared by:

Finance Office

Lynn McCammon

Finance Director

# CITY OF HOLLAND, MICHIGAN

## Table of Contents

	<u>Page</u>
<b>INTRODUCTORY SECTION</b>	<b>1</b>
Title Page	3
Table of Contents	4
Elected Officers	8
Letter of Transmittal	9
GFOA Certificate of Achievement for Excellence in Financial Reporting	23
Organizational Chart	24
<b>FINANCIAL SECTION</b>	<b>25</b>
<b>Independent Auditors' Report</b>	<b>27</b>
<b>Management's Discussion and Analysis</b>	<b>31</b>
<b>Basic Financial Statements</b>	
Government-wide Financial Statements:	
Statement of Net Position	44
Statement of Activities	45
Fund Financial Statements:	
Balance Sheet – Governmental Funds	48
Reconciliation of Fund Balances for Governmental Funds to Net Position of Governmental Activities	49
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	50
Reconciliation of Net Changes in Fund Balances of Governmental Funds to Change in Net Position of Governmental Activities	51
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual - General Fund	52
Statement of Net Position – Proprietary Funds	54
Statement of Revenues, Expenses and Change in Fund Net Position – Proprietary Funds	58
Statement of Cash Flows – Proprietary Funds	60
Statement of Fiduciary Assets and Liabilities - Agency Funds	64
Combining Statement of Net Position - Discretely Presented Component Units	65
Combining Statement of Activities - Discretely Presented Component Units	66
Notes to Financial Statements	67
<b>Required Supplementary Information</b>	<b>115</b>
MERS Agent Multiple-Employer Defined Benefit Pension Plan:	
Schedule of Changes in the City's Net Pension Liability and Related Ratios	116
Schedule of Contributions	119
Other Postemployment Benefits Plan:	
Schedule of Changes in the City's Total OPEB Liability and Related Ratios	120

# CITY OF HOLLAND, MICHIGAN

## Table of Contents

	<u>Page</u>
<b>Combining and Individual Fund Financial Statements and Schedules</b>	121
General Fund - By Activity:	
Combining Balance Sheet	124
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	125
Detailed Schedule of Revenues - Budget and Actual	126
Detailed Schedule of Expenditures - Budget and Actual	127
Detailed Schedule of Transfers - Budget and Actual	129
Nonmajor Governmental Funds:	
Combining Balance Sheet	142
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	148
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual:	
Major Street Fund	154
Local Street Fund	155
Allegan County Road Tax Fund	156
Ottawa County Road Tax Fund	157
Street Improvements Reserve Fund	158
Public Parking System Fund	159
Snowmelt Operating System Fund	160
Principal Shopping District Fund	161
CATV (Public Access Channels) Fund	162
Revolving Cash Assistance Fund	163
Specified Donations Fund	164
Dangerous Structures Fund	165
Police Criminal Justice Training Fund	166
Anti-Drug Abuse Grant Fund	167
Office of Highway Safety Planning (OHSP) Grant Fund	168
Law Enforcement Block Grant Fund	169
Homeland Security Grant Fund	170
District Library Taxation Fund	171
Community Development Block Grant Fund	172
Clean Energy Program Fund	173
Eat Healthy For Life - EBT Program Fund	174
Holland Energy Fund	175
Cemetery Perpetual Care Fund	176
Nonmajor Enterprise Funds:	
Combining Statement of Net Position	182
Combining Statement of Revenues, Expenses and Change in Fund Net Position	184
Combining Statement of Cash Flows	186
Internal Service Funds:	
Combining Statement of Net Position	196
Combining Statement of Revenues, Expenses and Change in Fund Net Position	198
Combining Statement of Cash Flows	200

# CITY OF HOLLAND, MICHIGAN

## Table of Contents

	<u>Page</u>
Agency Funds:	
Combining Statement of Fiduciary Assets and Liabilities	206
Combining Statement of Changes in Fiduciary Assets and Liabilities	208
Component Units:	
Downtown Development Authority:	
Balance Sheet	214
Reconciliation of Fund Balance for the Governmental Fund to Net Position of Component Unit	215
Statement of Revenues, Expenditures and Changes in Fund Balance	216
Reconciliation of Net Changes in Fund Balance of the Governmental Fund to Change in Net Position of Component Unit	217
Brownfield Redevelopment Authority:	
Balance Sheet	218
Statement of Revenues, Expenditures and Changes in Fund Balance	219
SmartZone:	
Balance Sheet	220
Statement of Revenues, Expenditures and Changes in Fund Balance	221
<b>Other Information (Unaudited)</b>	<b>223</b>
Other Postemployment Benefits Plan:	
Schedule of Contributions	224
Essential Services Resource Trend	225
<b>STATISTICAL SECTION (UNAUDITED)</b>	<b>227</b>
<b>Statistical Section Table of Contents</b>	<b>229</b>
<b>Financial Trends Information</b>	
Net Position by Component	230
Changes in Net Position	232
Fund Balances, Governmental Funds	236
Changes in Fund Balances, Governmental Funds	238
<b>Revenue Capacity Information</b>	
Actual Value of Taxable Property	240
Direct and Overlapping Property Tax Rates	242
Principal Property Taxpayers	244
Property Tax Levies and Collections	245
<b>Debt Capacity Information</b>	
Ratios of Outstanding Debt by Type	246
Ratios of Net General Bonded Debt Outstanding	248
Direct and Overlapping Governmental Activities Debt	250
Legal Debt Margin Information	252
Pledged-Revenue Coverage	254

# CITY OF HOLLAND, MICHIGAN

## Table of Contents

	<u>Page</u>
<b>Demographic and Economic Information</b>	
Demographic and Economic Statistics	258
Principal Employers	259
<b>Operating Information</b>	
Full-Time Equivalent City Government Employees by Function	260
Operating Indicators by Function	262
Capital Asset Statistics by Function	264
<b>Internal Control and Compliance</b>	
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	269



# CITY OF HOLLAND, MICHIGAN

## ELECTED OFFICERS

As of December 8, 2020

### CITY COUNCIL

Nathan Bocks  
**Mayor**

Myron Trethewey  
**Ward 1**  
Raul Garcia  
**Ward 3**  
Scott Corbin  
**Ward 5**  
Quincy Byrd  
**At-Large**

Jay Peters  
**Ward 2**  
Nicki Arendshorst  
**Ward 4**  
David Hoekstra  
**Ward 6**  
Lyn Raymond  
**At-Large**

### STAFF APPOINTED BY THE CITY COUNCIL

Keith Van Beek  
**City Manager**

### STAFF APPOINTED BY THE CITY MANAGER, SUBJECT TO COUNCIL APPROVAL

Ronald Vander Veen (Cunningham Dalman, P.C.)  
**City Attorney**  
James Bush  
**City Assessor**

Lynn McCammon  
**City Treasurer**  
Kathy Grimm  
**City Clerk**

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

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

Matt Messer  
**Director of Public Safety**  
Andy Kenyon  
**Director of Parks & Recreation**  
Jennifer Orme  
**Director of Human Resources**

### STAFF OFFICIALS APPOINTED BY BOARDS OR COMMISSIONS

Dave Koster  
**Board of Public Works (Utilities)**  
**General Manager**

Charles Warren  
**Board of Public Works (Utilities)**  
**Finance Director**

City of Holland  
Finance Office - City Hall  
270 River Avenue  
Holland, Michigan 49423

TELEPHONE (616) 355-1370    FAX (616) 355-1470

December 8, 2020

**TO CITY OF HOLLAND CITIZENS AND OTHER INTERESTED PERSONS:**

The *Comprehensive Annual Financial Report (CAFR)* of the City of Holland, Michigan, for the fiscal year ended June 30, 2020, is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with City management. To the best of our knowledge and belief, the data as presented is complete and accurate in all material respects and reported in accordance with Generally Accepted Accounting Principles (GAAP) in the United States of America. All disclosures considered necessary to enable the reader to gain an understanding of the City's financial activities are included. Internal control procedures and policies are in place for proper recording of financial transactions and asset accountability. Management assumes full responsibility for the completeness and reliability of the information contained in this report. 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.

This report is prepared in accordance with Section 9.11 of the City Charter which requires that an independent audit shall be performed at least annually. The top levels of City management have indicated that integrity and legal compliance are a top priority for this organization.

Best use of this report should include a review of the Management's Discussion and Analysis (MD&A) which can be found in the Financial Section. Readers will also find many summarized and informative presentations in the Statistical Section which includes tables that reflect economic and financial data and trends, together with the current fiscal capacity of the City.

**PROFILE OF THE GOVERNMENT**

The City of Holland is located in the western portion of the state, five miles from Lake Michigan and approximately 90 miles north of the Michigan-Indiana border. The corporate boundaries of the City lie within portions of Ottawa County and Allegan County. The City encompasses 17.50 square miles of land area, and has an estimated 2019 population of 33,216.

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

PROFILE OF THE GOVERNMENT

(Continued from Previous Page)

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

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

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

The City employment staff includes 363 full-time positions, and 90 part-time positions at Full-Time Equivalency. The full-time workforce is composed of a base of non-union plus three organized labor bargaining units as follows:

Employee Group	Affiliation	Members
Utility Workers	Utility Workers Union of America AFL-CIO, Local 610	71
Police Officers	Fraternal Order of Police, Holland Police Officers Division	53
Firefighters	International Association of Firefighters, Local 759	15
Non-Union	None	<u>224</u>
Total		363

The City of Holland property millage rate 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 (reviewed and rated 2018)	Aa2
Standard & Poor’s (reviewed and rated 2018)	AA

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 one component unit, the *Holland Energy Fund*, that requires blended reporting. The five component units that require discrete reporting presentation are the *Downtown Development Authority, Holland Historical Trust, Brownfield Redevelopment Authority, Economic Development Corporation (no activity in current year) and the Local Development Finance Authority*. The component units are further identified in Note 1 of the *Notes to Financial Statements*.

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

ECONOMIC CONDITIONS OF THE COMMUNITY

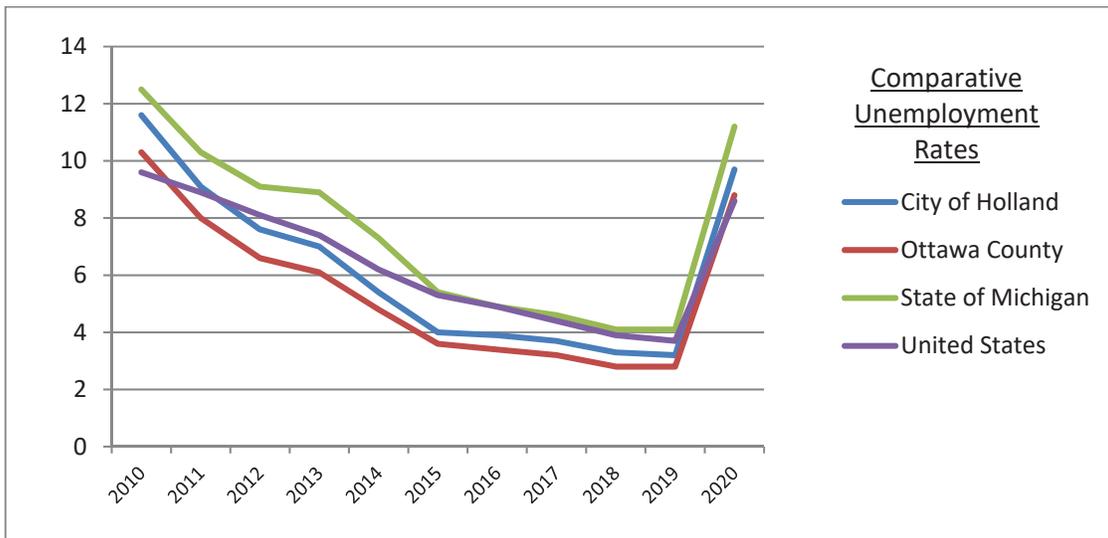
The City of Holland’s local economy remained healthy and stable for most of fiscal year 2020. The local tax base includes a well-diversified property tax base mix of residential (55.0%), commercial (27.3%), industrial (16.8%), and all other (0.9%). The industrial sector includes a diversification of manufacturing, including office systems and furniture, auto and truck parts, boats, aluminum extrusion, food manufacturing, wind energy components, lithium-ion batteries and several other small industrial firms.

The following table of comparative unemployment rates reflects local unemployment rates within the City, the two counties it is located in, as well as national and state trends. In early 2020 developments surrounding the COVID-19 pandemic began to unfold and in late March the state took unprecedented actions to combat the novel virus. The comparative unemployment rates presented below are reflective of the response to the ongoing crisis which resulted in non-essential businesses being shuttered, and temporary restrictions for many other business operations.

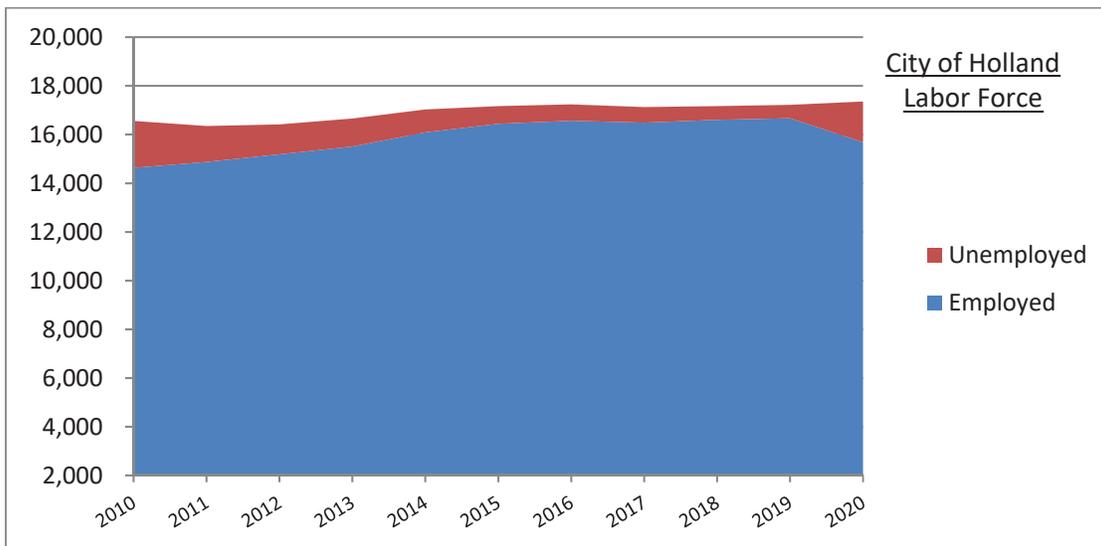
Comparative Unemployment Rates

<u>Annual Average</u>	<u>City of Holland</u>	<u>County of Ottawa</u>	<u>County of Allegan</u>	<u>State of Michigan</u>	<u>United States</u>
<u>2020 (Aug. 31)</u>	9.7	8.8	9.4	11.2	8.6
2019	3.2	2.8	3.1	4.1	3.7
2018	3.3	2.8	3.3	4.1	3.9
2017	3.7	3.2	3.7	4.6	4.4
2016	3.9	3.4	3.9	4.9	4.9
2015	4.0	3.6	4.2	5.4	5.3
2014	5.4	4.8	5.4	7.3	6.2
2013	7.0	6.1	6.7	8.9	7.4
2012	7.6	6.6	7.4	9.1	8.1
2011	9.1	8.0	8.7	10.3	8.9
2010	11.6	10.3	11.3	12.5	9.6

ECONOMIC CONDITIONS OF THE COMMUNITY



The unemployment figures should be reviewed in tandem with the following labor force figures:



City of Holland Labor Force

	<u>Employed</u>	<u>Unemployed</u>	<u>Labor Force / % Change</u>	
2020 (Aug. 31)	15,685	1,671	17,356	+0.81%
2019	16,672	545	17,217	+0.29%
2018	16,606	562	17,168	+0.25%
2017	16,485	640	17,125	-0.64%
2016	16,565	670	17,235	+0.40%
2015	16,441	725	17,166	+0.82%
2014	16,090	936	17,026	+2.20%
2013	15,507	1,152	16,659	+1.48%
2012	15,184	1,232	16,416	+0.41%
2011	14,871	1,477	16,348	-1.27%
2010	14,631	1,927	16,558	-8.18%

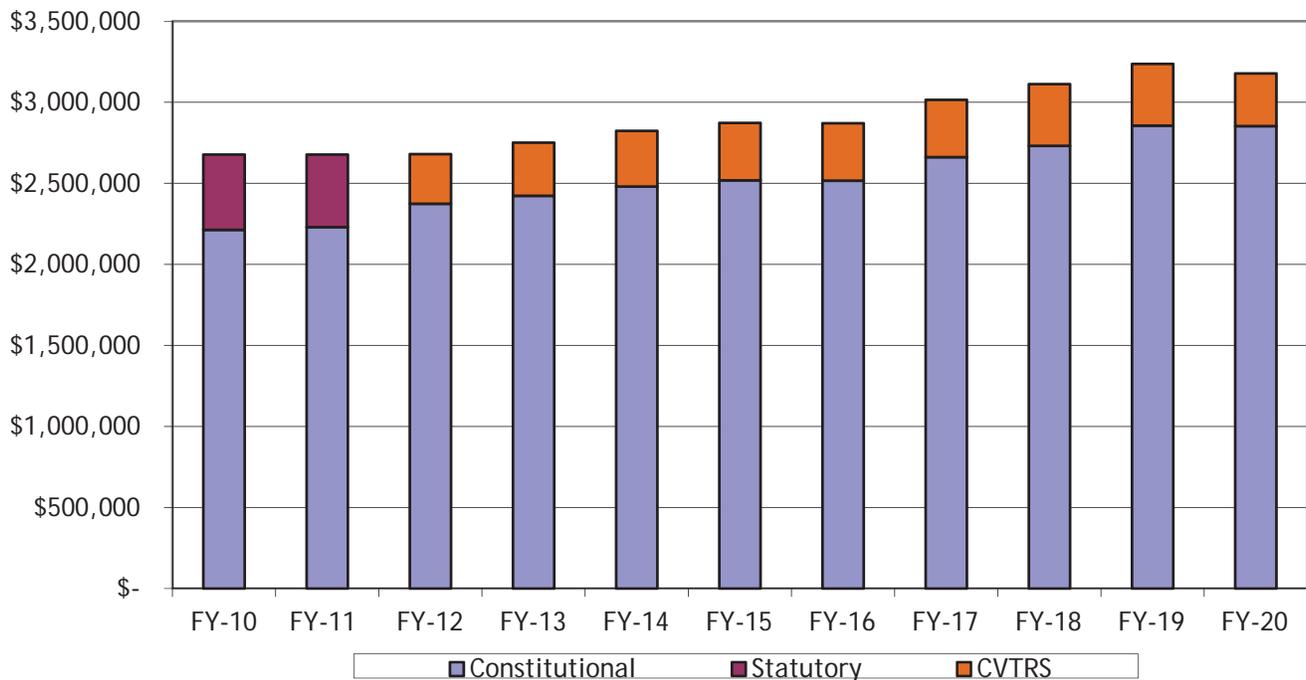
## ECONOMIC CONDITIONS OF THE COMMUNITY

(Continued from Previous Page)

The City of Holland has a diversity 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 economy continues to grow as 65% of the 220 companies polled planned to expand in the next 3 years. The financial impact of the COVID-19 pandemic is a top concern, along with decreasing consumer confidence. For three consecutive years, WalletHub.com ranked Holland first in “Best Small Cities for Starting a Business”.

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 the sales tax revenues. The statutory portion of the Revenue Sharing formula in sales tax distributions to local governments was eliminated in fiscal year 2012 and replaced with an incentive based program, now known as the City, Village, and Township Revenue Sharing (CVTRS), for which the City has met the requirements annually.

**CITY OF HOLLAND STATE REVENUE SHARING**



In 2012, several new public acts were passed eliminating the industrial Personal Property Tax (PPT) over a ten-year period, which previously raised more than \$1 billion a year for local governments and schools across the State and \$2.4 million for the City of Holland. The law included a provision for “full recovery” of any lost revenues, capping PPT revenues at 2013 levels. Since much of Holland’s growth in Taxable Value has historically come from growth in Personal Property Taxes, future growth in Taxable Values will be slower. Residential property values are increasing, providing a balance for PPT losses.

This change in the taxable status of industrial personal property has eliminated the need for all PA328’s and the personal property portion of PA198’s.

Based on 2020 PA198 applications processed by the City of Holland, 119 new jobs are anticipated to be created along with \$80.7 million of new related construction and machinery. For the 2020 tax period the City currently has 70 PA198 industrial facilities certificates active and 3 PA328’s active. In 2019, the City had 73 PA198 industrial facilities certificates and 4 PA328 certificates active.

ECONOMIC CONDITIONS OF THE COMMUNITY

(Continued from Previous Page)

The following table identifies the 2020 PA198 industrial tax abatements issued by the City. The value of the 2020 PA198 abatement roll is up \$400,000 from 2019.

**PA 198 Industrial Facilities Tax Abatements (IFT's) 2020**

<b>Company</b>	<b>Description of Services</b>	<b>Planned Investment</b>	<b>Projected Job Growth</b>
GHSP Inc.	Manufacturing	\$ 6,018,804	29
Hudsonville Creamery and Ice Cream	Ice Cream and Desserts	9,810,651	2
Hudsonville Creamery and Ice Cream	Ice Cream and Desserts	51,473,212	45
Koops Inc.	Factory Automation Systems	445,260	3
L.Perigo Company	Pharmaceutical & Self-Care Manufacturing	12,952,125	40
<b>Total PA 198 Investment for 2020</b>		<b>\$ 80,700,052</b>	<b>119</b>

Building permit construction values decreased overall by 2% from fiscal year 2019 (\$77 million) to fiscal year 2020 (\$75.5 million). Institutional and municipal permits totaled \$5.1 million for fiscal year 2020 (\$21 million for fiscal year 2019). The largest permit value in fiscal year 2020 was \$13.7 million for the Quarterline Flats Apartment Complex. Other large permits included Hudsonville Creamery and Ice Cream renovation and addition totaling \$8.1 million and Hope College Haworth Center renovations of \$6.1 million.

Neighborhood improvement projects continue to be a top priority of the Holland City Council and \$537,765 in local and grant funds were expended in homeowner and neighborhood improvements in fiscal year 2020. In 2020, Insurify named Holland as Michigan’s “Greenest City” for eco-friendly living and driving. According to real estate reports for the 3<sup>rd</sup> quarter of 2020, the median list price of homes in Holland was \$231,500, and the housing market remains strong.

The quality of life in the City of Holland is further enhanced by the presence of Hope College. Hope College’s centralized location, adjacent to Holland’s downtown area, contributes a wide range of activities, interaction and economic benefit to the community. Enrollment at Hope College for the 2020 Fall Term included 2,962 degree seeking students. Many Hope College graduates not originally from the area fall in love with West Michigan and locate here permanently, citing a good work-life balance. 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.

The annual Tulip Time Festival is an eight-day event held in May each year and draws tourists downtown and City-wide from across the nation. 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 Windmill Island Gardens, featuring a working Dutch windmill, open seasonally. The World Tulip Summit Society recognized Holland’s Tulip Time Festival as a “World Tulip Destination Worth Traveling For”.

ECONOMIC CONDITIONS OF THE COMMUNITY

(Continued from Previous Page)

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 approximately 5 miles, helps to keep the central business district vibrant and pedestrian friendly during the winter months. A downtown outdoor fireplace and fountain are popular with pedestrians. The canopied Farmers Market offers fresh local produce and other goods two to three times weekly from May through December. The Farmers Market also offers special programs such as a chef series, children's activities and cooking contests. The newly 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".

GOVERNMENTAL - TYPE FUNDS - FUND BALANCES

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

	FUND BALANCES		
	@ June 30, 2019	@ June 30, 2020	Increase (Decrease)
General Fund - General	\$ 3,709,769	\$ 3,747,205	\$37,436
Gen. Fund - Budget Stabilization	1,350,657	1,343,851	(6,806)
Special Revenue	4,074,600	5,097,442	1,022,842
Debt Service Funds	884,223	934,620	50,397
Capital Projects Funds	3,681,701	4,532,893	851,192
Permanent Trust Funds	1,827,111	1,872,308	45,197
Totals	\$ 15,528,061	\$17,528,319	\$2,000,258

Additional Comments Concerning Certain Fund Balances

- > The fiscal year 2020 *General Fund - Fund Balance* increased slightly to \$3,747,205 at June 30, 2020 with \$682,732 of the net change in fund balance transferred to the Municipal Capital Improvement Fund to fund projects.
- > The *General Fund - Budget Stabilization* portion ended the fiscal year with an *Unassigned Fund Balance* of \$1,343,851. All property tax appeals have been settled, and the budgeted amounts for tax settlement in the coming years appear to be minimal. Balances in this fund are more than adequate when combined with the General Fund, at 20.0% of the ensuing fiscal year 2020-21 General Fund budget.
- > The increase in *Fund Balance of the Special Revenue Funds* in fiscal year 2020 is due to reduced operating costs in the MVH Street Funds and Holland Energy Fund, along with a decrease in transfers from the Allegan County Road Tax Fund and Revolving Cash Assistance Fund for street capital projects.
- > The increase in the *Fund Balance* of the *Debt Service Funds* in fiscal year 2020 resulted from the reimbursement for Personal Property Tax (PPT) loss, allocated for future debt payments.
- > The fiscal year 2020 \$851,192 increase in the *Fund Balance* of the *Capital Projects Funds* resulted from decreased Municipal Project costs and increased funding from the General Fund.

**GOVERNMENTAL-TYPE FUNDS - CAPITAL PROJECTS**

Expenditures in the *Capital Projects Funds*, excluding interfund transfers, totaled \$6,522,783 for fiscal year 2020 as compared to \$16,783,036 for fiscal year 2019. More significant projects with expenditures exceeding \$50,000 during the fiscal year included:

I N F R A S T R U C T U R E   P R O J E C T S (Excluding Utility Fund Share)	
8 <sup>th</sup> Street Storm Sewer	\$ 157,626
Pine Avenue Storm Sewer	196,443
Railroad Crossing Improvements, 40 <sup>th</sup> St and Waverly Rd	405,264
19 <sup>th</sup> Street Reconstruction, Cleveland - Central Ave	748,668
Waverly Road Renovations, 16 <sup>th</sup> - 48 <sup>th</sup> Street	1,784,387
16 <sup>th</sup> Street Renovations, Lane Ave - Kollen Park	139,509
Portions of 20 <sup>th</sup> & 21 <sup>st</sup> Street Reconstruction	477,539
Street Resurfacing	909,234
M U N I C I P A L   C A P I T A L   P R O J E C T S	
City Hall Office Renovations	\$ 223,755
Lakeview Playground	115,794
Greenhouse	559,077
Repaving at the Transportation Services Building	180,584
Parking Lot Paving	112,300
Enhancements to 7 <sup>th</sup> Street Parking Deck Area	471,412

**GOVERNMENTAL-TYPE FUNDS**

**CAPITAL ASSETS - GOVERNMENTAL ACTIVITIES**

Depreciation of governmental activity capital assets is recognized under GASB 34. Inclusion of infrastructure and easements, along with related annual maintenance, brings the City into full compliance with GASB 34 regarding capital assets.

**I N T E R N A L   S E R V I C E S**

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 ahead 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, 2019</u>	<u>Working Capital June 30, 2020</u>
Technology Services	\$ 563,205	\$ 428,270
Equipment Services	3,181,398	1,831,045
Insurance Services	<u>4,655,617</u>	<u>5,626,696</u>
Totals	<u>\$ 8,400,220</u>	<u>\$ 7,886,011</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 \$100,000 per occurrence, which helps contain the premium cost for commercial insurance policy coverage. Additionally, the City uses a unique risk management arrangement referred to as an *All-Lines Aggregate Policy* program that provides for the annual accumulation of insurance claim payments across several unrelated types of coverage into an *"aggregate loss pool"*. This provides the City with a level of stop-loss protection that would not be available without the consolidation of losses. Workers Compensation is a commercial policy with no self-insured retention, and does not participate in the All-Lines Aggregate program. An independent asset appraisal firm provides appraisal updates of all capital assets for insurance coverage purposes. The Internal Service Funds section in the Supplementary Information tab of this report accounts for the various coverage types.

## EMPLOYEES' RETIREMENT PLAN

### MICHIGAN MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM - Defined Benefit Plan

The City participates in the *Michigan Municipal Employees' Retirement System (MERS)*, covering all full-time employees. The total employer-paid premium for fiscal year 2020 was \$2,253,603.

The most recent actuarial valuation, dated December 31, 2019, indicates that the City's valuation assets (stated at market value) provide 88.5% funding (employer portion only), based upon actuarial determined accrued liabilities of \$147,516,860, valuation assets of \$130,501,113, and unfunded accrued liabilities of \$17,015,747. The City's Defined Benefit Plan is closed to all new hires.

### MICHIGAN MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM - 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 fiscal year 2019-20 was \$1,237,906 and by employees was \$354,015.

### DEFERRED COMPENSATION

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 \$19,500. The plans are sponsored and administered by *International City Management Association (ICMA)*, *Mass Mutual Financial Group* and *Michigan Municipal Employees Retirement System (MERS)*. These plans have been placed in a trust, and do not appear on the financial statements.

## INVESTMENT EARNINGS

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

For the fiscal year, the annualized average interest rate earned in the pool was 2.592%, as compared to 2.642% for the previous fiscal year. If investments had not been valued at market, the annualized average interest rate would have been 1.930%. The overall fiscal year adjustment for market write-up for the pool was \$233,439. The overall ending market balance was \$303,944. The City typically buys and holds long term investments to maturity so fiscal year end market adjustments are not actually realized. The exhibit below also includes funds that do not participate in the pool.

Fund Type	INVESTMENTS EARNINGS			
	Fiscal Year		Year-to-Year Change	
	2018-2019	2019-2020	Amount	Percentage
General Fund	\$ 343,497	\$ 287,963	\$ (55,534)	(16.2%)
Permanent	71,668	2,529	(69,139)	(96.5%)
Special Revenue	159,234	414,160	254,926	160.1%
Debt Service	38,169	32,469	(5,700)	(14.9%)
Capital Projects	61,217	57,840	(3,377)	(5.5%)
Enterprise	3,373,732	3,861,700	487,968	14.5%
Internal Service	189,434	135,072	(54,362)	(28.7%)
Component Units	38,465	38,204	(261)	(0.7%)
<b>Total</b>	<b>\$ 4,275,416</b>	<b>\$ 4,829,937</b>	<b>\$ 554,521</b>	<b>13.0%</b>

## A W A R D S

In recent years the City of Holland has been the honored recipient of several awards.

<u>Award or Accreditation</u>	<u>Granting Agency</u>	<u>Department</u>
Smart Energy Provider (2019,2020)	American Public Power Association	Utility Services
Gold Certification - Michigan Green Communities Challenge (2019)	Michigan Municipal League Foundation	Leisure & Cultural Services
Best Community Celebration Special Award for Tulip Time (2019)	America in Bloom	Leisure & Cultural Services
Population Category (2011-2015, 2019)	America in Bloom	Leisure & Cultural Services
Innovation in Sustainable Engineering Award for Holland Energy Park (2019)	American Society of Civil Engineers	Utility Services
Special Airport Recognition Award in leadership & economic activity (2018)	Michigan Aeronautics Commission	Airport Authority
Regional EMMY Award (2017)	Telly Awards	Technology Services
National Award Winner for Outstanding Participation in National Night Out (2008, 2011, 2012, 2014, 2017)	National Association of Town Watch	Community & Neighborhood Svcs.
Innovator of the Year (2017)	Governor's Energy Excellence Award	Holland Energy Fund
Outstanding Achievement in Residential Marketing & Customer Engagement (2017)	Association of Energy Services Professionals	Utility Services
Human Interest/News Single Story Regional Emmy Award (2017)	Telly Awards	Technology Services
International Challenge 5 Blooms Silver Rating for 'Six miles of Tulip Lanes'	Communities in Bloom	Leisure & Cultural Services
Airport Sponsor of the Year (2016)	Michigan Department of Transportation (MDOT)	Airport Authority
Energy Excellence Award for Education Program (2016)	Governor's Energy Excellence Awards	Housing & Neighborhood Svcs.
Special Award for Coolest Downtown (2016)	America in Bloom	Leisure & Cultural Services
Outstanding Achievement Award for Environmental Efforts (2016)	America in Bloom	Utility Services
Certificate of Achievement for Excellence in Financial Reporting (since Fiscal Year 1992)	Government Finance Officers Association	Fiscal Services
Distinguished Budget Presentation Award (since Fiscal Year 2004)	Government Finance Officers Association	Fiscal Services
Tree City USA Award (since 1981)	National Arbor Day Foundation	Leisure & Cultural Services
Best of Weddings (since 2011)	The Knot	Windmill Island
Neighborhood Environmental Partners Program Award (2015)	Michigan Department of Environmental Quality	Utility Services
Documentary, Editing & Informational Awards (2015)	Telly Awards	Technology Services
Award of Excellence Digital Annual Report (2010, 2011, 2013 & 2014)	American Public Power Association	Utility Services

## SIGNIFICANT INITIATIVES, EVENTS AND ACCOMPLISHMENTS

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

> Economic Development and Revitalization

- > The City Council continues to identify economic development as a top priority. Much of the staff time of the City Manager and the Finance Director is allocated to this issue, as well as support staff in the Community Neighborhood Services office. 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 aggressively supported Brownfield Redevelopments with twenty-one separate projects approved with tax captures at June 30, 2020, with eleven of these projects currently financed with tax increment financing. The reader is directed to the Supplementary Information tab for the Component Unit Funds narratives where a fiscal year end list of Brownfield projects is included. In prior years, four Tool & Die Renaissance Recovery Zones and one Renaissance Zone (Compact Power/LG Chem) were approved. PA198 Industrial Facilities Tax Abatements (IFT) were awarded in 2020 for new construction projects exceeding \$80 million. Several Neighborhood Enterprise Zone (NEZ) projects were approved in the past couple of years, the largest impacted area is in the downtown area along 8<sup>th</sup> Street between River and Pine, near the Civic Center, where numerous mixed-use buildings are under construction. This area also received a Brownfield incentive and is expected to provide economic vitality to this part of downtown as the “march to the water” continues west along 8<sup>th</sup> Street.

• COVID-19:

- > In March 2020, the World Health Organization declared the novel coronavirus outbreak (COVID-19) to be a global pandemic. The City had substantially completed the fiscal year 2021 budget when the economy began to feel the impact of the crisis. Faced with uncertainty about the potential impact on services provided for residents and the revenues to support these services, the City decided to not make any changes to the budget prior to adoption, and instead continue to monitor the situation, assess the financial and service related impacts, and propose adjustments to the budget when more definitive information became available.

While the crisis did not have a significant impact on the City’s fiscal year 2020 financials, the ongoing pandemic is anticipated to impact future years. Property tax revenue represents approximately 54% of General Fund revenues. Fortunately, property values have held steady, therefore minimizing any impact in the near term. The City will continue to monitor any impacts on other revenue sources, especially those related to the state as they look to solve their budget shortfalls related to the pandemic. In addition, the City has been diligent in seeking out assistance in the form of grants from both federal and state sources.

• Infrastructure Projects:

- > It is the City’s normal practice to complete an annual road resurfacing program. This fiscal year the City resurfaced 6.9 miles of streets at a cost of \$1,076,912.
  
- > Work concluded on a \$1.3 million 19<sup>th</sup> Street reconstruction project, which included new pavement, concrete curb & gutters and sidewalk; total project costs were \$1.25 million, with \$748,668 expended this fiscal year.

## SIGNIFICANT INITIATIVES, EVENTS AND ACCOMPLISHMENTS

### (CONTINUED FROM PREVIOUS PAGE)

- > Work concluded on a \$2.37 million Waverly Avenue Project that involved resurfacing from 16<sup>th</sup> to 48<sup>th</sup> St, installing new manholes and utility castings, sidewalk upgrades and widening the center left turn lane. Included in this project was railroad crossing upgrades on Waverly Road and 40<sup>th</sup> St. Total project costs were \$2.23 million, with \$2.19 million expended this fiscal year.
- > Work began on a \$2.3 million 16<sup>th</sup> Street, Lane Avenue to Kollen Park, reconstruction project, which includes replacing the Maplewood Inter-County Drain culvert; total project costs for the fiscal year were \$139,500.
- > Work began on a \$1.2 million reconstruction project for portions of 20<sup>th</sup> and 21<sup>st</sup> Street; total project costs for the fiscal year were \$477,500.
- Electric Utility:
  - > Electric utilities were upgraded and moved underground at Kollen Park to improve reliability and safety. The project was completed at a cost of \$2.1 million.
  - > During fiscal year 2020, peaking unit repairs of \$2.7 million were completed.
  - > Fiber network projects continued with expenditures of \$274,236, including the addition of 22,242 feet of fiber network.
  - > Street lights were replaced with energy efficient LED fixtures at a cost of \$140,462.
- Water Utility:
  - > Water main replacements were completed at a cost of \$2.6 million. The cost included the replacement of 3,200 feet of water mains, the replacement of two critical valves and addition of two backup valves, and the extension of a transmission main.
  - > Water Treatment Plant improvements were made for a total of \$833,461.
- Wastewater Treatment Plant:
  - > A Sewer main improvement project to line 5.4 miles of sanitary sewer was started in 2018 and completed in fiscal year 2020 at a cost of \$4.7 million.
  - > Lift station improvements of \$1 million were made. Most of the improvements took place at the 16<sup>th</sup> Street lift station to replace and improve the pumps and controls. The change resulted in an increased pumping capacity from 2,300 gpm to 4,200 gpm.
  - > A project started in the prior year to upgrade the four primary clarifiers at the Water Reclamation Facility was completed for \$2.5 million.
- Municipal Capital Projects:
  - > Enhancements, including 7<sup>th</sup> St Snowmelt Improvements continued around the 7<sup>th</sup> Street Parking Deck; total project budget is \$940,000, with \$471,100 expended during the fiscal year.
  - > Construction concluded on the new Greenhouse, which began in December 2016. Total construction cost \$621,750; costs for the fiscal year were \$559,100.
- Sustainability and Energy Conservation:
  - > Implementation of the Community Energy Plan continued through the work of seven (7) City Council appointed task forces. A Steering Committee meets quarterly to ensure coordination of efforts.
  - > The Home Energy Retrofit program launched in fiscal year 2017 to encourage deeper energy efficiency measures resulted in 234 homes receiving incentives to date, representing an investment exceeding \$4.3 million.
  - > The On-Bill Loan program made its first loan in November 2016. By June 30, 2020, a total of 125 loans were made with an average project size of \$17,775 and average loan amount of \$15,897 at interest rates of 4.99% and 5.99% depending on term. Of these original loans, 21 have been paid off to date. The program was made possible after success in securing new legislation to enable on-bill financing of deep energy retrofits.

## SIGNIFICANT INITIATIVES, EVENTS AND ACCOMPLISHMENTS

### (CONTINUED FROM PREVIOUS PAGE)

- > The Holland Board of Public Works (HBPW) continued to pursue renewable energy sources. In calendar year 2019, HBPW generated 43,887 MWh of electricity from landfill gas and 84,297 MWh from wind power.
- > The HBPW issued more than \$83,000 in rebates to residential customer for the replacement of inefficient electric products with ENERGY STAR and other high-efficiency rated products resulting in an approximate 277,000 kilowatts hours of energy savings. Commercial and Industrial customers also received incentives for upgrading to LED lighting and installing high efficiency equipment.
- Budgetary Predictors:
  - > Property Tax revenues represent approximately 40% of the General Fund budget. Property values continue to trend upward. Although taxable values are limited by Michigan law to the rate of inflation, numerous property sales (not limited by inflation factors) have pushed growth in the taxable values beyond the inflation rate.
  - > 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 a 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.
  - > Pension Obligation Bonds were issued in November 2015 for the Unfunded Actuarial Liability (UAL) related to non-union employees, reducing pension costs. While pension costs have decreased, the sale of the pension bonds has increased debt payments. An additional \$20 million of Pension Obligation Bonds were issued in January 2018 to cover the Unfunded Actuarial Liability (UAL) related to public safety union employees, which is expected to eliminate significant pension cost increases experienced of the past several years flattening the overall pension costs. The General Operating millage amount and Debt Service millage were adjusted lower to accommodate debt service payments, similar to what was done in 2015.
  - > As revenues stabilize, the most critical issue to be faced will be addressing the capital investment in infrastructure. A Capital Reinvestment Task Force was assembled to address this issue. Legislation was signed into law in the fall of 2015 to provide a major boost in road funding revenues, coupled with .5 mills for Ottawa County roads approved by voters in 2014, which will facilitate a plan to touch all City of Holland streets every twenty years.

## 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 LLP has issued an opinion on the financial statements.

## CERTIFICATE OF ACHIEVEMENT

*Government Finance Officers Association of the United States and Canada* (GFOA) awarded a *Certificate of Achievement for Excellence in Financial Reporting* to the City of Holland for its comprehensive annual financial report for the fiscal year ended June 30, 2019. This was the 28<sup>th</sup> consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both Generally Accepted Accounting Principles and applicable legal requirements.

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

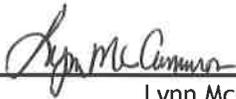
#### ACKNOWLEDGMENTS

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

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

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

Respectfully submitted,



---

Lynn McCammon  
Finance Director/Treasurer



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Holland  
Michigan**

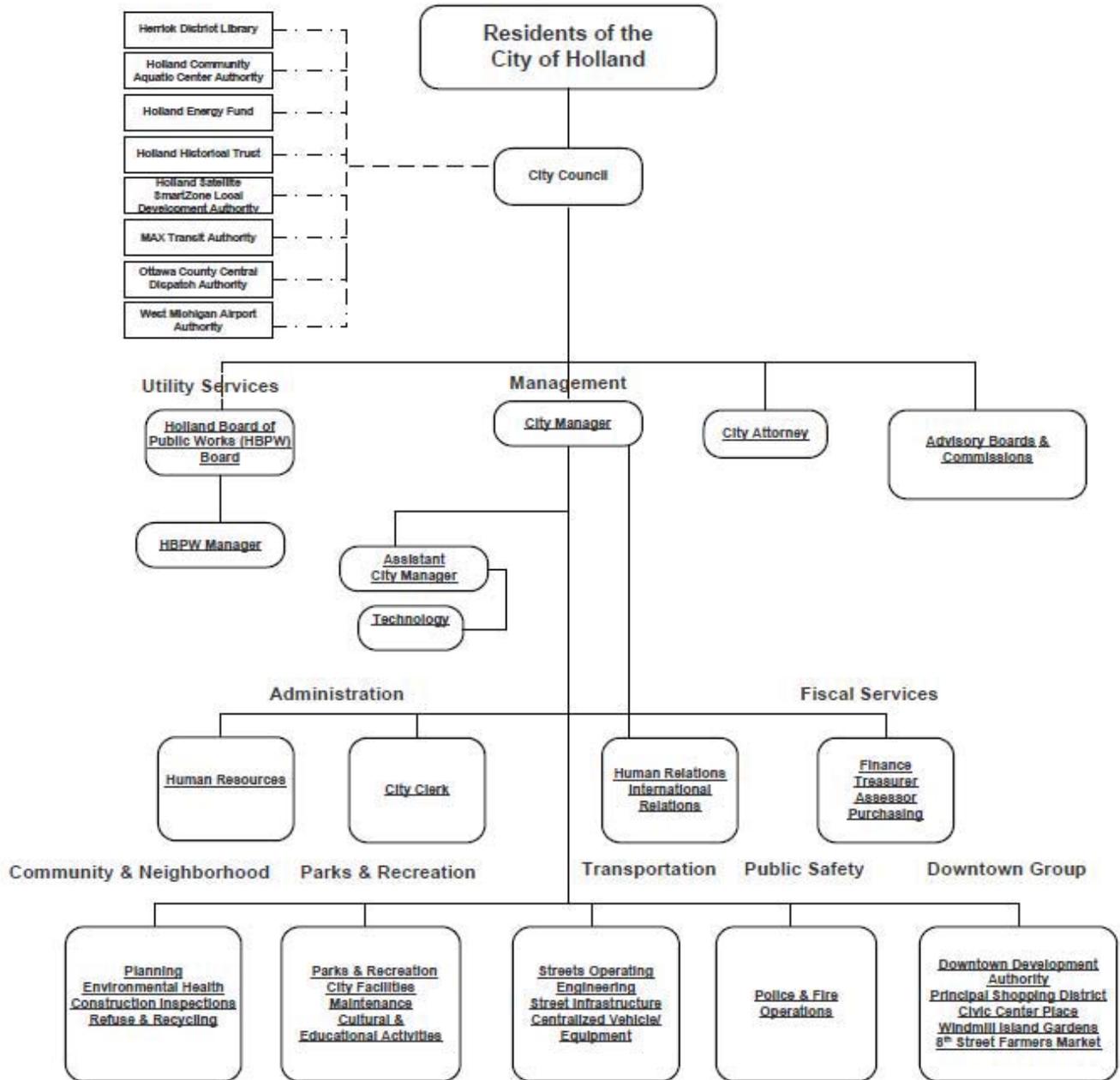
For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

June 30, 2019

*Christopher P. Morill*

Executive Director/CEO

# City of Holland Organizational Chart



## **FINANCIAL SECTION**

This page intentionally left blank.

## INDEPENDENT AUDITORS' REPORT

December 8, 2020

Honorable Mayor  
and City Council  
City of Holland, Michigan

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the **City of Holland, Michigan** (the "City"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### ***Independent Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Rehmann is an independent member of Nexia International.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Holland, Michigan as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### ***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 benefits plans, as noted in the table of contents, be presented to supplement the basic financial statements. Such information, 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.

### ***Other 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, the introductory and statistical sections, and the other information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are 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. Such 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections, and the other information have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on the information.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2020, on our consideration of the City of Holland, Michigan'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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or 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 Loborn LLC". The signature is written in a cursive, flowing style.

This page intentionally left blank.

## **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, 2020. 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 had many capital investment projects in process including:

- Waterfront redevelopment moved into the next phase with a design team assembled for coordination of Stakeholder Workshops and design charrettes. As of June 30, 2020, \$152,500 has been spent.
- Preliminary work began on creation of a dog park at Van Raalte Farm. It includes watering stations, a dog washing station and heated restrooms that will serve the dog park and sledding hill. As of June 30, 2020, \$44,600 has been spent.
- Work continues at Lakeview Park, adding a play structure with safety surfacing with a project budget of \$245,600. As of June 30, 2020, \$115,800 has been spent.
- Work began on a \$2.3 million 16th Street Reconstruction project, from Lane Avenue to Kollen Park; it includes replacing the storm sewer culvert that carries the Maplewood Inter-County Drain. Additionally, snowmelt transmission infrastructure will be installed within the block from Central through River Avenue intersections. Snowmelt distribution is not being proposed at this time. As of June 30, 2020, \$154,000 has been spent.
- Work began on a \$1.2 million reconstruction project for portions of 20th and 21st Streets. As of June 30, 2020, \$477,500 has been spent.

The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$572,794,565 (net position). Of this amount, \$152,969,586 was unrestricted net position and may be used to meet the City's ongoing obligations to citizens and creditors.

The City's total net position increased by \$33,019,469.

As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$17,528,319, an increase of \$2,000,258 in comparison with the prior year.

At the end of the current fiscal year, unassigned fund balance for the general fund was \$5,085,389 or 20.7% of total general fund expenditures (including transfers out).

#### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

## CITY OF HOLLAND, MICHIGAN

### Management's Discussion and Analysis

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 systems and other enterprise activities.

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

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

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

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

## CITY OF HOLLAND, MICHIGAN

### Management's Discussion and Analysis

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 Fund, which is considered to be a major fund. 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.

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

## CITY OF HOLLAND, MICHIGAN

### Management's Discussion and Analysis

#### Government-wide Financial Analysis

As previously stated, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$572,794,565 at the close of the most recent fiscal year.

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other asset	\$ 29,693,954	\$ 28,024,522	\$ 227,408,585	\$ 194,372,044	\$ 257,102,539	\$ 222,396,566
Capital assets, net	149,503,045	148,282,465	427,286,898	434,851,971	576,789,943	583,134,436
<b>Total assets</b>	<b>179,196,999</b>	<b>176,306,987</b>	<b>654,695,483</b>	<b>629,224,015</b>	<b>833,892,482</b>	<b>805,531,002</b>
<b>Deferred outflows of resources</b>	<b>3,672,122</b>	<b>6,367,633</b>	<b>1,557,336</b>	<b>3,996,260</b>	<b>5,229,458</b>	<b>10,363,893</b>
Long-term debt	55,001,800	59,668,507	172,282,017	176,573,090	227,283,817	236,241,597
Other liabilities	16,105,913	16,998,046	21,251,537	21,366,131	37,357,450	38,364,177
<b>Total liabilities</b>	<b>71,107,713</b>	<b>76,666,553</b>	<b>193,533,554</b>	<b>197,939,221</b>	<b>264,641,267</b>	<b>274,605,774</b>
<b>Deferred inflows of resources</b>	<b>1,129,376</b>	<b>787,485</b>	<b>556,732</b>	<b>726,540</b>	<b>1,686,108</b>	<b>1,514,025</b>
Net position:						
Net investment in capital assets	121,803,108	117,526,801	266,015,919	271,210,102	387,819,027	388,736,903
Restricted	7,236,082	6,462,602	24,769,600	25,439,897	32,005,682	31,902,499
Unrestricted (deficit)	(18,407,158)	(18,768,821)	171,377,014	137,904,515	152,969,856	119,135,694
<b>Total net position</b>	<b>\$ 110,632,032</b>	<b>\$ 105,220,582</b>	<b>\$ 462,162,533</b>	<b>\$ 434,554,514</b>	<b>\$ 572,794,565</b>	<b>\$ 539,775,096</b>

A substantial portion of the City's net position, \$387,819,027 (67.7%), reflects its investment in capital assets (e.g., land, buildings, vehicles, equipment and infrastructure), less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position of \$32,005,682 (5.6%) 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 \$152,969,856 (26.7%) to meet its ongoing obligations to citizens and creditors.

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

# CITY OF HOLLAND, MICHIGAN

## Management's Discussion and Analysis

	Change in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 4,440,497	\$ 5,187,882	\$ 130,553,193	\$ 133,263,278	\$ 134,993,690	\$ 138,451,160
Operating grants	7,461,978	8,762,366	3,863,515	3,942,707	11,325,493	12,705,073
Capital grants	2,047,450	4,272,296	239,707	1,012,740	2,287,157	5,285,036
General revenues:						
Property taxes	16,093,740	15,531,723	107,937	104,707	16,201,677	15,636,430
State shared revenues	3,207,996	3,276,560	-	-	3,207,996	3,276,560
Grant and contributions not restricted to specific programs	3,247,960	3,860,869	-	-	3,247,960	3,860,869
Unrestricted investment earnings	800,239	652,531	-	-	800,239	652,531
Gain on sale of capital assets	-	-	46,095	-	46,095	-
<b>Total revenues</b>	<b>37,299,860</b>	<b>41,544,227</b>	<b>134,810,447</b>	<b>138,323,432</b>	<b>172,110,307</b>	<b>179,867,659</b>
<b>Expenses</b>						
General government	6,553,853	6,167,196	-	-	6,553,853	6,167,196
Public safety	13,786,896	13,238,407	-	-	13,786,896	13,238,407
Public works	11,512,480	10,550,613	-	-	11,512,480	10,550,613
Welfare and social services	917,443	967,189	-	-	917,443	967,189
Parks and recreation	4,405,764	5,764,976	-	-	4,405,764	5,764,976
Interest on long-term debt	1,817,666	1,736,880	-	-	1,817,666	1,736,880
Electric utility	-	-	76,715,328	78,618,473	76,715,328	78,618,473
Wastewater utility	-	-	11,664,304	11,394,066	11,664,304	11,394,066
Water utility	-	-	7,576,697	6,677,972	7,576,697	6,677,972
Other enterprise activities	-	-	4,140,407	4,315,014	4,140,407	4,315,014
<b>Total expenses</b>	<b>38,994,102</b>	<b>38,425,261</b>	<b>100,096,736</b>	<b>101,005,525</b>	<b>139,090,838</b>	<b>139,430,786</b>
Change in net position, before transfers	(1,694,242)	3,118,966	34,713,711	37,317,907	33,019,469	40,436,873
Transfers	7,105,692	5,477,647	(7,105,692)	(5,477,647)	-	-
<b>Change in net position</b>	<b>5,411,450</b>	<b>8,596,613</b>	<b>27,608,019</b>	<b>31,840,260</b>	<b>33,019,469</b>	<b>40,436,873</b>
Net position:						
Beginning of year	105,220,582	96,623,969	434,554,514	402,714,254	539,775,096	499,338,223
<b>Net position, end of year</b>	<b>\$ 110,632,032</b>	<b>\$ 105,220,582</b>	<b>\$ 462,162,533</b>	<b>\$ 434,554,514</b>	<b>\$ 572,794,565</b>	<b>\$ 539,775,096</b>

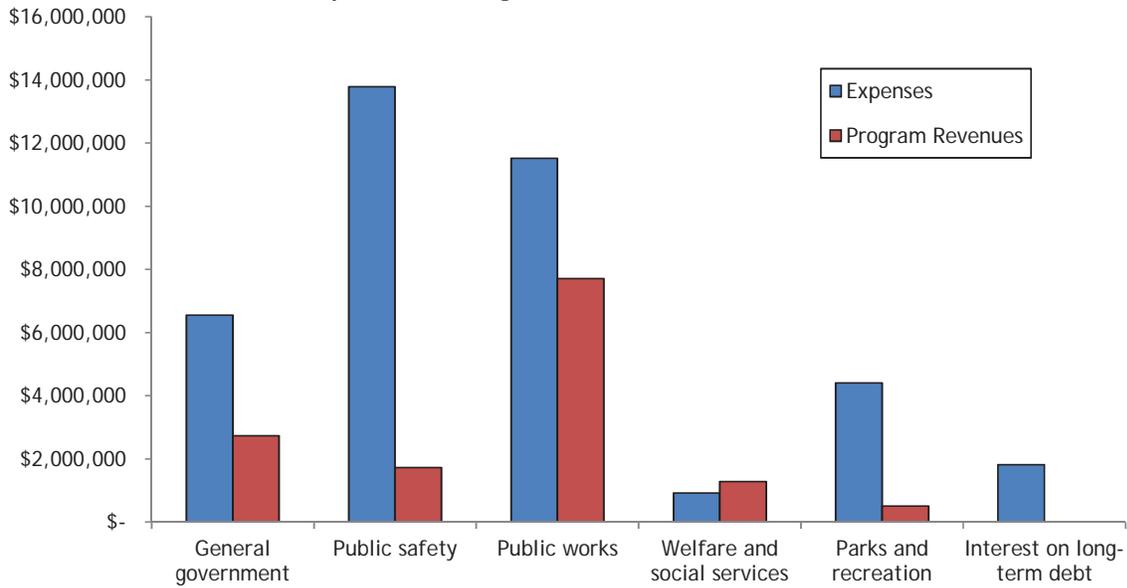
# CITY OF HOLLAND, MICHIGAN

## Management's Discussion and Analysis

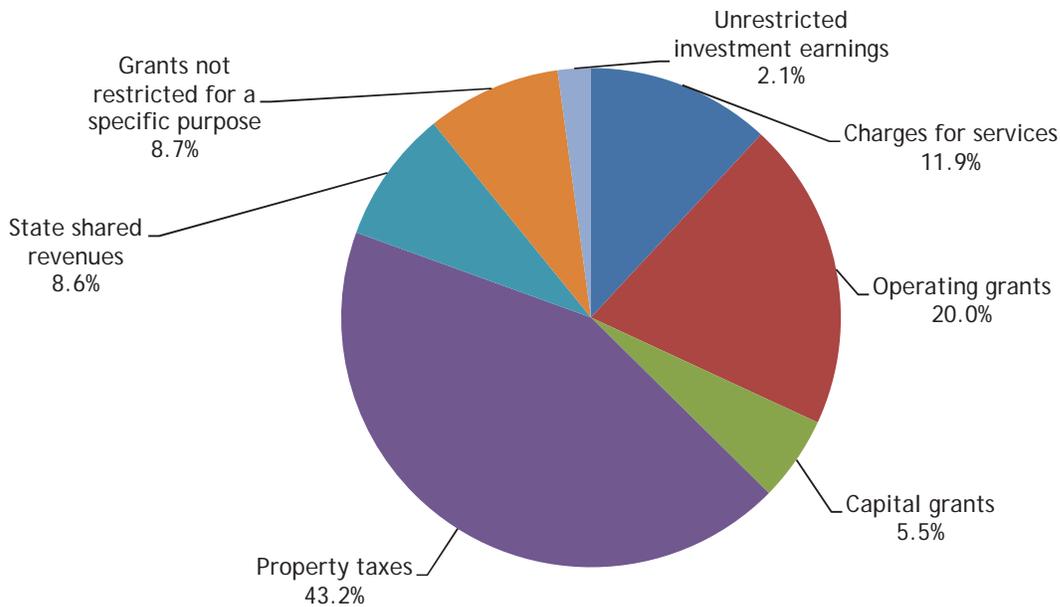
**Governmental Activities.** Governmental activities increased the City’s net position by \$5,411,450. This increase was a result of an increase in property taxes, a larger reimbursement for Personal Property Tax (PPT) loss from the State of Michigan and a larger appropriation for the Board of Public Works enterprise funds, offset by the decrease of \$2,224,846 in capital grants as a result of lower funding received for capital projects.

Expenses overall were consistent with those of the prior year.

**Expenses and Program Revenues - Governmental Activities**



**Revenues by Source - Governmental Activities**

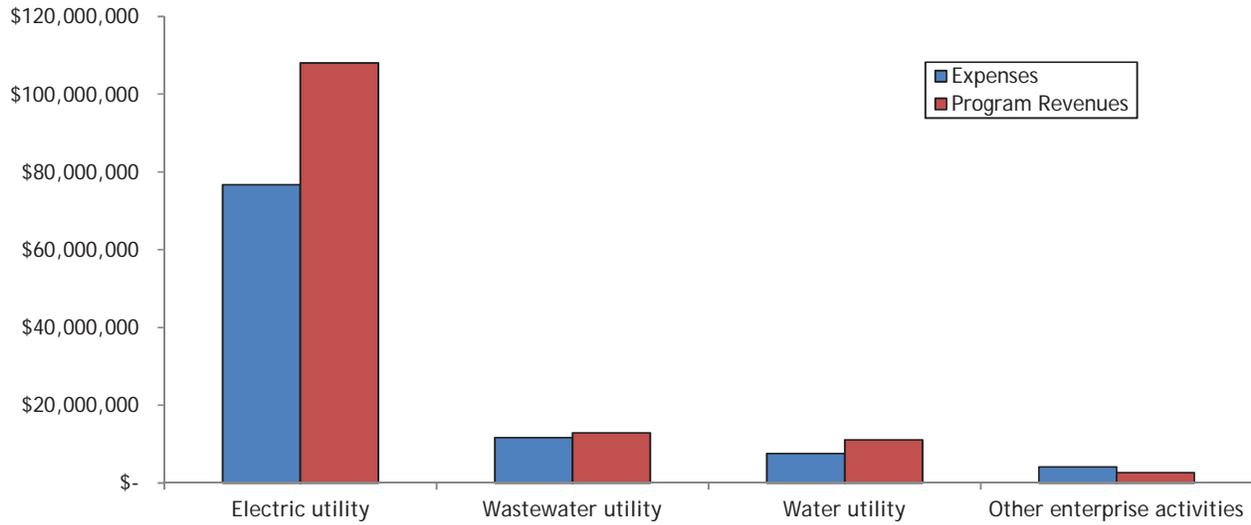


# CITY OF HOLLAND, MICHIGAN

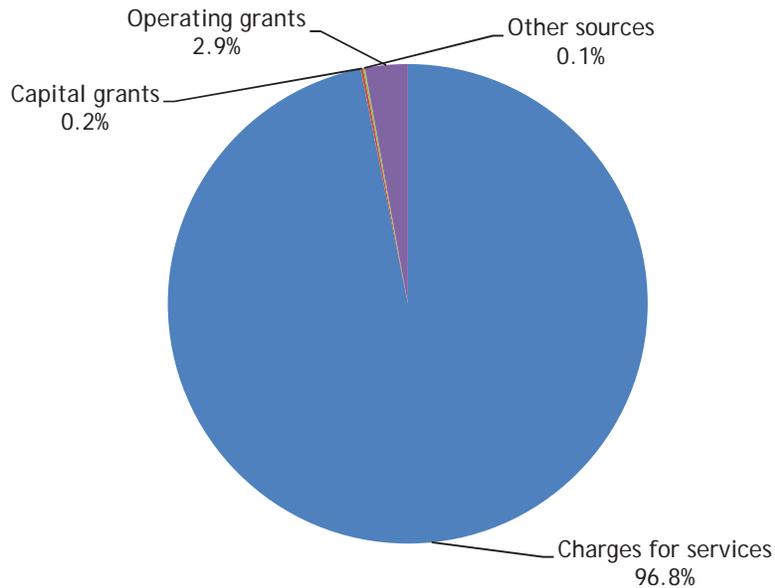
## Management's Discussion and Analysis

Business-type Activities. Business-type activities increased the City of Holland's net position by \$27,608,019, mainly due to the operating income from the electric, wastewater and water utilities. The increase in net position was slightly less than the prior year increase, primarily due to less demand because of COVID-19.

**Expenses and Program Revenues - Business-type Activities**



**Revenues by Source - Business-type Activities**



# CITY OF HOLLAND, MICHIGAN

## Management's Discussion and Analysis

### Financial Analysis of the City's Funds

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

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

During the current fiscal year the fund balance of the City's General Fund increased by \$30,630 mainly due to a higher property tax revenue, reimbursement for Personal Property Tax (PPT) loss and revenue from permits issued.

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.

**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 positive changes in net position during the year. The Electric Utility Fund experienced a \$23,718,435 increase in net position due to decreased operating expenses. The Wastewater Utility Fund had a \$1,195,729 increase in net position as a result of a rate increase. The Water Utility Fund had an increase in net position of \$3,524,568 as a result of a rate increase. The nonmajor enterprise funds reported an decrease of \$830,713 in net position.

### General Fund Budgetary Highlights

The original revenue budget was \$17,200,384 and as amended was \$18,372,475 which represents an increase of \$1,172,091. The original expenditure budget was \$22,949,634 and as amended was \$23,030,889 which represents an increase of \$81,255. An unexpected \$900,000 reimbursement for Personal Property Tax (PPT) loss was received which was used to make an additional defined benefit pension contribution.

Actual expenditures came in \$781,766 less than the amended budget. Causes for variances are as follows:

- Expenditures for wages and fringe benefits had a positive variance of \$213,300 due to a delay in filling staffing vacancies following retirements and resignations. Vacancies in the public safety function account for 32% of this variance.
- Contractual services expenditures had a positive variance of \$128,300 across all functions. General government functions accounted for \$105,100 of this variance. \$61,400 of this variance is due to a decreased need for legal services from the city and labor attorney.
- Other expenditures with a positive variance include utilities at \$22,800, education, training and travel at \$52,500 and \$37,400 for small equipment.
- In March 2020 the COVID-19 global pandemic shutdown all but essential operations, leaving a \$187,300 positive variance in contingency because various projects were delayed.

Overall, the general fund budgeted for a decrease in fund balance of \$685,732, and had an actual increase of \$30,630.

# 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, 2020 amounted to \$576,789,943 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, machinery and equipment, motor vehicles, and infrastructure. The total change in the City's investment in capital assets for the current fiscal year was a 0.8% increase for governmental activities and a 1.7% decrease for business-type activities.

	Capital Assets (Net of Depreciation)					
	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 16,504,810	\$ 16,520,089	\$ 29,931,094	\$ 29,890,054	\$ 46,435,904	\$ 46,410,143
Construction in progress	3,142,086	906,200	6,039,509	10,645,033	9,181,595	11,551,233
Buildings, equipment and infrastructure, net	129,856,149	130,856,176	391,316,295	394,316,884	521,172,444	525,173,060
<b>Total capital assets, net</b>	<b>\$ 149,503,045</b>	<b>\$ 148,282,465</b>	<b>\$ 427,286,898</b>	<b>\$ 434,851,971</b>	<b>\$ 576,789,943</b>	<b>\$ 583,134,436</b>

The increase in governmental activities capital assets is mainly due to the purchase of a new firetruck. Depreciation accounts for the decrease in business-type capital assets.

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	
	2020	2019	2020	2019	2020	2019
Bonds payable	\$ 50,920,844	\$ 55,374,476	\$ 158,037,767	\$ 160,889,135	\$ 208,958,611	\$ 216,263,611
Capital lease	-	-	7,895,000	8,312,500	7,895,000	8,312,500
Notes payable	2,029,269	2,336,903	-	-	2,029,269	2,336,903
Unamortized premium on bonds payable	270,494	305,448	4,292,421	4,780,274	4,562,915	5,085,722
Landfill liability	-	-	696,300	1,373,503	696,300	1,373,503
Compensated absences	1,781,193	1,651,680	1,360,529	1,217,678	3,141,722	2,869,358
<b>Total long-term debt</b>	<b>\$ 55,001,800</b>	<b>\$ 59,668,507</b>	<b>\$ 172,282,017</b>	<b>\$ 176,573,090</b>	<b>\$ 227,283,817</b>	<b>\$ 236,241,597</b>

The decrease in the governmental activities and business-type long-term debt was the result of expected principal payments.

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.

# CITY OF HOLLAND, MICHIGAN

## Management's Discussion and Analysis

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 \$119,846,845.

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's elected and appointed officials considered many factors when preparing the subsequent fiscal year's budget. The fiscal year 2021 budget process was substantially completed prior to the onset of the novel coronavirus outbreak (COVID-19). After careful consideration of available information to assess the potential financial impact on the budget, the City elected to adopt the budget as presented and prepare a budget amendment once the impact becomes more defined. The City is continuously evaluating the impacts of the pandemic on its operational and financial performance, while determining the appropriate methods to deliver services in a safe environment.

Prior to the onset of the COVID-19 pandemic, the Western Michigan Lakeshore Region was thriving. The City of Holland's economy was growing and unemployment was at record lows. Unemployment had improved as the economy has started to rebound from the initial outbreak and the interest in new economic development projects in the City continues to remain strong. While there remains much uncertainty about the duration and full impact of the pandemic, the City remains focused on responsible long term growth designed to provide the citizens of Holland with the best possible programs and services within the City's financial means.

Operating efficiency at the new power plant, along with favorable natural gas prices, allowed for Electric Utility rates to remain unchanged for the fiscal year. A rate increase of 3.6% for the Wastewater Utility and 1.9% for the Water Utility was approved. Rate increases support capital acquisitions and expenditures, maintain required debt ratios and maintain appropriate cash levels.

Due to operating efficiency at the new power plant (HEP), and favorable natural gas prices, the electric utility rates remain unchanged for fiscal year 2021. A retail agreement was negotiated with Park Township for the HBPW to take over responsibility for their water distribution system, including new services, metering and billing. Water utility rates also remain unchanged for fiscal year 2021. The HBPW Board and City Council approved a 3.6% wastewater utility rate increase for fiscal year 2021. The increase in rates supports capital acquisitions and expenditures, maintains debt ratios required by bond covenants and maintains appropriate cash levels.

Fiscal year 2021 experienced a 5.6% increase in taxable valuation but actual General Fund property tax revenue is projected to increase approximately 6.8% from fiscal year 2020, due to additional 0.1183 mills being allocated to operations instead of debt service. The fiscal year 2021 General Fund budget, excluding budget stabilization, projects fund balance to be \$3,747,205 on June 30, 2021 or 16.0% of budgeted expenditures. The fiscal year overall tax rate for the City of Holland is 13.8692 mills, the same as the previous year, while the five year budget projection includes a 2.0% increase on property values for the upcoming fiscal year 2022.

### 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](mailto:l.mccammon@cityofholland.com).

This page intentionally left blank.

## **BASIC FINANCIAL STATEMENTS**

**CITY OF HOLLAND, MICHIGAN**

**Statement of Net Position**

June 30, 2020

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
Cash and pooled investments	\$ 24,874,733	\$ 44,493,720	\$ 69,368,453	\$ 1,316,359
Investments	-	128,508,455	128,508,455	364,381
Beneficial interest in assets held by others	1,753,398	-	1,753,398	103,702
Receivables, net	4,010,074	20,343,508	24,353,582	94,492
Internal balances	(1,586,351)	1,586,351	-	-
Inventory	557,405	4,626,754	5,184,159	3,943
Prepaid items	84,695	3,080,197	3,164,892	6,464
Restricted assets:				
Cash and pooled investments	-	6,237,466	6,237,466	-
Investments	-	18,529,413	18,529,413	-
Accrued interest	-	2,721	2,721	-
Capital assets:				
Land	16,504,810	29,931,094	46,435,904	20,000
Construction in progress	3,142,086	6,039,509	9,181,595	-
Being depreciated, net of depreciation	129,856,149	391,316,295	521,172,444	1,109,445
<b>Total assets</b>	<b>179,196,999</b>	<b>654,695,483</b>	<b>833,892,482</b>	<b>3,018,786</b>
<b>Deferred outflows of resources</b>				
Deferred charge on bond refunding	64,826	100,052	164,878	-
Deferred pension amounts	3,163,261	1,457,284	4,620,545	-
Deferred other postemployment benefit amounts	444,035	-	444,035	-
<b>Total deferred outflows of resources</b>	<b>3,672,122</b>	<b>1,557,336</b>	<b>5,229,458</b>	<b>-</b>
<b>Liabilities</b>				
Payables	2,181,970	13,553,893	15,735,863	177,759
Unearned revenue	236,309	-	236,309	58,394
Deposits	13,982	983,100	997,082	-
Long-term debt:				
Due within one year from restricted assets	-	2,037,318	2,037,318	-
Due within one year	6,011,759	3,160,396	9,172,155	-
Due in more than one year from restricted assets	-	151,438,713	151,438,713	-
Due in more than one year	48,990,041	15,645,590	64,635,631	-
Net pension liability (due in more than one year)	9,239,518	5,974,832	15,214,350	-
Total other postemployment benefit liability (due in more than one year)	4,434,134	739,712	5,173,846	-
<b>Total liabilities</b>	<b>71,107,713</b>	<b>193,533,554</b>	<b>264,641,267</b>	<b>236,153</b>
<b>Deferred inflows of resources</b>				
Deferred pension amounts	-	126,930	126,930	-
Deferred other postemployment benefit amounts	1,129,376	429,802	1,559,178	-
<b>Total deferred inflows of resources</b>	<b>1,129,376</b>	<b>556,732</b>	<b>1,686,108</b>	<b>-</b>
<b>Net position</b>				
Net investment in capital assets	121,803,108	266,015,919	387,819,027	1,129,445
Restricted:				
Cemetery maintenance	72,410	-	72,410	-
Debt service	593,900	12,100,285	12,694,185	-
Street construction and maintenance	2,660,808	-	2,660,808	-
Grant programs	46,123	-	46,123	-
Capital projects and by agreement	2,062,943	12,669,315	14,732,258	492,978
Cemetery endowment corpus (nonexpendable)	1,799,898	-	1,799,898	-
Unrestricted (deficit)	(18,407,158)	171,377,014	152,969,856	1,160,210
<b>Total net position</b>	<b>\$ 110,632,032</b>	<b>\$ 462,162,533</b>	<b>\$ 572,794,565</b>	<b>\$ 2,782,633</b>

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

**CITY OF HOLLAND, MICHIGAN**

**Statement of Activities**

For the Year Ended June 30, 2020

Functions / Programs	Expenses	Program Revenues			Net (Expenses) Revenues
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary government</b>					
Governmental activities:					
General government	\$ 6,553,853	\$ 1,521,299	\$ 933,108	\$ 273,822	\$ (3,825,624)
Public safety	13,786,896	1,464,756	252,076	5,728	(12,064,336)
Public works	11,512,480	901,327	5,323,626	1,487,691	(3,799,836)
Welfare and social services	917,443	90,675	912,309	280,209	365,750
Parks and recreation	4,405,764	462,440	40,859	-	(3,902,465)
Interest on long-term debt	1,817,666	-	-	-	(1,817,666)
<b>Total governmental activities</b>	<b>38,994,102</b>	<b>4,440,497</b>	<b>7,461,978</b>	<b>2,047,450</b>	<b>(25,044,177)</b>
Business-type activities:					
Electric utility	76,715,328	104,674,832	3,373,131	-	31,332,635
Wastewater utility	11,664,304	12,436,922	251,631	171,480	1,195,729
Water utility	7,576,697	10,831,789	198,929	66,528	3,520,549
Refuse and recycling pickup	2,084,995	2,109,264	20,155	-	44,424
Windmill Island	953,339	451,829	19,554	1,699	(480,257)
Airport facilities and management system	519,017	39,472	-	-	(479,545)
Other enterprise activities	583,056	9,085	115	-	(573,856)
<b>Total business-type activities</b>	<b>100,096,736</b>	<b>130,553,193</b>	<b>3,863,515</b>	<b>239,707</b>	<b>34,559,679</b>
<b>Total primary government</b>	<b>\$ 139,090,838</b>	<b>\$ 134,993,690</b>	<b>\$ 11,325,493</b>	<b>\$ 2,287,157</b>	<b>\$ 9,515,502</b>
<b>Component units</b>					
Downtown Development Authority	\$ 216,134	\$ 9,840	\$ 17,387	\$ -	\$ (188,907)
Holland Historical Trust	893,710	62,869	609,336	-	(221,505)
Brownfield Redevelopment Authority	1,681,527	-	24,839	-	(1,656,688)
SmartZone	126,664	-	213,443	-	86,779
<b>Total component units</b>	<b>\$ 2,918,035</b>	<b>\$ 72,709</b>	<b>\$ 865,005</b>	<b>\$ -</b>	<b>\$ (1,980,321)</b>

continued...

**CITY OF HOLLAND, MICHIGAN**

**Statement of Activities**

For the Year Ended June 30, 2020

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Change in net position</b>				
Net revenues (expenses)	\$ (25,044,177)	\$ 34,559,679	\$ 9,515,502	\$ (1,980,321)
General revenues:				
Property taxes	16,093,740	107,937	16,201,677	1,888,458
State shared revenues	3,207,996	-	3,207,996	-
Grants and contributions not restricted to specific programs	3,247,960	-	3,247,960	4,548
Unrestricted investment earnings	800,239	-	800,239	-
Gain on sale of capital assets	-	46,095	46,095	-
Transfers	7,105,692	(7,105,692)	-	-
Total general revenues and transfers	30,455,627	(6,951,660)	23,503,967	1,893,006
<b>Change in net position</b>	5,411,450	27,608,019	33,019,469	(87,315)
Net position, beginning of year	105,220,582	434,554,514	539,775,096	2,869,948
<b>Net position, end of year</b>	<u>\$ 110,632,032</u>	<u>\$ 462,162,533</u>	<u>\$ 572,794,565</u>	<u>\$ 2,782,633</u>

concluded

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

This page intentionally left blank.

# CITY OF HOLLAND, MICHIGAN

## Balance Sheet

Governmental Funds

June 30, 2020

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>			
Cash and pooled investments	\$ 5,639,262	\$ 10,178,011	\$ 15,817,273
Beneficial interest in assets held by others	-	1,753,398	1,753,398
Receivables:			
Accounts	260,013	356,828	616,841
Taxes and special assessments	1,588	525,715	527,303
Interest	14,686	-	14,686
Notes	-	1,452,606	1,452,606
Due from other governmental units	452,282	668,050	1,120,332
Due from other funds	78	358,459	358,537
Prepaid items	-	300	300
<b>Total assets</b>	<u>\$ 6,367,909</u>	<u>\$ 15,293,367</u>	<u>\$ 21,661,276</u>
<b>Liabilities</b>			
Accounts payable	\$ 437,251	\$ 356,496	\$ 793,747
Accrued payroll and benefits	365,835	46,492	412,327
Due to other governmental units	238,972	-	238,972
Due to other funds	89,837	1,823,480	1,913,317
Deposits	13,982	-	13,982
Unearned revenue	130,976	104,604	235,580
<b>Total liabilities</b>	<u>1,276,853</u>	<u>2,331,072</u>	<u>3,607,925</u>
<b>Deferred inflows of resources</b>			
Unavailable revenue:			
Special assessments receivable	-	525,032	525,032
<b>Fund balances</b>			
Nonspendable	-	1,800,198	1,800,198
Restricted	-	5,251,572	5,251,572
Committed	5,667	5,385,493	5,391,160
Unassigned	5,085,389	-	5,085,389
<b>Total fund balances</b>	<u>5,091,056</u>	<u>12,437,263</u>	<u>17,528,319</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 6,367,909</u>	<u>\$ 15,293,367</u>	<u>\$ 21,661,276</u>

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

## CITY OF HOLLAND, MICHIGAN

### Reconciliation

Fund Balances for Governmental Funds  
to Net Position of Governmental Activities  
June 30, 2020

**Fund balances - total governmental funds** \$ 17,528,319

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	16,504,810
Construction in progress	3,142,086
Capital assets being depreciated, net	129,856,149
Less capital assets accounted for in the internal service funds	(7,121,256)

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	14,889,125
---	------------

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	525,032
--	---------

Certain liabilities and deferred outflows or resources, such as bonds payable, are not due and payable in the current period or do not represent current financial resources and therefore are not reported in the funds.

Deferred charge on bond refunding	64,826
Bonds and notes payable	(52,950,113)
Unamortized premium on bonds payable	(270,494)
Accrued interest on bonds payable	(340,720)

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	(9,239,518)
Deferred outflows related to the net pension liability	3,163,261
Total other postemployment benefit liability	(4,434,134)
Deferred outflows related to the total other postemployment benefit liability	444,035
Deferred inflows related to the total other postemployment benefit liability	(1,129,376)

**Net position of governmental activities** \$ 110,632,032

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, 2020

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>			
Taxes	\$ 9,744,264	\$ 6,349,476	\$ 16,093,740
Special assessments	-	889,170	889,170
Licenses and permits	926,208	-	926,208
Intergovernmental	5,115,774	8,929,473	14,045,247
Charges for services	1,532,233	240,369	1,772,602
Fines and fees	126,356	446,544	572,900
Contributions from private sector	-	1,089,847	1,089,847
Interest and rents	798,960	274,532	1,073,492
Miscellaneous	67,177	483,338	550,515
<b>Total revenues</b>	<u>18,310,972</u>	<u>18,702,749</u>	<u>37,013,721</u>
<b>Expenditures</b>			
Current:			
General government	3,816,633	466,785	4,283,418
Public safety	12,389,389	294,257	12,683,646
Public works	1,442,998	4,839,478	6,282,476
Welfare and social services	369,153	516,577	885,730
Parks and recreation	3,315,275	266,292	3,581,567
Other	897,675	-	897,675
Debt service:			
Principal retirement	18,000	4,743,266	4,761,266
Interest and fiscal charges	-	1,822,499	1,822,499
Capital outlay	-	6,570,878	6,570,878
<b>Total expenditures</b>	<u>22,249,123</u>	<u>19,520,032</u>	<u>41,769,155</u>
Revenues under expenditures	<u>(3,938,151)</u>	<u>(817,283)</u>	<u>(4,755,434)</u>
<b>Other financing sources (uses)</b>			
Transfers in	6,266,279	6,473,162	12,739,441
Transfers out	<u>(2,297,498)</u>	<u>(3,686,251)</u>	<u>(5,983,749)</u>
<b>Total other financing sources (uses)</b>	<u>3,968,781</u>	<u>2,786,911</u>	<u>6,755,692</u>
<b>Net changes in fund balances</b>	30,630	1,969,628	2,000,258
Fund balances, beginning of year	<u>5,060,426</u>	<u>10,467,635</u>	<u>15,528,061</u>
<b>Fund balances, end of year</b>	<u>\$ 5,091,056</u>	<u>\$ 12,437,263</u>	<u>\$ 17,528,319</u>

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

## CITY OF HOLLAND, MICHIGAN

### Reconciliation

Net Changes in Fund Balances of Governmental Funds  
to Change in Net Position of Governmental Activities  
For the Year Ended June 30, 2020

**Net changes in fund balances - total governmental funds** \$ 2,000,258

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.

Capital assets purchased/constructed	6,814,702
Depreciation expense	(6,834,405)
Loss on sale of capital assets	(81,976)

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

Principal payments on long-term debt	4,761,266
--------------------------------------	-----------

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.

Gain from governmental activities in internal service funds	798,661
---	---------

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	(112,003)
--	-----------

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 deferred charge on bond refundings	(51,861)
Amortization of premium on long-term debt	34,954
Change in accrued interest on bonds payable	21,740
Change in the net pension liability and related deferred amounts	(1,798,947)
Change in total other postemployment benefit liability and related deferred amounts	(140,939)

**Change in net position of governmental activities** \$ 5,411,450

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, 2020

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Taxes	\$ 9,714,315	\$ 9,745,828	\$ 9,744,264	\$ (1,564)
Licenses and permits	754,300	886,650	926,208	39,558
Intergovernmental	4,313,987	5,120,540	5,115,774	(4,766)
Charges for services	1,715,395	1,593,174	1,532,233	(60,941)
Fines and fees	155,600	131,000	126,356	(4,644)
Interest and rents	523,700	819,450	798,960	(20,490)
Miscellaneous	23,087	75,833	67,177	(8,656)
<b>Total revenues</b>	<u>17,200,384</u>	<u>18,372,475</u>	<u>18,310,972</u>	<u>(61,503)</u>
<b>Expenditures</b>				
Current:				
General government	4,272,544	4,023,858	3,816,633	(207,225)
Public safety	12,490,114	12,527,522	12,389,389	(138,133)
Public works	1,474,082	1,521,854	1,442,998	(78,856)
Welfare and social services	451,102	415,686	369,153	(46,533)
Parks and recreation	3,591,560	3,439,060	3,315,275	(123,785)
Other	670,232	1,084,909	897,675	(187,234)
Debt service:				
Principal retirement	-	18,000	18,000	-
<b>Total expenditures</b>	<u>22,949,634</u>	<u>23,030,889</u>	<u>22,249,123</u>	<u>(781,766)</u>
Revenues over (under) expenditures	<u>(5,749,250)</u>	<u>(4,658,414)</u>	<u>(3,938,151)</u>	<u>720,263</u>
<b>Other financing sources (uses)</b>				
Transfers in	6,284,250	6,284,250	6,266,279	(17,971)
Transfers out	(810,000)	(2,311,568)	(2,297,498)	(14,070)
<b>Total other financing sources (uses)</b>	<u>5,474,250</u>	<u>3,972,682</u>	<u>3,968,781</u>	<u>3,901</u>
<b>Net changes in fund balance</b>	<u>(275,000)</u>	<u>(685,732)</u>	<u>30,630</u>	<u>716,362</u>
Fund balance, beginning of year	<u>5,060,426</u>	<u>5,060,426</u>	<u>5,060,426</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 4,785,426</u>	<u>\$ 4,374,694</u>	<u>\$ 5,091,056</u>	<u>\$ 716,362</u>

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

This page intentionally left blank.

# CITY OF HOLLAND, MICHIGAN

## Statement of Net Position

Proprietary Funds

June 30, 2020

	Business-type Activities - Enterprise Funds		
	Electric Utility	Wastewater Utility	Water Utility
<b>Assets</b>			
Current assets:			
Cash and pooled investments	\$ 33,532,809	\$ 3,456,570	\$ 5,828,918
Investments	114,165,067	8,082,747	6,260,641
Receivables:			
Accounts	14,343,231	1,704,297	1,988,142
Taxes and special assessments	-	26,957	52,323
Interest	66,090	8,405	7,436
Due from other governmental units	-	-	-
Due from other funds	1,248,964	3,472	502,600
Inventories	4,349,482	9,999	267,273
Prepaid items	3,004,975	49,038	26,184
<b>Total current assets</b>	<b>170,710,618</b>	<b>13,341,485</b>	<b>14,933,517</b>
Noncurrent assets:			
Restricted assets:			
Cash and pooled investments	-	4,852,819	1,384,647
Investments	17,241,216	1,288,197	-
Accrued interest	-	2,721	-
Capital assets:			
Land	21,047,820	260,673	2,178,242
Construction in progress	2,146,299	1,857,072	1,967,821
Machinery and equipment	487,938,992	109,911,446	77,252,794
Accumulated depreciation	(207,600,688)	(48,389,002)	(32,942,358)
Due from City of Wyoming	-	-	1,824,529
<b>Total noncurrent assets</b>	<b>320,773,639</b>	<b>69,783,926</b>	<b>51,665,675</b>
<b>Total assets</b>	<b>491,484,257</b>	<b>83,125,411</b>	<b>66,599,192</b>
<b>Deferred outflows of resources</b>			
Deferred charge on bond refunding	-	-	100,052
Deferred pension amounts	961,809	276,883	218,592
<b>Total deferred outflows of resources</b>	<b>961,809</b>	<b>276,883</b>	<b>318,644</b>

Business-type Activities - Enterprise Funds		Governmental Activities
Nonmajor Enterprise Funds	Total	Internal Service Funds
\$ 1,675,423	\$ 44,493,720	\$ 9,057,460
-	128,508,455	-
321,656	18,357,326	278,266
15	79,295	-
-	81,931	-
427	427	40
185,207	1,940,243	6,585
-	4,626,754	557,405
-	3,080,197	84,395
<u>2,182,728</u>	<u>201,168,348</u>	<u>9,984,151</u>
-	6,237,466	-
-	18,529,413	-
-	2,721	-
6,444,359	29,931,094	-
68,317	6,039,509	1,503,460
20,534,666	695,637,898	13,982,485
(15,389,555)	(304,321,603)	(8,364,689)
-	1,824,529	-
<u>11,657,787</u>	<u>453,881,027</u>	<u>7,121,256</u>
<u>13,840,515</u>	<u>655,049,375</u>	<u>17,105,407</u>
-	100,052	-
-	1,457,284	-
-	1,557,336	-

continued...

# CITY OF HOLLAND, MICHIGAN

## Statement of Net Position

Proprietary Funds

June 30, 2020

	Business-type Activities - Enterprise Funds		
	Electric Utility	Wastewater Utility	Water Utility
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	\$ 7,578,951	\$ 812,091	\$ 1,083,015
Claims payable	-	-	-
Accrued payroll and benefits	376,871	113,104	87,893
Accrued interest payable	3,131,809	22,016	3,301
Accrued interest payable from restricted assets	-	-	24,273
Due to other funds	282,316	185	3,610
Deposits	961,935	-	1,215
Unearned revenue	-	-	-
Current portion of long-term debt	1,943,792	837,815	341,808
Current portion of long-term debt payable from restricted assets	423,213	-	1,614,105
<b>Total current liabilities</b>	<u>14,698,887</u>	<u>1,785,211</u>	<u>3,159,220</u>
Noncurrent liabilities:			
Accrued compensated absences	-	-	-
Long-term debt, net of current portion	5,634,281	8,889,040	1,122,269
Long-term debt payable from restricted assets, net of current portion	143,613,766	-	7,824,947
Net pension liability	3,943,390	1,135,217	896,225
Total other postemployment benefit liability	526,379	118,206	95,127
<b>Total noncurrent liabilities</b>	<u>153,717,816</u>	<u>10,142,463</u>	<u>9,938,568</u>
<b>Total liabilities</b>	<u>168,416,703</u>	<u>11,927,674</u>	<u>13,097,788</u>
<b>Deferred inflows of resources</b>			
Deferred pension amounts	83,774	24,117	19,039
Deferred other postemployment benefit amounts	305,847	68,682	55,273
<b>Total deferred inflows of resources</b>	<u>389,621</u>	<u>92,799</u>	<u>74,312</u>
<b>Net position</b>			
Net investment in capital assets	159,495,444	55,745,189	39,117,499
Restricted for:			
Debt service	11,136,031	-	964,254
Capital projects and by agreement	6,105,185	6,143,737	420,393
Unrestricted	146,903,082	9,492,895	13,243,590
<b>Total net position</b>	<u>\$ 323,639,742</u>	<u>\$ 71,381,821</u>	<u>\$ 53,745,736</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
\$ 310,066	\$ 9,784,123	\$ 205,013
-	-	166,682
10,503	588,371	24,509
-	3,157,126	-
-	24,273	-
67,781	353,892	38,156
19,950	983,100	-
-	-	729
36,981	3,160,396	1,440,000
-	2,037,318	-
<u>445,281</u>	<u>20,088,599</u>	<u>1,875,089</u>
-	-	-
-	15,645,590	341,193
-	151,438,713	-
-	5,974,832	-
-	739,712	-
-	<u>173,798,847</u>	<u>341,193</u>
<u>445,281</u>	<u>193,887,446</u>	<u>2,216,282</u>
-	126,930	-
-	<u>429,802</u>	-
-	<u>556,732</u>	-
11,657,787	266,015,919	7,121,256
-	12,100,285	-
-	12,669,315	-
<u>1,737,447</u>	<u>171,377,014</u>	<u>7,767,869</u>
<u>\$ 13,395,234</u>	<u>\$ 462,162,533</u>	<u>\$ 14,889,125</u>

concluded

## CITY OF HOLLAND, MICHIGAN

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

Proprietary Funds

For the Year Ended June 30, 2020

	Business-type Activities - Enterprise Funds		
	Electric Utility	Wastewater Utility	Water Utility
<b>Operating revenues</b>			
Usage fees and charges for services	\$ 104,674,832	\$ 12,436,922	\$ 10,831,789
Premiums	-	-	-
Admissions and fares	-	-	-
Rentals	-	-	-
Miscellaneous	-	-	-
<b>Total operating revenues</b>	<u>104,674,832</u>	<u>12,436,922</u>	<u>10,831,789</u>
<b>Operating expenses</b>			
Personnel services	8,778,009	2,560,378	2,160,972
Other current expenses	46,839,417	5,529,291	3,143,088
Depreciation	15,111,318	3,302,604	1,970,194
<b>Total operating expenses</b>	<u>70,728,744</u>	<u>11,392,273</u>	<u>7,274,254</u>
Operating income (loss)	<u>33,946,088</u>	<u>1,044,649</u>	<u>3,557,535</u>
<b>Nonoperating revenues (expenses)</b>			
Property taxes	-	-	-
Other private donations	-	-	-
Investment earnings	3,373,131	251,631	198,929
Interest expense	(5,986,584)	(272,031)	(302,443)
Insurance recovery	-	-	-
Gain on sale of capital assets	42,076	-	4,019
<b>Total nonoperating revenues (expenses)</b>	<u>(2,571,377)</u>	<u>(20,400)</u>	<u>(99,495)</u>
Income (loss) before contributions and transfers	<u>31,374,711</u>	<u>1,024,249</u>	<u>3,458,040</u>
<b>Contributions and transfers</b>			
Capital contributions	-	169,220	66,528
Federal and/or state grants	-	2,260	-
Transfers in	-	-	-
Transfers out	(7,656,276)	-	-
<b>Net contributions and transfers</b>	<u>(7,656,276)</u>	<u>171,480</u>	<u>66,528</u>
<b>Change in net position</b>	<u>23,718,435</u>	<u>1,195,729</u>	<u>3,524,568</u>
Net position, beginning of year	<u>299,921,307</u>	<u>70,186,092</u>	<u>50,221,168</u>
<b>Net position, end of year</b>	<u>\$ 323,639,742</u>	<u>\$ 71,381,821</u>	<u>\$ 53,745,736</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
\$ 2,226,065	\$ 130,169,608	\$ 3,019,598
-	-	6,610,145
354,784	354,784	-
28,801	28,801	1,927,027
-	-	1,147
<u>2,609,650</u>	<u>130,553,193</u>	<u>11,557,917</u>
744,392	14,243,751	2,437,313
2,844,599	58,356,395	8,236,311
551,416	20,935,532	838,756
<u>4,140,407</u>	<u>93,535,678</u>	<u>11,512,380</u>
<u>(1,530,757)</u>	<u>37,017,515</u>	<u>45,537</u>
107,937	107,937	-
1,815	1,815	-
38,009	3,861,700	135,072
-	(6,561,058)	-
-	-	263,070
-	46,095	4,942
<u>147,761</u>	<u>(2,543,511)</u>	<u>403,084</u>
<u>(1,382,996)</u>	<u>34,474,004</u>	<u>448,621</u>
1,272	237,020	-
427	2,687	40
550,584	550,584	350,000
-	(7,656,276)	-
<u>552,283</u>	<u>(6,865,985)</u>	<u>350,040</u>
<u>(830,713)</u>	<u>27,608,019</u>	<u>798,661</u>
<u>14,225,947</u>	<u>434,554,514</u>	<u>14,090,464</u>
<u>\$ 13,395,234</u>	<u>\$ 462,162,533</u>	<u>\$ 14,889,125</u>

# CITY OF HOLLAND, MICHIGAN

## Statement of Cash Flows

Proprietary Funds

For the Year Ended June 30, 2020

	Business-type Activities - Enterprise Funds		
	Electric Utility	Wastewater Utility	Water Utility
<b>Cash flows from operating activities</b>			
Receipts from customers and users	\$ 104,267,711	\$ 12,394,475	\$ 10,394,212
Receipts from interfund services provided	-	-	-
Payments to suppliers	(49,839,611)	(5,995,622)	(2,444,544)
Payments to employees	(7,657,294)	(2,244,502)	(1,932,576)
<b>Net cash provided by (used in) operating activities</b>	<u>46,770,806</u>	<u>4,154,351</u>	<u>6,017,092</u>
<b>Cash flows from noncapital financing activities</b>			
Property taxes	-	-	-
Private donations	-	-	-
Insurance refunds	-	-	-
Intergovernmental receipts	-	-	-
Intragovernmental payments	(7,656,276)	-	-
Principal paid on pension bonds	(885,303)	(254,860)	(201,205)
Interest paid on pension bonds	(200,971)	(57,855)	(45,675)
<b>Net cash provided by (used in) noncapital financing activities</b>	<u>(8,742,550)</u>	<u>(312,715)</u>	<u>(246,880)</u>
<b>Cash flows from capital and related financing activities</b>			
Principal paid on capital related debt	-	(417,500)	(1,510,000)
Interest paid on capital related debt	(3,100,988)	(214,334)	(279,829)
Capital contributions	-	169,220	66,528
Federal and state capital grants	-	2,260	-
Proceeds from sales of capital assets	109,392	-	7,002
Purchase/construction of capital assets	(4,705,578)	(5,345,663)	(3,329,230)
<b>Net cash used in capital and related financing activities</b>	<u>(7,697,174)</u>	<u>(5,806,017)</u>	<u>(5,045,529)</u>
<b>Cash flows from investing activities</b>			
Proceeds from sales of investments	109,842,737	9,148,067	6,111,686
Purchase of investments	(132,202,865)	(9,426,556)	(6,309,328)
Investment income received	4,551,866	335,802	266,703
<b>Net cash provided by (used in) investing activities</b>	<u>(17,808,262)</u>	<u>57,313</u>	<u>69,061</u>
<b>Net increase (decrease) in cash and pooled investments</b>	12,522,820	(1,907,068)	793,744
Cash and pooled investments, beginning of year	21,009,989	10,216,457	6,419,821
<b>Cash and pooled investments, end of year</b>	<u>\$ 33,532,809</u>	<u>\$ 8,309,389</u>	<u>\$ 7,213,565</u>

Business-type Activities - Enterprise Funds		Governmental Activities
Nonmajor Enterprise Funds	Total	Internal Service Funds
\$ 2,599,542	\$ 129,655,940	\$ -
-	-	11,505,093
(3,059,455)	(61,339,232)	(8,378,848)
(755,948)	(12,590,320)	(2,301,412)
<u>(1,215,861)</u>	<u>55,726,388</u>	<u>824,833</u>
107,928	107,928	-
1,815	1,815	-
-	-	263,070
595,301	595,301	350,000
(16,104)	(7,672,380)	-
-	(1,341,368)	-
-	(304,501)	-
<u>688,940</u>	<u>(8,613,205)</u>	<u>613,070</u>
-	(1,927,500)	-
-	(3,595,151)	-
1,272	237,020	-
-	2,260	-
-	116,394	88,542
<u>(60,287)</u>	<u>(13,440,758)</u>	<u>(2,244,615)</u>
<u>(59,015)</u>	<u>(18,607,735)</u>	<u>(2,156,073)</u>
-	125,102,490	-
-	(147,938,749)	-
<u>38,009</u>	<u>5,192,380</u>	<u>135,072</u>
<u>38,009</u>	<u>(17,643,879)</u>	<u>135,072</u>
(547,927)	10,861,569	(583,098)
<u>2,223,350</u>	<u>39,869,617</u>	<u>9,640,558</u>
<u>\$ 1,675,423</u>	<u>\$ 50,731,186</u>	<u>\$ 9,057,460</u>

continued...

# CITY OF HOLLAND, MICHIGAN

## Statement of Cash Flows

Proprietary Funds

For the Year Ended June 30, 2020

	Business-type Activities - Enterprise Funds		
	Electric Utility	Wastewater Utility	Water Utility
<b>Classified on the statement of net position as</b>			
Cash and pooled investments	\$ 33,532,809	\$ 3,456,570	\$ 5,828,918
Restricted cash and pooled investments	-	4,852,819	1,384,647
	<u>\$ 33,532,809</u>	<u>\$ 8,309,389</u>	<u>\$ 7,213,565</u>
<b>Cash flows from operating activities</b>			
Operating income (loss)	\$ 33,946,088	\$ 1,044,649	\$ 3,557,535
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	15,111,318	3,302,604	1,970,194
Change in:			
Accounts receivable	(335,897)	(44,020)	(576,387)
Due from other funds	(109,093)	1,573	4,646
Inventories	(851,548)	(755)	184,171
Prepaid items	878,571	(25,132)	(14,083)
Due from the City of Wyoming	-	-	132,949
Accounts payable	(2,417,430)	(436,051)	527,073
Claims payable	-	-	-
Accrued payroll and benefits	93,884	27,651	19,453
Due to other funds	67,416	(4,393)	1,383
Unearned revenue	-	-	-
Accrued compensated absences	115,317	26,482	2,268
Deposits	37,869	-	1,215
Landfill postclosure liability	(677,203)	-	-
Net pension liability	(567,286)	(163,310)	(128,929)
Deferred outflows of resources related to the net pension liability	1,580,344	454,948	359,169
Deferred inflows of resources related to the net pension liability	(112,009)	(32,245)	(25,457)
Total other postemployment benefit liability	10,534	2,366	1,904
Deferred inflows of resources related to the total other postemployment benefit liability	(69)	(16)	(12)
<b>Net cash provided by (used in) operating activities</b>	<u>\$ 46,770,806</u>	<u>\$ 4,154,351</u>	<u>\$ 6,017,092</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
\$ 1,675,423	\$ 44,493,720	\$ 9,057,460
-	6,237,466	-
<u>\$ 1,675,423</u>	<u>\$ 50,731,186</u>	<u>\$ 9,057,460</u>
\$ (1,530,757)	\$ 37,017,515	\$ 45,537
551,416	20,935,532	838,756
892	(955,412)	(40,828)
-	(102,874)	3,043
-	(668,132)	(27,802)
-	839,356	(30,867)
-	132,949	-
(214,399)	(2,540,807)	52,311
-	-	(136,179)
(10,797)	130,191	6,388
-	64,406	(15,768)
(11,000)	(11,000)	729
(1,216)	142,851	129,513
-	39,084	-
-	(677,203)	-
-	(859,525)	-
-	2,394,461	-
-	(169,711)	-
-	14,804	-
-	(97)	-
<u>\$ (1,215,861)</u>	<u>\$ 55,726,388</u>	<u>\$ 824,833</u>

concluded

# CITY OF HOLLAND, MICHIGAN

## Statement of Fiduciary Assets and Liabilities

Agency Funds

June 30, 2020

### Assets

Cash and pooled investments	\$ 1,117,218
Accounts receivable	6,691
Prepaid items	1,113
	<hr/>

### Total assets

\$ 1,125,022

### Liabilities

Accounts payable	\$ 53,693
Due to other governmental units	1,036,543
Other liabilities and deposits	34,786
	<hr/>

### Total liabilities

\$ 1,125,022

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, 2020

	Downtown Development Authority	Holland Historical Trust	Brownfield Redevelopment Authority	SmartZone	Total
<b>Assets</b>					
Cash and pooled investments	\$ 283,863	\$ 107,770	\$ 703,273	\$ 221,453	\$ 1,316,359
Investments	-	364,381	-	-	364,381
Beneficial interest in assets held by others	-	103,702	-	-	103,702
Receivables, net	7,392	87,100	-	-	94,492
Inventory	-	3,943	-	-	3,943
Prepaid items	200	6,264	-	-	6,464
Capital assets:					
Land	-	20,000	-	-	20,000
Being depreciated, net of depreciation	131,516	977,929	-	-	1,109,445
<b>Total assets</b>	<b>422,971</b>	<b>1,671,089</b>	<b>703,273</b>	<b>221,453</b>	<b>3,018,786</b>
<b>Liabilities</b>					
Accounts payable	16,462	27,184	-	28,633	72,279
Accrued payroll and benefits	1,981	28,957	-	-	30,938
Due to other governmental units	-	-	74,542	-	74,542
Unearned revenue	-	58,394	-	-	58,394
<b>Total liabilities</b>	<b>18,443</b>	<b>114,535</b>	<b>74,542</b>	<b>28,633</b>	<b>236,153</b>
<b>Net position</b>					
Investment in capital assets	131,516	997,929	-	-	1,129,445
Restricted	-	492,978	-	-	492,978
Unrestricted	273,012	65,647	628,731	192,820	1,160,210
<b>Total net position</b>	<b>\$ 404,528</b>	<b>\$ 1,556,554</b>	<b>\$ 628,731</b>	<b>\$ 192,820</b>	<b>\$ 2,782,633</b>

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, 2020

	Downtown Development Authority	Holland Historical Trust	Brownfield Redevelopment Authority	SmartZone	Total
<b>Expenses</b>					
Downtown Development Authority	\$ 216,134	\$ -	\$ -	\$ -	\$ 216,134
Holland Historical Trust	-	893,710	-	-	893,710
Brownfield Redevelopment Authority	-	-	1,681,527	-	1,681,527
SmartZone	-	-	-	126,664	126,664
<b>Total expenses</b>	<b>216,134</b>	<b>893,710</b>	<b>1,681,527</b>	<b>126,664</b>	<b>2,918,035</b>
<b>Program revenues</b>					
Charges for services	9,840	62,869	-	-	72,709
Operating grants and contributions	17,387	609,336	24,839	213,443	865,005
<b>Total program revenues</b>	<b>27,227</b>	<b>672,205</b>	<b>24,839</b>	<b>213,443</b>	<b>937,714</b>
Net expenses (revenues)	(188,907)	(221,505)	(1,656,688)	86,779	(1,980,321)
<b>General revenues</b>					
Property taxes	209,939	-	1,678,519	-	1,888,458
Unrestricted grants and contributions	-	-	4,548	-	4,548
<b>Total general revenues</b>	<b>209,939</b>	<b>-</b>	<b>1,683,067</b>	<b>-</b>	<b>1,893,006</b>
<b>Change in net position</b>	<b>21,032</b>	<b>(221,505)</b>	<b>26,379</b>	<b>86,779</b>	<b>(87,315)</b>
Net position, beginning of year	383,496	1,778,059	602,352	106,041	2,869,948
<b>Net position, end of year</b>	<b>\$ 404,528</b>	<b>\$ 1,556,554</b>	<b>\$ 628,731</b>	<b>\$ 192,820</b>	<b>\$ 2,782,633</b>

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

## **NOTES TO FINANCIAL STATEMENTS**

# CITY OF HOLLAND, MICHIGAN

## Notes to Financial Statements

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### **The Reporting Entity**

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

#### ***Blended Component Units***

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

**Holland Energy Fund ("HEF")** – The HEF, a Michigan not-for-profit corporation, is governed by a 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 under GASB Statement 80 because the City is the sole corporate member. The purpose of the HEF is to facilitate and/or finance building energy labeling and the retrofitting of homes, commercial, and industrial facilities in the City with energy conservation measures.

#### ***Discretely Presented Component Units***

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

## CITY OF HOLLAND, MICHIGAN

### Notes to Financial Statements

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

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

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

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

#### ***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. Agency funds, a type of fiduciary fund, are unlike all other types of funds, reporting only assets and liabilities. Therefore, agency funds cannot be said to have a measurement focus. They do, however, use the accrual basis of accounting to recognize receivables and payables.

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.

# CITY OF HOLLAND, MICHIGAN

## Notes to Financial Statements

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.

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.

Additionally, the City reports the following fund types:

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

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

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

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

# CITY OF HOLLAND, MICHIGAN

## Notes to Financial Statements

*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.

*Agency Funds* are custodial in nature and do not present results of operations or have a measurement focus. These funds are used to account for assets that the government holds for others in an agency capacity (such as property tax collections, various other delinquent taxes, flexible spending funds and employee withholdings).

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.

### **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.

# CITY OF HOLLAND, MICHIGAN

## Notes to Financial Statements

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 of Holland for the ongoing care and maintenance of the cemeteries managed by the City. The investments held at the Foundation, which were contributed by the City to the City of Holland Cemetery Perpetual Care Fund along with the earnings on these investments, are reported at fair value as assets of the City.

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

### ***Receivables***

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

# CITY OF HOLLAND, MICHIGAN

## Notes to Financial Statements

### *Due To/From Other Funds*

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

### *Due To/From Other Governmental Units*

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

### *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.

### *Inventories*

Inventories recorded in the enterprise and internal service funds and in the Holland Historical Trust are expensed 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.

# CITY OF HOLLAND, MICHIGAN

## Notes to Financial Statements

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***

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

### ***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 position 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 a deferred outflow of resources for the deferred charge on bond refunding reported in the government-wide statement of net position, which results from the difference in the carrying value of refunded debt and its reacquisition price. The amount is amortized over the shorter of the life of the refunded or refunding debt. In addition, the City reports deferred outflows of resources for changes in expected and actual investment returns, assumptions, and benefits provided in 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.

# CITY OF HOLLAND, MICHIGAN

## Notes to Financial Statements

### *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:

	<b>Governmental Activities</b>	<b>Component Units</b>
Grant drawdowns in excess of amounts expended:		
Culture and community improvement	\$ 40,970	\$ -
Infrastructure projects	83,711	-
Fees collected in excess of amounts earned	<u>111,628</u>	<u>58,394</u>
<b>Total unearned revenue</b>	<u><u>\$ 236,309</u></u>	<u><u>\$ 58,394</u></u>

### *Pensions and Other Postemployment Benefits*

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

### *Property Taxes*

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

# CITY OF HOLLAND, MICHIGAN

## Notes to Financial Statements

The taxable value at December 31, 2019 was \$1,198,468,446 which provides a City-wide valuation equivalency that allows for a uniform millage rate across all taxable properties, including tax-abated properties. The tax levy was based on the following rates:

	Millage Rate Used	Authorized Millage Rate	Authorized By
General operating	8.1817		
Street development and improvement	1.2000		
Sidewalk development and improvement	0.0500		
Municipal capital projects	0.1605		
Debt service general obligation	4.1790		
	<u>13.7712</u>	15.4520	1
		17.5000	City Charter
West Michigan Airport Authority	0.0980	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.

### **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 5.5% of Electric Utility Fund budgeted revenues of the same fiscal year. For fiscal year 2020, total transfers of \$7,656,276 were made. A \$6,213,750 transfer was made to the General Fund, and a \$1,442,526 transfer was made to the Municipal Facilities and Land Improvements Projects Fund.

### **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.

## CITY OF HOLLAND, MICHIGAN

### Notes to Financial Statements

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 one half, or one quarter, based on the date of hire, of total accumulated sick leave hours in excess of 720 hours for the year ended June 30, 2020. Fire bargaining employees receive no pay out upon termination for accumulated sick leave hours.

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

#### *Deferred Inflows of Resources*

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position 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 receivable. 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 for changes in expected and actual investment returns, assumptions, and benefits provided in its pension and other postemployment benefits plans.

#### *Fund Equity*

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

# CITY OF HOLLAND, MICHIGAN

## Notes to Financial Statements

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.

## 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 Director of Finance 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.

# CITY OF HOLLAND, MICHIGAN

## Notes to Financial Statements

7. Informal budgets are adopted for the capital projects Funds on a “multi-year” inception-to-completion basis.

### 3. BUDGETARY COMPLIANCE

For the year ended June 30, 2020, expenditures exceeded appropriations at the legal level of budgetary control in the following funds:

	Total Appropriations	Amount of Expenditure	Budget Variance
<b>General Fund</b>			
General government:			
Independent audit	\$ 47,125	\$ 47,158	\$ 33
Public safety:			
Environmental health/inspections	472,466	473,640	1,174
<b>Nonmajor Governmental Funds</b>			
CATV (Public Access Channels) Fund			
Total expenditures and transfers out	448,460	449,373	913

### 4. DEPOSITS AND INVESTMENTS

The City’s reporting entity deposits and investments as of June 30, 2020 are included in the financial statements under the following classifications:

	Statement of Net Position			Statement of Fiduciary Assets and Liabilities	Total
	Governmental Activities	Business-type Activities	Component Units	Agency Funds	
Cash and pooled investments	\$ 24,874,733	\$ 44,493,720	\$ 1,316,359	\$ 1,117,218	\$ 71,802,030
Investments	-	128,508,455	364,381	-	128,872,836
Restricted assets:					
Cash and pooled investments					
	-	6,237,466	-	-	6,237,466
Investments	-	18,529,413	-	-	18,529,413
<b>Total</b>	<b>\$ 24,874,733</b>	<b>\$ 197,769,054</b>	<b>\$ 1,680,740</b>	<b>\$ 1,117,218</b>	<b>\$ 225,441,745</b>

# CITY OF HOLLAND, MICHIGAN

## Notes to Financial Statements

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

Petty cash	\$ 16,102
Deposits (checking/savings accounts)	52,607,842
Certificate of deposit (due within one year)	6,007,170
Certificate of deposit (due within one to five years)	831,198
Investments:	
Primary government	165,615,052
Component units	364,381
	<u>\$ 225,441,745</u>

### Investment and Deposit Risk

#### Primary Government

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

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

	No maturity	Due < 1 year	Due in 1-5 years	Due > 5 years	Totals
<b>Primary Government</b>					
U.S. government securities	\$ -	\$ 4,586,840	\$ 37,726,459	\$ -	\$ 42,313,299
Treasury notes	-	9,525,977	3,697,309	-	13,223,286
Municipal bonds	-	3,431,119	7,749,981	514,140	11,695,240
Commercial paper	-	24,033,647	-	-	24,033,647
Money market funds	65,761,441	-	-	-	65,761,441
Michigan CLASS government investment pool	4,108,778	-	-	-	4,108,778
MPPA Investments	4,479,361	-	-	-	4,479,361
<b>Total Primary Government</b>	<u>\$ 74,349,580</u>	<u>\$ 41,577,583</u>	<u>\$ 49,173,749</u>	<u>\$ 514,140</u>	<u>\$ 165,615,052</u>

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

# CITY OF HOLLAND, MICHIGAN

## Notes to Financial Statements

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

S&P AAA	\$ 69,870,219
S&P AA+	57,816,215
S&P AA	8,634,075
S&P AA-	830,959
S&P A1	23,074,617
S&P A1+	353,491
Moody's AAA	2,199,731
Moody's Aa1	2,230,206
Moody's P1	<u>605,539</u>
<b>Total Primary Government</b>	<b><u>\$ 165,615,052</u></b>

*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, \$55,953,372 of the bank balance of \$58,861,952 was exposed to custodial credit risk because it was uninsured and uncollateralized.

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

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

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

Debt and equity securities classified in level 2 are valued using the following approaches: debt securities are normally valued based on price data obtained from observed transactions and market price quotations from broker dealers and/or pricing vendors; equity securities are valued using fair value per share for each fund. Commercial paper classified in level 2 is valued using broker quotes that utilize observable market inputs. Amounts held with the Michigan Public Power Agency classified in level 3 are based upon unobservable inputs.

## CITY OF HOLLAND, MICHIGAN

### Notes to Financial Statements

The City has the following recurring fair value measurements as of June 30, 2020:

	Level 1	Level 2	Level 3	Total
U.S. government securities	\$ -	\$ 42,313,299	\$ -	\$ 42,313,299
Treasury notes	-	13,223,286	-	13,223,286
Municipal bonds	-	11,695,240	-	11,695,240
Commercial paper	-	24,033,647	-	24,033,647
Michigan Public Power Agency	-	-	4,479,361	4,479,361
	<u>\$ -</u>	<u>\$ 91,265,472</u>	<u>\$ 4,479,361</u>	<u>95,744,833</u>
Assets carried at amortized cost:				
Money market funds				65,761,441
Assets carried at net asset value:				
Michigan CLASS government investment pool				<u>4,108,778</u>
Total investments				<u>\$ 165,615,052</u>

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

At year end, the net asset value of the City's investment in Michigan CLASS was \$4,108,778. 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 City trunkage, future debt payments, and insurance/risk retention in the amount of \$2,231,945, \$107,140,884, and \$7,100,980, respectively.

#### Component Unit - Holland Historical Trust

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

## CITY OF HOLLAND, MICHIGAN

### Notes to Financial Statements

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

*Custodial Credit Risk - Deposits.* Custodial credit risk is the risk that in the event of a bank failure, the HHT's deposits may not be returned. The HHT's investment policy does not have specific limits pertaining to custodial credit risk. As of year-end, none of the bank balance of \$111,031 was exposed to custodial credit risk because it was uninsured and uncollateralized.

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

	Fair Value	Interest Rate	Maturity Date	Rating
Bond mutual funds	\$ 111,234	n/a	n/a	Various
Equity mutual funds	205,517	n/a	n/a	n/a
Other mutual funds	13,664	n/a	n/a	n/a
Corporate equities, domestic	<u>33,966</u>	n/a	n/a	n/a
	<u>\$ 364,381</u>			

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

# CITY OF HOLLAND, MICHIGAN

## Notes to Financial Statements

### 5. RECEIVABLES

Receivables are comprised of the following at year-end:

	Governmental Activities	Business-type Activities	Component Units
Accounts	\$ 988,759	\$ 18,438,220	\$ 7,300
Allowance for uncollectible accounts receivable	(93,652)	(80,894)	-
Taxes and special assessments	538,940	79,372	316
Allowance for uncollectible taxes and special assessments	(11,637)	(77)	(224)
Notes	1,482,606	-	-
Allowance for notes receivable	(30,000)	-	-
Interest	14,686	81,931	-
Pledges receivable	-	-	87,100
Due from other governmental units	1,120,372	427	-
Due from City of Wyoming	-	1,824,529	-
	<u>\$ 4,010,074</u>	<u>\$ 20,343,508</u>	<u>\$ 94,492</u>

Of the governmental activities amounts reported for receivables above, special assessments and notes receivable in the amount of \$435,295 and \$1,386,685 are not expected to be collected within one year. Of the business-type activities amounts reported for receivables above, due from the City of Wyoming in the amount of \$1,824,529 is not expected to be collected within one year.

# CITY OF HOLLAND, MICHIGAN

## Notes to Financial Statements

### 6. CAPITAL ASSETS

#### Primary government

Capital asset activity for the primary government for the year ended June 30, 2020, was as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
<b>Governmental activities</b>					
Capital assets, not being depreciated:					
Land	\$ 16,520,089	\$ -	\$ (15,279)	\$ -	\$ 16,504,810
Construction in progress	906,200	2,953,437	(12,318)	(705,233)	3,142,086
	<u>17,426,289</u>	<u>2,953,437</u>	<u>(27,597)</u>	<u>(705,233)</u>	<u>19,646,896</u>
Capital assets, being depreciated:					
Land improvements	30,567,339	299,289	(264,270)	-	30,602,358
Buildings	52,434,424	643,816	(24,965)	62,664	53,115,939
Machinery and equipment	9,875,652	621,289	(565,692)	-	9,931,249
Vehicles	8,784,560	310,745	(314,151)	92,546	8,873,700
Infrastructure	124,946,709	4,230,741	(637,324)	550,023	129,090,149
	<u>226,608,684</u>	<u>6,105,880</u>	<u>(1,806,402)</u>	<u>705,233</u>	<u>231,613,395</u>
Less accumulated depreciation for:					
Land improvements	(14,996,114)	(1,219,333)	264,270	-	(15,951,177)
Buildings	(18,451,528)	(1,516,833)	24,965	-	(19,943,396)
Machinery and equipment	(6,314,859)	(504,931)	508,798	-	(6,310,992)
Vehicles	(5,291,638)	(567,149)	288,777	-	(5,570,010)
Infrastructure	(50,698,369)	(3,864,915)	581,613	-	(53,981,671)
	<u>(95,752,508)</u>	<u>(7,673,161)</u>	<u>1,668,423</u>	<u>-</u>	<u>(101,757,246)</u>
Total capital assets being depreciated, net	<u>130,856,176</u>	<u>(1,567,281)</u>	<u>(137,979)</u>	<u>705,233</u>	<u>129,856,149</u>
<b>Governmental activities capital assets, net</b>	<u>\$ 148,282,465</u>	<u>\$ 1,386,156</u>	<u>\$ (165,576)</u>	<u>\$ -</u>	<u>\$ 149,503,045</u>

# CITY OF HOLLAND, MICHIGAN

## Notes to Financial Statements

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
<b>Business-type activities</b>					
Capital assets, not being depreciated:					
Land	\$ 29,890,054	\$ -	\$ -	\$ 41,040	\$ 29,931,094
Construction in progress	10,645,033	13,380,471	(59,283)	(17,926,712)	6,039,509
	<u>40,535,087</u>	<u>13,380,471</u>	<u>(59,283)</u>	<u>(17,885,672)</u>	<u>35,970,603</u>
Capital assets, being depreciated:					
Land improvements	15,669,723	-	-	-	15,669,723
Buildings	3,883,932	60,287	-	-	3,944,219
Machinery and equipment	654,838,821	-	(1,027,598)	17,424,544	671,235,767
Vehicles	4,571,226	-	(244,170)	461,128	4,788,184
	<u>678,963,702</u>	<u>60,287</u>	<u>(1,271,768)</u>	<u>17,885,672</u>	<u>695,637,893</u>
Less accumulated depreciation for:					
Land improvements	(11,472,485)	(478,257)	-	-	(11,950,742)
Buildings	(2,507,931)	(66,700)	-	-	(2,574,631)
Machinery and equipment	(268,069,829)	(19,971,465)	1,016,582	-	(287,024,712)
Vehicles	(2,596,573)	(419,110)	244,170	-	(2,771,513)
	<u>(284,646,818)</u>	<u>(20,935,532)</u>	<u>1,260,752</u>	<u>-</u>	<u>(304,321,598)</u>
Total capital assets being depreciated, net	<u>394,316,884</u>	<u>(20,875,245)</u>	<u>(11,016)</u>	<u>17,885,672</u>	<u>391,316,295</u>
<b>Business-type activities capital assets, net</b>	<u>\$ 434,851,971</u>	<u>\$ (7,494,774)</u>	<u>\$ (70,299)</u>	<u>\$ -</u>	<u>\$ 427,286,898</u>

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

### Depreciation of governmental activities by function

General government	\$ 255,239
Public safety	530,140
Public works	4,318,106
Parks and recreation	1,704,867
Welfare and social services	26,053
Internal service funds	838,756
	<u>\$ 7,673,161</u>

### Depreciation of business-type activities by function

Electric Utility	\$ 15,111,318
Wastewater Utility	3,302,604
Water Utility	1,970,194
Nonmajor enterprise funds	551,416
	<u>\$ 20,935,532</u>

# CITY OF HOLLAND, MICHIGAN

## Notes to Financial Statements

### Discretely presented component units

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
<b>Component Unit -</b>					
<b>Downtown Development Authority</b>					
Capital assets, being depreciated:					
Land improvements	\$ 427,257	\$ -	\$ -	\$ -	\$ 427,257
Less accumulated depreciation for:					
Land improvements	(276,840)	(18,901)	-	-	(295,741)
<b>Downtown Development Authority capital assets, net</b>	<b>\$ 150,417</b>	<b>\$ (18,901)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 131,516</b>
<b>Component Unit -</b>					
<b>Holland Historical Trust</b>					
Capital assets, not being depreciated:					
Land	\$ 20,000	\$ -	\$ -	\$ -	\$ 20,000
Capital assets, being depreciated:					
Buildings and improvements	2,932,022	-	-	-	2,932,022
Furniture and equipment	56,105	-	-	-	56,105
	<u>2,988,127</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,988,127</u>
Less accumulated depreciation for:					
Buildings and improvements	(1,854,948)	(113,299)	-	-	(1,968,247)
Furniture and equipment	(39,392)	(2,559)	-	-	(41,951)
	<u>(1,894,340)</u>	<u>(115,858)</u>	<u>-</u>	<u>-</u>	<u>(2,010,198)</u>
Total capital assets being depreciated, net	<u>1,093,787</u>	<u>(115,858)</u>	<u>-</u>	<u>-</u>	<u>977,929</u>
<b>Holland Historical Trust capital assets, net</b>	<b>\$ 1,113,787</b>	<b>\$ (115,858)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 997,929</b>

# CITY OF HOLLAND, MICHIGAN

## Notes to Financial Statements

### 7. PAYABLES

Payables are comprised of the following at year-end:

	Governmental Activities	Business-type Activities	Component Units
Accounts	\$ 998,760	\$ 9,784,123	\$ 72,279
Accrued payroll and benefits	436,836	588,371	30,938
Claims payable	166,682	-	-
Accrued interest payable	340,720	3,157,126	-
Accrued interest payable from restricted assets	-	24,273	-
Due to other governmental units	238,972	-	74,542
	<u>\$ 2,181,970</u>	<u>\$ 13,553,893</u>	<u>\$ 177,759</u>

### 8. LONG-TERM DEBT

Long-term debt at June 30, 2020, is comprised of the following individual bond issues, notes payable and lease obligations:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
<b>Governmental activities</b>					
General obligation bonds	\$ 28,230,000	\$ -	\$ (2,765,000)	\$ 25,465,000	\$ 2,490,000
Pension bonds	27,144,476	-	(1,688,632)	25,455,844	1,732,634
Notes from direct borrowings and direct placements	2,336,903	-	(307,634)	2,029,269	314,171
Total installment debt	57,711,379	-	(4,761,266)	52,950,113	4,536,805
Premium on bonds payable	305,448	-	(34,954)	270,494	34,954
Compensated absences	1,651,680	1,569,839	(1,440,326)	1,781,193	1,440,000
<b>Totals governmental activities</b>	<u>\$ 59,668,507</u>	<u>\$ 1,569,839</u>	<u>\$ (6,236,546)</u>	<u>\$ 55,001,800</u>	<u>\$ 6,011,759</u>

#### General obligation bonds

\$4,000,000 2008 Capital Improvement Parking Bonds, due in annual installments of \$45,000 to \$285,000 plus interest ranging from 3.25 to 4.5%, payable semi-annually, through May 1, 2030. \$ 2,090,000

\$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. 9,310,000

# CITY OF HOLLAND, MICHIGAN

## Notes to Financial Statements

### General obligation bonds (concluded)

\$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. \$ 3,475,000

\$6,975,000 2016 Building Authority Refunding Bonds, (refunding of the 2006 Building Authority Refunding Bonds) due in annual installments of \$120,000 to \$1,805,000, plus interest of 1.46%, payable semi-annually, through October 1, 2021. 3,590,000

\$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. 7,000,000

**Total general obligation bonds** \$ 25,465,000

### 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. \$ 6,855,844

\$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. 18,600,000

**Total pension bonds** \$ 25,455,844

### Notes from direct borrowings and direct placements

\$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. \$ 1,877,769

\$180,000 2018 note payable, due in monthly installments of \$1,500 interest free through November 1, 2028. 151,500

**Total notes from direct borrowings and direct placements** \$ 2,029,269

# CITY OF HOLLAND, MICHIGAN

## Notes to Financial Statements

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
<b>Business-type activities</b>					
Revenue bonds	\$ 150,693,610	\$ -	\$ (1,510,000)	\$ 149,183,610	\$ 1,560,000
Pension bonds	10,195,525	-	(1,341,368)	8,854,157	1,372,367
Capital lease	8,312,500	-	(417,500)	7,895,000	427,500
Total installment debt	169,201,635	-	(3,268,868)	165,932,767	3,359,867
Premium on bonds payable	4,780,274	-	(487,853)	4,292,421	477,318
Landfill liability	1,373,503	-	(677,203)	696,300	-
Compensated absences	1,217,678	1,373,313	(1,230,462)	1,360,529	1,360,529
<b>Total business-type activities</b>	<b>\$ 176,573,090</b>	<b>\$ 1,373,313</b>	<b>\$ (5,664,386)</b>	<b>\$ 172,282,017</b>	<b>\$ 5,197,714</b>

### Revenue bonds

\$5,395,110 2011A Drinking Water Revolving Bonds, due in annual installments of \$236,500 to \$368,610 plus interest at 2.5%, payable semi-annually, through April 1, 2032. \$ 3,883,610

\$9,740,000 2012A Water Supply System Revenue Refunding Bonds, due in annual installments of \$190,000 to \$1,430,000 plus interest ranging from 2.0 to 4.0%, payable semi-annually, through July 1, 2024. 5,410,000

\$158,840,000 2014A Electric Utility System Revenue Bonds, due in annual installments of \$4,600,000 to \$10,705,000 plus interest ranging from 1.659 to 4.919%, payable semi-annually, through July 1, 2039. 139,890,000

**Total revenue bonds** \$ 149,183,610

### Pension bonds

\$14,090,000 2016 Pension Bonds (Board of Public Works 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. \$ 8,854,157

### Capital lease

\$9,500,000 2015 Capital lease payable 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. \$ 7,895,000

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

# CITY OF HOLLAND, MICHIGAN

## Notes to Financial Statements

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

The annual requirements to pay principal and interest on general obligation, pension and revenue bonds debt outstanding at June 30, 2020 are as follows:

Year Ended June 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2021	\$ 4,222,634	\$ 1,678,992	\$ 2,932,367	\$ 6,769,688
2022	4,306,000	1,588,468	8,009,000	6,589,308
2023	2,966,548	1,497,010	8,303,452	6,317,476
2024	3,049,278	1,405,621	8,580,722	6,022,910
2025	3,153,554	1,304,500	7,411,446	5,723,526
2026-2030	11,912,830	5,144,882	34,307,171	24,623,062
2031-2035	10,265,000	3,129,826	39,678,610	16,281,970
2036-2040	9,590,000	1,118,999	48,814,999	6,104,607
2041-2043	1,455,000	80,204	-	-
	<u>\$ 50,920,844</u>	<u>\$ 16,948,502</u>	<u>\$ 158,037,767</u>	<u>\$ 78,432,547</u>

The annual requirements to maturity on capital leases outstanding as of June 30, 2020 are as follows:

Year Ended June 30,	Business-type Activities	
	Principal	Interest
2021	\$ 427,500	\$ 214,012
2022	437,500	206,959
2023	450,000	198,865
2024	462,500	189,640
2025	472,500	179,465
2026-2030	2,580,000	716,105
2031-2035	3,065,000	310,743
	<u>\$ 7,895,000</u>	<u>\$ 2,015,789</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, 2020 are as follows:

Year Ended June 30,	Governmental Activities	
	Principal	Interest
2021	\$ 314,171	\$ 39,511
2022	320,692	32,989
2023	327,358	26,324
2024	334,170	19,512
2025	341,132	12,550
2026-2029	391,746	5,430
	<u>\$ 2,029,269</u>	<u>\$ 136,316</u>

### Revenue Bonds

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

### Pledged Revenues

*Electric.* The Board has pledged future electric customer revenues, net of specified operating expenses, to repay \$158.84 million in electric utility system revenue bonds issued in April 2014. Proceeds from the bonds provided financing for the construction of the Holland Energy Park. The bonds are payable solely from electric customer net revenues and are payable through 2039. Annual principal and interest payments on the bonds are expected to require less than 29% of net revenues. The total principal and interest paid for the current year and total customer net revenues were \$11,161,994 and \$49,057,406, respectively.

*Wastewater.* The Board has pledged future wastewater customer revenues, net of specified operating expenses, to repay \$9.5 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 20% of net revenues. The total principal and interest paid for the current year and total customer net revenues were \$637,566 and \$4,347,253, 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 \$9.74 million in water supply revenue refunding bonds issued in June 2012. Proceeds from the 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 27% of net revenues. The total principal and interest paid for the current year and total customer net revenues were \$1,430,175 and \$5,527,729, respectively.

The Board has pledged future water customer revenues, net of specified operating expenses, to repay \$5.935 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 7% of net revenues. The total principal and interest paid for the current year and total customer net revenues were \$376,537 and \$5,527,729, respectively.

#### **Refunded and Defeased Debt**

In a prior year, the City advance refunded \$6,915,000 of 2006 Building Authority Refunding Bonds to provide resources to purchase U.S. government securities that were placed in an escrow fund for the purpose of generating resources for all future debt service payments. As a result, the certificates are considered defeased and the liability has been removed from the statement of net position. As of June 30, 2020, a total of \$3,685,000 of defeased bonds are outstanding related to prior year refundings.

#### **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. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the Board reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each statement of net position date. The \$696,300 reported as landfill closure and postclosure liability at June 30, 2020, represents the cumulative amount reported to date based on the use of 87 percent of the estimated capacity of the landfill. The Board recognized closure cost during the current fiscal year and received a letter from the Department of Environment, Great Lakes and Energy (EGLE) acknowledging the landfill has been closed effective July 10, 2020. The remaining liability is for the estimated cost for postclosure care for the next 30 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, 2020, the closure and postclosure costs have been assured by a \$100,000 letter of credit and \$18,913 held in trust.

# CITY OF HOLLAND, MICHIGAN

## Notes to Financial Statements

### 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, 2020 for the business-type activities is substantially equal to amounts estimated to be paid out for such balances during the next year, all compensated balances for business-type activities are believed to be due in one year.

### 9. LINE OF CREDIT

HHT has available two \$100,000 lines of credit. One of the lines of credit has variable interest based on 1.25% plus lender's prime commercial rate (effective rate of 4.50% at June 30, 2020). The line expires on February 22, 2023 and is secured by HHT's assets. There is no amount outstanding on the line as of June 30, 2020. For the year ended June 30, 2020, interest expense on borrowings was \$3,429.

The other line of credit has variable interest based on lender's prime commercial rate (effective rate of 3.25% at June 30, 2020). The line expires on June 17, 2023. There has been no draws on this line and no amount outstanding on the line as of June 30, 2020.

### 10. JOINT VENTURES

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

Under the joint venture, the Board has entered into Power Sales Contracts and Project Support Contracts. These contracts provide for the Board to purchase from MPPA 15.66% of the energy generated by MPPA's 37.22% ownership in Detroit Edison's Belle River Unit No. 1, which became operational in August 1984, 6.35% of MPPA's 4.8% ownership in Consumers Energy's Campbell Unit No. 3, which became operational in September 1980, and 13.35% of the energy generated by MPPA'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 10 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 8 megawatts of power in 2013 and thereafter.

## CITY OF HOLLAND, MICHIGAN

### Notes to Financial Statements

For the year ended June 30, 2020, the Board recognized expenses totaling \$11,328,304 under the terms of the contracts which represented \$1,138,541 for fixed operating costs, \$1,391,465 for debt service and \$8,798,298 for the purchase of power. Accounts payable to MPPA totaled \$232,638 at June 30, 2020. Under the terms of its contracts, the Board must make minimum annual payments equal to its share of debt service and its share of the fixed operating costs of Detroit Edison's Belle River No. 1, Consumers Energy's Campbell Unit No. 3 and American Municipal Power's AMP 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,	Campbell		Fremont (AFEC)		Total
	Debt Service	Fixed Operating	Debt Service	Fixed Operating	
2021	\$ 1,111,411	\$ 225,581	\$ 280,255	\$ 293,830	\$ 1,911,077
2022	555,487	114,458	280,674	222,881	1,173,500
2023	-	-	280,657	223,678	504,335
2024	-	-	281,074	217,849	498,923
2025	-	-	280,437	195,814	476,251
2026-2030	-	-	1,407,257	1,040,451	2,447,708
2031-2035	-	-	1,411,029	1,148,741	2,559,770
2036-2040	-	-	1,416,018	1,268,304	2,684,322
2041-2043	-	-	852,646	823,497	1,676,143
	<u>\$ 1,666,898</u>	<u>\$ 340,039</u>	<u>\$ 6,490,047</u>	<u>\$ 5,435,045</u>	<u>\$ 13,932,029</u>

Debt Service requirements for the Belle River project expired in 2018. Debt Service requirements for the Campbell and Fremont project expire in 2022 and 2043. The above amounts include estimated fixed operating costs for the same period as the debt service. The contracts for the Board's commitment for fixed operating costs to extend beyond these dates is dependent upon the use of the facilities. The joint venture is a result of an ongoing financial responsibility. The Board did not have an initial equity interest and does not participate in net income or losses.

**CITY OF HOLLAND, MICHIGAN**

**Notes to Financial Statements**

**11. INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS**

The composition of interfund balances as of June 30, 2020, was as follows:

	Due from Other Funds							Total
	General Fund	Nonmajor Govern-mental Funds	Electric Utility	Wastewater Utility	Water Utility	Nonmajor Enterprise Funds	Internal Service Funds	
<b>Due to other funds</b>								
General Fund	\$ -	\$ -	\$ 63,932	\$ 178	\$ 25,727	\$ -	\$ -	\$ 89,837
Nonmajor Governmental Funds	-	181,720	1,168,351	3,248	470,161	-	-	1,823,480
Electric Utility	78	92,991	-	-	-	182,749	6,498	282,316
Wastewater Utility	-	61	-	-	-	120	4	185
Water Utility	-	1,189	-	-	-	2,338	83	3,610
Nonmajor Enterprise Funds	-	45,470	15,878	44	6,389	-	-	67,781
Internal Service Funds	-	37,028	803	2	323	-	-	38,156
	<u>\$ 78</u>	<u>\$ 358,459</u>	<u>\$ 1,248,964</u>	<u>\$ 3,472</u>	<u>\$ 502,600</u>	<u>\$ 185,207</u>	<u>\$ 6,585</u>	<u>\$ 2,305,365</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, 2020, interfund transfers consisted of the following:

	Transfers in				Total
	General Fund	Nonmajor Govern-mental Funds	Nonmajor Enterprise Funds	Internal Service Funds	
<b>Transfers out</b>					
General Fund	\$ -	\$ 1,497,667	\$ 549,831	\$ 250,000	\$ 2,297,498
Nonmajor Governmental Funds	52,529	3,532,969	753	100,000	3,686,251
Electric Utility	6,213,750	1,442,526	-	-	7,656,276
	<u>\$ 6,266,279</u>	<u>\$ 6,473,162</u>	<u>\$ 550,584</u>	<u>\$ 350,000</u>	<u>\$ 13,640,025</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.

# CITY OF HOLLAND, MICHIGAN

## Notes to Financial Statements

### 12. NET INVESTMENT IN CAPITAL ASSETS

The composition of net investment in capital assets as of June 30, 2020, was as follows:

	Governmental Activities	Business-type Activities	Component Units
Capital assets:			
Land	\$ 16,504,810	\$ 29,931,094	\$ 20,000
Construction in progress	3,142,086	6,039,509	-
Capital assets being depreciated, net	129,856,149	391,316,295	1,109,445
	<u>149,503,045</u>	<u>427,286,898</u>	<u>1,129,445</u>
Related debt:			
Total installment debt	52,950,113	165,932,767	-
Less: bonds payable related to pension obligations	(25,455,844)	(8,854,157)	-
Net bond premium	270,494	4,292,421	-
Deferred charge on bond refundings	(64,826)	(100,052)	-
	<u>27,699,937</u>	<u>161,270,979</u>	<u>-</u>
<b>Net investment in capital assets</b>	<u><u>\$ 121,803,108</u></u>	<u><u>\$ 266,015,919</u></u>	<u><u>\$ 1,129,445</u></u>

# CITY OF HOLLAND, MICHIGAN

## Notes to Financial Statements

### 13. FUND BALANCES - GOVERNMENTAL FUNDS

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

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Nonspendable</b>			
Prepaid items	\$ -	\$ 300	\$ 300
Cemetery endowment corpus	-	1,799,898	1,799,898
	-	1,800,198	1,800,198
<b>Restricted</b>			
Street construction and maintenance	-	2,660,808	2,660,808
Cemetery maintenance and improvements	-	72,410	72,410
Parking system and maintenance	-	292,085	292,085
Downtown promotion	-	173,682	173,682
Grant and support programs	-	46,123	46,123
Specified donations	-	505,284	505,284
Assistance programs	-	566,560	566,560
Debt service	-	934,620	934,620
	-	5,251,572	5,251,572
<b>Committed</b>			
Parking system and maintenance	-	89,884	89,884
Public access television	-	244,111	244,111
Grant and support programs	5,667	12,713	18,380
Capital improvements	-	4,532,893	4,532,893
Energy conservation	-	505,892	505,892
	5,667	5,385,493	5,391,160
<b>Unassigned</b>	5,085,389	-	5,085,389
<b>Total fund balances - governmental funds</b>	<b>\$ 5,091,056</b>	<b>\$ 12,437,263</b>	<b>\$ 17,528,319</b>

# CITY OF HOLLAND, MICHIGAN

## Notes to Financial Statements

### 14. 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](http://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, age 55 with 15 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, 2019 valuation date, plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits	353
Inactive employees entitled to but not yet receiving benefits	58
Active employees	<u>146</u>
<b>Total membership</b>	<u><u>557</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, 2020:

Division/Bargaining Unit	Employer Contribution	Employee Contribution	Status
01 - Gen. NonUnion	\$18,788/month	3.00%	Closed
02 - Public Safety Command	\$7,555/month	3.00%	Closed
11 - PubWks Local 586	\$30,056/month	3.00%	Closed
13 - PubWks-NonUnion	\$25,997/month	3.00%	Closed
14 - Clerical	\$3,543/month	3.00%	Closed
20 - Police FOP	\$26,202/month	6.00%	Closed
50 - Fire Local 759	\$8,167/month	8.23%	Closed

# CITY OF HOLLAND, MICHIGAN

## Notes to Financial Statements

*Net Pension Liability.* The City's net pension liability was measured as of December 31, 2019, 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, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.00% in the long-term
Investment rate of return	7.35%, net of investment and administrative expense including inflation

The mortality table used to project the mortality experience of non-disabled plan members is a 50% male, 50% female blend of the following tables:

- The RP-2014 Healthy Annuitant Mortality Tables, with rates multiplied by 105%
- The RP-2014 Employee Mortality Tables
- The RP-2014 Juvenile Mortality Tables

The mortality table used to project the mortality experience of disabled plan members is 50% Male, 50% Female blend of RP-2014 Disabled Retiree Mortality Tables.

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of the most recent actuarial experience study of 2009-2013.

## 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%	5.25%	3.15%
Global fixed income	20.0%	1.25%	0.25%
Private investments	<u>20.0%</u>	7.25%	1.45%
	<u>100.0%</u>		
Inflation			2.50%
Administrative expenses netted above			<u>0.25%</u>
<b>Investment rate of return</b>			<u><u>7.60%</u></u>

*Discount Rate.* The discount rate used to measure the total pension liability as of December 31, 2019 was 7.6% (down from 8.0% at December 31, 2018). 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:

	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) - (b)</b>
Balances at December 31, 2018	\$ 136,248,768	\$ 119,510,625	\$ 16,738,143
Changes for the year:			
Service cost	1,318,778	-	1,318,778
Interest	10,591,696	-	10,591,696
Differences between expected and actual experience	414,602	-	414,602
Changes in assumptions	4,468,033	-	4,468,033
Employer contributions	-	1,852,924	(1,852,924)
Employee contributions	-	764,175	(764,175)
Net investment income	-	15,974,927	(15,974,927)
Benefit payments, including refunds of employee contributions	(9,023,916)	(9,023,916)	-
Administrative expense	-	(275,124)	275,124
Net changes	<u>7,769,193</u>	<u>9,292,986</u>	<u>(1,523,793)</u>
<b>Balances at December 31, 2019</b>	<u><u>\$ 144,017,961</u></u>	<u><u>\$ 128,803,611</u></u>	<u><u>\$ 15,214,350</u></u>

The statement of net position presents a net pension liability of \$9,239,518 and \$5,974,832 for governmental and business-type activities, respectively.

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate.* The following presents the net pension liability of the City, calculated using the discount rate of 7.6%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1% lower (6.6%) or 1% higher (8.6%) than the current rate:

<b>1% Decrease (6.6%)</b>	<b>Current Discount Rate (7.6%)</b>	<b>1% Increase (8.6%)</b>
\$ 30,089,694	\$ 15,214,350	\$ 2,499,862

*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 of Resources and Deferred Inflows of Resources Related to Pensions*

For the year ended June 30, 2020, the City recognized pension expense of \$5,417,776. 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
Difference between expected and actual experience	\$ 334,231	\$ 126,930	\$ 207,301
Changes in assumptions	2,234,016	-	2,234,016
Net difference between projected and actual earnings on pension plan investments	520,543	-	520,543
	<u>3,088,790</u>	<u>126,930</u>	<u>2,961,860</u>
Contributions subsequent to the measurement date	1,531,755	-	1,531,755
<b>Total</b>	<u>\$ 4,620,545</u>	<u>\$ 126,930</u>	<u>\$ 4,493,615</u>

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, 2021. 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
2021	\$ 2,251,576
2022	481,512
2023	1,565,045
2024	<u>(1,336,273)</u>
<b>Total</b>	<u>\$ 2,961,860</u>

*Payable to the Pension Plan.* At June 30, 2020, the City reported a payable of \$120,308 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2020.

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

## CITY OF HOLLAND, MICHIGAN

### Notes to Financial Statements

#### 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 \$1,237,906 and employees contributed \$354,015 to the defined contribution plan for the year ended June 30, 2020.

#### 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 \$351,802 to the defined compensation plan.

### 15. 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.

*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, 2020, the date of the most recent actuarial valuation, OPEB Plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefit payments	24
Active plan members	<u>270</u>
<b>Total membership</b>	<b><u><u>294</u></u></b>

### **Total OPEB Liability**

The total OPEB liability was measured as of June 30, 2020, and was determined by an actuarial valuation as of that date.

*Actuarial Assumptions.* The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	Implicit in expected payroll increases
Salary increases	2.0%
Investment rate of return	N/A - plan is not pre-funded
20-year Aa municipal bond rate	2.66%
Healthcare cost trend rate	5.0%
Utilization	85% of eligible employees will elect coverage at early retirement; actual coverage used for non-active
Mortality	General and public safety public employer, headcount weighted, sex-distinct mortality with improvement scale MP-2019

As this plan is not pre-funded, no long-term expected rate of return on plan investments was determined.

*Discount Rate.* The discount rate used to measure the total OPEB liability was 2.66%. Because the OPEB Plan does not have a dedicated OPEB 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.

# CITY OF HOLLAND, MICHIGAN

## Notes to Financial Statements

### *Changes in the Total OPEB Liability*

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

	<b>Total OPEB Liability (a)</b>
Balances at June 30, 2019	<u>\$ 5,540,429</u>
Changes for the year:	
Service cost	230,274
Interest	171,123
Differences between expected and actual experience	(1,088,406)
Changes of assumptions	453,601
Benefit payments, including refunds of employee contributions	<u>(133,175)</u>
Net changes	<u>(366,583)</u>
<b>Balances at June 30, 2020</b>	<u><u>\$ 5,173,846</u></u>

The statement of net position presents a total OPEB liability of \$4,434,134 and \$739,712 for governmental and business-type activities, respectively.

*Sensitivity of the Total OPEB Liability to Changes in the Discount Rate.* The following presents the total OPEB liability of the City, calculated using the discount rate of 2.66%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (1.66%) or 1% higher (3.66%) than the current rate:

<b>1% Decrease (1.66%)</b>	<b>Current Discount Rate (2.66%)</b>	<b>1% Increase (3.66%)</b>
\$ 5,649,746	\$ 5,173,846	\$ 4,736,899

# CITY OF HOLLAND, MICHIGAN

## Notes to Financial Statements

*Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates.* The following presents the total OPEB liability of the City, calculated using the healthcare cost trend rate 5.0%, as well as what the City's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1% lower (4.0%) or 1% higher (6.0%) than the current rate:

1% Decrease (4.0%)	Current Healthcare Trent Rate (5.0%)	1% Increase (6.0%)
\$ 4,832,771	\$ 5,173,846	\$ 5,578,928

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

For the year ended June 30, 2020, the City recognized OPEB expense of \$288,819. 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	\$ 30,085	\$ 1,040,364	\$ (1,010,279)
Changes of assumptions	413,950	518,814	(104,864)
<b>Total</b>	<u>\$ 444,035</u>	<u>\$ 1,559,178</u>	<u>\$ (1,115,143)</u>

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
2021	\$ (112,578)
2022	(112,578)
2023	(112,578)
2024	(112,578)
2025	(112,578)
Thereafter	<u>(552,253)</u>
<b>Total</b>	<u>\$ (1,115,143)</u>

## CITY OF HOLLAND, MICHIGAN

### Notes to Financial Statements

*Payable to the OPEB Plan.* At June 30, 2020, the City had no amounts payable for contributions to the OPEB plan.

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

### 16. 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

### 17. RISK MANAGEMENT

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

	Health and Dental	Vehicle Insurance	Property and Liability	Workers' Compensation	Income Protection	Total
Estimated liability, June 30, 2018	\$ 342,405	\$ -	\$ -	\$ -	\$ -	\$ 342,405
Estimated claims incurred	5,770,409	119,151	165,308	12,188	102,289	6,169,345
Claim payments	(5,813,178)	(119,151)	(162,083)	(12,188)	(101,487)	(6,208,087)
Estimated liability, June 30, 2019	299,636	-	3,225	-	802	303,663
Estimated claims incurred	5,295,204	94,565	226,886	994	91,240	5,708,889
Claim payments	(5,428,158)	(94,565)	(230,111)	(994)	(92,042)	(5,845,870)
<b>Estimated liability, June 30, 2020</b>	<b>\$ 166,682</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 166,682</b>

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 \$100,000 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 \$100,000 deductible per incident. Retentions for general and public liability risks are currently \$100,000 per incident.

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

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

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

# CITY OF HOLLAND, MICHIGAN

## Notes to Financial Statements

### 18. COMMITMENTS

At June 30, 2020, the City had the following outstanding commitments:

- \$463,000 for various municipal projects
- \$4,412,000 for road construction and related infrastructure projects
- \$13,773,000 for electric equipment maintenance
- \$3,170,000 for various electric utility projects
- \$478,000 for various water utility projects
- \$2,531,000 for various wastewater utility projects

### 19. TAX ABATEMENTS

The City of Holland 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 of Holland as of December 31, 2019, and the amount of taxes abated for each of the programs for the year ended June 30, 2020 were as follows:

Industrial Facility Tax Exemption (IFT)	\$	216,167
Payment in Lieu of Taxes (PILOT)		111,345
New Personal Property Exemption		38,115
Commercial Rehabilitation Act		3,019
Michigan Renaissance Zone		687,395
Neighborhood Enterprise Zone Act (NEZ)		44,120
Brownfield Redevelopment Financing Act		<u>398,529</u>
	\$	<u>1,498,690</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

### 20. BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

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

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

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

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

A summary of changes in the assets at fair value of the City of Holland Cemetery Perpetual Care Fund for the year ended June 30, 2020 are as follows:

Balance, beginning of year	\$ 1,698,363
City contributions	58,638
Interest and dividends	24,981
Realized gains	44,240
Unrealized losses	(57,366)
Administrative fees	<u>(15,458)</u>
Balance, end of year	<u>\$ 1,753,398</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.

# CITY OF HOLLAND, MICHIGAN

## Notes to Financial Statements

Beneficial interest in assets held by others in the amount of \$1,753,398 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.

### 21. CORONAVIRUS (COVID-19)

In March 2020, the World Health Organization declared the novel coronavirus outbreak (COVID-19) to be a global pandemic. The extent of the ultimate impact of the pandemic on the City's operational and financial performance will depend on various developments, including the duration and spread of the outbreak and its impact on employees, vendors, and taxpayers, all of which cannot be reasonably predicted at this time. In addition, it may place additional demands on the City for providing emergency services to its citizens. While management reasonably expects the COVID-19 outbreak to negatively impact the City's financial position, changes in financial position, and, where applicable, the timing and amounts of cash flows, the related financial consequences and duration are highly uncertain.

### 22. SUBSEQUENT EVENT

In September 2020, the Board was approved for low interest bonds through the Clean Water State Revolving Fund ("SRF") for the construction of an anaerobic digester and associated components including anoxic thermophilic pretreatment reactors, sludge equalization tank, post-aerobic digester, biogas utilization facility inclusive of gas cleaning systems and combined heat and power systems with gas storage facilities, and expansion of existing odor control system. The project cost is estimated at \$33.325 million. The SRF funding amount of \$30.0 million is via 20 year revenue bonds (secured by the revenues of the Board's Water Reclamation Facility) with 2 percent coupon. The additional \$3.325 million in costs will be funded by cash reserves on hand. The bonds were purchased at issuance by the Michigan Finance Authority. The project qualified for principal forgiveness through the Green Project Reserve (GPR), offered through SRF. The Board anticipates receiving \$6.0 million principal forgiveness on the \$30M financing.

Subsequent to the closing of the SRF financing, a construction contract for the digester project, in an amount of approximately \$29.3 million, was issued to Grand Rapids based Davis Construction, Inc.



This page intentionally left blank.

**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,		
	2020	2019	2018
<b>Total pension liability</b>			
Service cost	\$ 1,318,778	\$ 1,333,190	\$ 1,403,351
Interest	10,591,696	10,403,124	10,216,997
Changes in benefit terms	-	7,165	27,530
Differences between expected and actual experience	414,602	(559,110)	(767,736)
Changes of assumptions	4,468,033	-	-
Benefit payments, including refunds of employee contributions	(9,023,916)	(8,616,101)	(8,420,858)
<b>Net change in total pension liability</b>	<u>7,769,193</u>	<u>2,568,268</u>	<u>2,459,284</u>
Total pension liability, beginning of year	<u>136,248,768</u>	<u>133,680,500</u>	<u>131,221,216</u>
<b>Total pension liability, end of year</b>	<u>144,017,961</u>	<u>136,248,768</u>	<u>133,680,500</u>
<b>Plan fiduciary net position</b>			
Employer contributions	1,852,924	21,016,269	1,924,547
Employee contributions	764,175	603,517	680,007
Net investment income (loss)	15,974,927	(5,051,853)	13,521,596
Benefit payments, including refunds of employee contributions	(9,023,916)	(8,616,101)	(8,420,858)
Administrative expense	(275,124)	(246,616)	(214,540)
<b>Net change in plan fiduciary net position</b>	<u>9,292,986</u>	<u>7,705,216</u>	<u>7,490,752</u>
Plan fiduciary net position, beginning of year	<u>119,510,625</u>	<u>111,805,409</u>	<u>104,314,657</u>
<b>Plan fiduciary net position, end of year</b>	<u>128,803,611</u>	<u>119,510,625</u>	<u>111,805,409</u>
<b>City's net pension liability</b>	<u>\$ 15,214,350</u>	<u>\$ 16,738,143</u>	<u>\$ 21,875,091</u>
Plan fiduciary net position as a percentage of total pension liability	89.4%	87.7%	83.6%
Covered payroll	\$ 11,549,838	\$ 11,648,336	\$ 12,718,509
City's net pension liability as a percentage of covered payroll	131.7%	143.7%	172.0%



Year Ended June 30,		
2017	2016	2015

\$ 1,422,305	\$ 1,395,000	\$ 1,451,999
10,095,787	9,806,547	9,570,281
-	(35,121)	-
(1,674,442)	(1,624,003)	-
-	6,009,942	-
<u>(8,217,231)</u>	<u>(8,254,623)</u>	<u>(8,005,271)</u>
1,626,419	7,297,742	3,017,009
<u>129,594,797</u>	<u>122,297,055</u>	<u>119,280,046</u>
<u>131,221,216</u>	<u>129,594,797</u>	<u>122,297,055</u>

3,033,757	28,953,539	3,989,428
667,112	592,609	543,411
11,009,981	(1,046,066)	4,785,679
(8,217,231)	(8,254,623)	(8,005,271)
<u>(217,181)</u>	<u>(172,535)</u>	<u>(175,174)</u>
6,276,438	20,072,924	1,138,073
<u>98,038,219</u>	<u>77,965,295</u>	<u>76,827,222</u>
<u>104,314,657</u>	<u>98,038,219</u>	<u>77,965,295</u>
<u>\$ 26,906,559</u>	<u>\$ 31,556,578</u>	<u>\$ 44,331,760</u>

79.5%	75.6%	63.8%
-------	-------	-------

\$ 12,389,202	\$ 12,891,251	\$ 13,451,949
---------------	---------------	---------------

217.2%	244.8%	329.6%
--------	--------	--------

## 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

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

The amounts presented for each fiscal year were determined as of December 31 of the preceding year.

Note: GASB 68 was implemented in fiscal year 2015. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

*Changes in assumptions.* In 2016, amounts reported as changes of assumptions resulted primarily from adjustments to the mortality table to reflect longer lifetimes, decreases in the assumed rate of return, and changes in asset smoothing.

In 2020, amounts reported as changes of assumptions resulted primarily from a decrease in the assumed rate of return from 7.75% to 7.35%, and a decrease in the assumed rate of wage inflation from 3.75% to 3.00%.

## 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
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%

Note: GASB 68 was implemented in fiscal year 2015. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

#### Notes to Schedule of Contributions

Valuation Date Actuarially determined contribution rates are calculated as of the December 31 that is 18 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates (2020, based on the 12/31/2017 actuarial valuation):

Actuarial cost method	Entry-age normal
Amortization method	Level percent of payroll, closed
Remaining amortization period	3-21 years, depending on division
Asset valuation method	5-year smooth market
Inflation	2.50%
Salary increases	3.75% in the long-term
Investment rate of return	7.75%, net of investment and administrative expense including inflation

Normal retirement age	Age 60
Mortality	50% Female/50% Male blend of the RP-2014 Healthy Annuitant Mortality Tables with rates multiplied by 105%, the RP-2014 Employee Mortality Tables, and the RP-2014 Juvenile Mortality Tables

## CITY OF HOLLAND, MICHIGAN

### Required Supplementary Information

#### Other Postemployment Benefits Plan

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

	Year Ended June 30		
	2020	2019	2018
<b>Total OPEB liability</b>			
Service cost	\$ 230,274	\$ 235,620	\$ 255,182
Interest	171,123	164,726	177,821
Differences between expected and actual experience	(1,088,406)	(57,067)	39,706
Changes of assumptions	453,601	-	(684,747)
Benefit payments, including refunds of employee contributions	(133,175)	(116,165)	(293,674)
<b>Net change in total OPEB liability</b>	<u>(366,583)</u>	<u>227,114</u>	<u>(505,712)</u>
Total OPEB liability, beginning of year	<u>5,540,429</u>	<u>5,313,315</u>	<u>5,819,027</u>
<b>Total OPEB liability, end of year</b>	<u>\$ 5,173,846</u>	<u>\$ 5,540,429</u>	<u>\$ 5,313,315</u>
Covered-employee payroll	\$ 11,924,816	\$ 12,261,247	\$ 12,412,511
City's total OPEB liability as a percentage of covered-employee payroll	43.4%	45.2%	42.8%

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

Changes of 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 of 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%. In addition, police and fire monthly stipend for two or more covered lives increased by \$50 but was included in the projection of benefits in the prior liability calculation. Because premiums for BPW and Non-union 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.

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

This page intentionally left blank.

## CITY OF HOLLAND, MICHIGAN

### General Fund

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

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

Although not a fixed rule, an attempt is made – through the annual budgeting process – to maintain the fund balance within a 7.5% to 15% range of the ensuing year's adopted budget appropriation for this fund. This is in addition to the balance in the Budget Stabilization Fund denoted below.

### Budget Stabilization (Rainy Day) Fund

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

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

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

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

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

# CITY OF HOLLAND, MICHIGAN

## Combining Balance Sheet

General Fund - By Activity  
June 30, 2020

	General	Budget Stabilization	Total General Fund
<b>Assets</b>			
Cash and pooled investments	\$ 4,295,411	\$ 1,343,851	\$ 5,639,262
Receivables:			
Accounts	260,013	-	260,013
Taxes	1,588	-	1,588
Interest	14,686	-	14,686
Due from other governmental units	452,282	-	452,282
Due from other funds	78	-	78
<b>Total assets</b>	<u>\$ 5,024,058</u>	<u>\$ 1,343,851</u>	<u>\$ 6,367,909</u>
<b>Liabilities</b>			
Accounts payable	\$ 437,251	\$ -	\$ 437,251
Accrued payroll and benefits	365,835	-	365,835
Due to other governmental units	238,972	-	238,972
Due to other funds	89,837	-	89,837
Deposits	13,982	-	13,982
Unearned revenue	130,976	-	130,976
<b>Total liabilities</b>	<u>1,276,853</u>	<u>-</u>	<u>1,276,853</u>
<b>Fund balances</b>			
Committed	5,667	-	5,667
Unassigned	3,741,538	1,343,851	5,085,389
<b>Total fund balances</b>	<u>3,747,205</u>	<u>1,343,851</u>	<u>5,091,056</u>
<b>Total liabilities and fund balances</b>	<u>\$ 5,024,058</u>	<u>\$ 1,343,851</u>	<u>\$ 6,367,909</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, 2020

	General	Budget Stabilization	Elimination	Total General Fund
<b>Revenues</b>				
Taxes	\$ 9,744,264	\$ -	\$ -	\$ 9,744,264
Licenses and permits	926,208	-	-	926,208
Intergovernmental	5,115,774	-	-	5,115,774
Charges for services	1,532,233	-	-	1,532,233
Fines and fees	126,356	-	-	126,356
Interest and rents	565,521	233,439	-	798,960
Miscellaneous	67,177	-	-	67,177
<b>Total revenues</b>	<b>18,077,533</b>	<b>233,439</b>	<b>-</b>	<b>18,310,972</b>
<b>Expenditures</b>				
Current:				
General government	3,814,349	2,284	-	3,816,633
Public safety	12,389,389	-	-	12,389,389
Public works	1,442,998	-	-	1,442,998
Welfare and social services	369,153	-	-	369,153
Parks and recreation	3,315,275	-	-	3,315,275
Other	897,675	-	-	897,675
Debt service:				
Principal retirement	18,000	-	-	18,000
<b>Total expenditures</b>	<b>22,246,839</b>	<b>2,284</b>	<b>-</b>	<b>22,249,123</b>
Revenue over (under) expenditures	(4,169,306)	231,155	-	(3,938,151)
<b>Other financing sources (uses)</b>				
Transfers in	6,266,279	-	-	6,266,279
Transfers out	(2,059,537)	(237,961)	-	(2,297,498)
<b>Total other financing sources (uses)</b>	<b>4,206,742</b>	<b>(237,961)</b>	<b>-</b>	<b>3,968,781</b>
<b>Net changes in fund balances</b>	<b>37,436</b>	<b>(6,806)</b>	<b>-</b>	<b>30,630</b>
Fund balances, beginning of year	3,709,769	1,350,657	-	5,060,426
<b>Fund balances, end of year</b>	<b>\$ 3,747,205</b>	<b>\$ 1,343,851</b>	<b>\$ -</b>	<b>\$ 5,091,056</b>

# CITY OF HOLLAND, MICHIGAN

## Detailed Schedule of Revenues

Budget and Actual - General Fund  
For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
<b>General Fund revenues</b>				
Taxes:				
Property	\$ 9,010,815	\$ 9,021,678	\$ 9,021,681	\$ 3
Penalties and interest on delinquent taxes	85,000	74,800	75,528	728
Administration fee	560,000	588,850	588,862	12
Public service charge in lieu of property tax	57,000	59,000	56,686	(2,314)
Other miscellaneous tax revenue	1,500	1,500	1,507	7
Total taxes	<u>9,714,315</u>	<u>9,745,828</u>	<u>9,744,264</u>	<u>(1,564)</u>
Licenses and permits:				
Business	29,100	14,050	13,310	(740)
Nonbusiness	725,200	872,600	912,898	40,298
Total licenses and permits	<u>754,300</u>	<u>886,650</u>	<u>926,208</u>	<u>39,558</u>
Intergovernmental:				
State	4,237,987	5,005,240	4,998,537	(6,703)
Federal	26,000	35,300	39,414	4,114
Other	50,000	80,000	77,823	(2,177)
Total intergovernmental	<u>4,313,987</u>	<u>5,120,540</u>	<u>5,115,774</u>	<u>(4,766)</u>
Charges for services:				
Fees	902,000	701,417	644,632	(56,785)
Services rendered	683,295	720,830	713,963	(6,867)
Sales	130,100	170,927	173,638	2,711
Total charges for services	<u>1,715,395</u>	<u>1,593,174</u>	<u>1,532,233</u>	<u>(60,941)</u>
Fines and fees	<u>155,600</u>	<u>131,000</u>	<u>126,356</u>	<u>(4,644)</u>
Interest and rents:				
Investment earnings	265,000	289,750	287,966	(1,784)
Rents	258,700	279,700	277,555	(2,145)
Total interest and rents	<u>523,700</u>	<u>569,450</u>	<u>565,521</u>	<u>(3,929)</u>
Miscellaneous	<u>23,087</u>	<u>75,833</u>	<u>67,177</u>	<u>(8,656)</u>
Total general fund revenues	<u>17,200,384</u>	<u>18,122,475</u>	<u>18,077,533</u>	<u>(44,942)</u>
<b>Budget Stabilization Fund revenues</b>				
Investment earnings	-	250,000	233,439	(16,561)
<b>Total revenues</b>	<u>\$ 17,200,384</u>	<u>\$ 18,372,475</u>	<u>\$ 18,310,972</u>	<u>\$ (61,503)</u>

# CITY OF HOLLAND, MICHIGAN

## Detailed Schedule of Expenditures

Budget and Actual - General Fund  
For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Expenditures</b>				
<i>General Fund expenditures</i>				
General government:				
City council	\$ 238,354	\$ 197,292	\$ 177,261	\$ (20,031)
City manager	467,199	398,814	394,523	(4,291)
Elections	74,627	81,215	75,984	(5,231)
City finance	620,753	632,430	616,419	(16,011)
Independent audit	50,225	47,125	47,158	33
City assessor	462,741	475,925	470,866	(5,059)
Legal services	238,600	228,600	186,144	(42,456)
City clerk	294,799	272,960	258,294	(14,666)
Human resources	444,118	422,881	394,319	(28,562)
City treasurer	208,724	172,859	152,527	(20,332)
City hall and grounds	266,519	206,767	180,279	(26,488)
Cemetery	536,319	576,720	575,415	(1,305)
Boards and commissions	12,176	7,648	7,383	(265)
Planning commission	332,390	299,622	277,777	(21,845)
Total general government	<u>4,247,544</u>	<u>4,020,858</u>	<u>3,814,349</u>	<u>(206,509)</u>
Public safety:				
Police	8,394,707	8,335,785	8,237,305	(98,480)
Fire	2,866,197	2,943,315	2,903,294	(40,021)
Environmental health/inspections	441,423	472,466	473,640	1,174
Construction inspections	787,787	775,956	775,150	(806)
Total public safety	<u>12,490,114</u>	<u>12,527,522</u>	<u>12,389,389</u>	<u>(138,133)</u>
Public works:				
Streets	1,223,867	1,320,636	1,245,656	(74,980)
Transportation management/engineering	250,215	201,218	197,342	(3,876)
Total public works	<u>1,474,082</u>	<u>1,521,854</u>	<u>1,442,998</u>	<u>(78,856)</u>
Welfare and social services:				
Housing and neighborhood	141,439	123,225	93,998	(29,227)
Economic development assistance	60,359	61,058	60,723	(335)
Human relations commission	209,304	191,403	176,095	(15,308)
Social services assistance	40,000	40,000	38,337	(1,663)
Total welfare and social services	<u>451,102</u>	<u>415,686</u>	<u>369,153</u>	<u>(46,533)</u>

continued...

**CITY OF HOLLAND, MICHIGAN**

**Detailed Schedule of Expenditures**

Budget and Actual - General Fund  
For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Expenditures (concluded)</b>				
<i>General Fund expenditures (concluded)</i>				
Parks and recreation:				
Parks	\$ 1,908,647	\$ 1,969,352	\$ 1,960,671	\$ (8,681)
Nature center	42,215	41,784	38,293	(3,491)
Cultural-recreational	109,300	109,200	109,192	(8)
Recreation	1,265,697	1,089,039	982,225	(106,814)
Market	199,224	164,114	159,751	(4,363)
Parks and recreation administration	66,477	65,571	65,143	(428)
Total parks and recreation	<u>3,591,560</u>	<u>3,439,060</u>	<u>3,315,275</u>	<u>(123,785)</u>
Other:				
Insurance	90,000	87,675	87,675	-
MERS payment	-	810,000	810,000	-
Contingencies	580,232	187,234	-	(187,234)
Total other	<u>670,232</u>	<u>1,084,909</u>	<u>897,675</u>	<u>(187,234)</u>
Debt service:				
Principal retirement	-	18,000	18,000	-
Total general fund expenditures	<u>22,924,634</u>	<u>23,027,889</u>	<u>22,246,839</u>	<u>(781,050)</u>
<i>Budget Stabilization Fund expenditures</i>				
General government:				
Other services and charges	<u>25,000</u>	<u>3,000</u>	<u>2,284</u>	<u>(716)</u>
<b>Total expenditures</b>	<u>\$ 22,949,634</u>	<u>\$ 23,030,889</u>	<u>\$ 22,249,123</u>	<u>\$ (781,766)</u>

concluded

## CITY OF HOLLAND, MICHIGAN

### Detailed Schedule of Transfers

Budget and Actual - General Fund  
For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Transfers in</b>				
Special Revenue Funds:				
Miscellaneous Government Functions:				
CATV - (Public Access Channels)	\$ 50,000	\$ 50,000	\$ 50,000	\$ -
Permanent Fund:				
Cemetery Perpetual Care	20,500	20,500	2,529	(17,971)
Enterprise Funds:				
Electric Utility	6,213,750	6,213,750	6,213,750	-
<b>Total transfers in</b>	<b>\$ 6,284,250</b>	<b>\$ 6,284,250</b>	<b>\$ 6,266,279</b>	<b>\$ (17,971)</b>
<b>Transfers out</b>				
Capital Projects Funds:				
Municipal Facilities/Land Improvement Projects	\$ -	\$ 1,499,698	\$ 1,497,667	\$ (2,031)
Enterprise Funds:				
Civic Center	310,000	311,870	311,870	-
Civic Center ( <i>Budget Stabilization fund</i> )	250,000	250,000	237,961	(12,039)
Internal Service Funds:				
Fire Vehicle/Equipment	250,000	250,000	250,000	-
<b>Total transfers out</b>	<b>\$ 810,000</b>	<b>\$ 2,311,568</b>	<b>\$ 2,297,498</b>	<b>\$ (14,070)</b>

**This page intentionally left blank.**

## CITY OF HOLLAND, MICHIGAN

### Nonmajor Governmental Funds

#### Special Revenue Funds

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

#### ***Motor Vehicle Highway Major Street Fund***

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

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

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

#### ***Motor Vehicle Highway Local Street Fund***

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

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

#### ***Allegan County Road Tax Fund***

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

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

## CITY OF HOLLAND, MICHIGAN

### Nonmajor Governmental Funds

#### Special Revenue Funds (Continued)

##### ***Ottawa County Road Tax Fund***

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

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

##### ***Street Improvements Reserve Fund***

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

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

##### ***Downtown Operations Public Parking System Fund***

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

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

##### ***Downtown Operations Snowmelt Operating System Fund***

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

## CITY OF HOLLAND, MICHIGAN

### Nonmajor Governmental Funds

#### Special Revenue Funds (Continued)

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

#### ***Downtown Operations Principal Shopping District Fund***

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

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

#### ***CATV (Public Access Channels) Fund***

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

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

#### ***Revolving Cash Assistance Fund***

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

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

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

## CITY OF HOLLAND, MICHIGAN

### Nonmajor Governmental Funds

#### Special Revenue Funds (Continued)

##### ***Specified Donations Fund***

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

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

##### ***Dangerous Structures Fund***

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

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

##### ***Police Criminal Justice Training Fund***

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

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

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

## CITY OF HOLLAND, MICHIGAN

### Nonmajor Governmental Funds

#### Special Revenue Funds (Continued)

##### ***Anti-Drug Abuse Grants Funds***

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

These funds support multi-year revenues and expenditures spanning inception to completion of the grant. However, for annual financial reporting purposes, revenues and expenditures are also recognized by fiscal year. Open budget balances at June 30, 2020, of estimated revenues and appropriations are carried forward to the ensuing fiscal year.

##### ***Office of Highway Safety Planning (OHSP) Grant Fund***

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

Specific designated purposes and programs vary from one grant and/or one grant period to another, but basically the funding provides overtime wages for police and sheriff officers to target traffic violations and recordkeeping, including impaired driving, safety belt and car seat use. In addition, some grants include equipment or supply items. Various neighboring governmental agencies are, most often, joint participants to this same grant program.

These funds support multi-year revenues and expenditures spanning inception to completion of the grant. However, for annual financial reporting purposes, revenues and expenditures are also recognized by fiscal year. Open budget balances at June 30, 2020, of estimated revenues and appropriations are carried forward to the ensuing fiscal year.

##### ***Law Enforcement Block Grant Fund***

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

These funds support multi-year revenues and expenditures spanning inception to completion of the grant. However, for annual financial reporting purposes, revenues and expenditures are also recognized by fiscal year. Open budget balances at June 30, 2020, of estimated revenues and appropriations are carried forward to the ensuing fiscal year.

## CITY OF HOLLAND, MICHIGAN

### Nonmajor Governmental Funds

#### Special Revenue Funds (Continued)

##### ***Homeland Security Grant Fund***

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

This fund supports multi-year revenues and expenditures spanning inception to completion of the grant period. However, for annual financial reporting purposes, revenues and expenditures are also recognized by fiscal year. Open budget balances at June 30, 2020, of estimated revenues and appropriations are carried forward to the ensuing fiscal year.

##### ***District Library Taxation Fund***

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

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

##### ***Community Development Block Grant (CDBG) Fund***

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

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, 2020, of estimated revenues and appropriations are carried forward to the ensuing fiscal year.

## CITY OF HOLLAND, MICHIGAN

### Nonmajor Governmental Funds

#### Special Revenue Funds (Concluded)

##### ***Clean Energy Program Fund***

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

This fund supports multi-year revenues and expenditures spanning to completion of the grant. However, for annual financial reporting purposes, revenue and expenditures are also recognized by fiscal year. Open budget balances at June 30, 2020, of estimated revenues and appropriations are carried forward to the ensuing fiscal year.

##### ***Eating Health For Life - EBT Program Fund***

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

Private contributions supports the operations in this fund. Open budget balances at June 30, 2020 of estimated revenues and appropriations are carried forward to the ensuing fiscal year.

##### ***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 members of the City Council and up to two board members of the Holland Board of Public Works. 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.

## CITY OF HOLLAND, MICHIGAN

### Nonmajor Governmental Funds

#### Debt Service Funds (Concluded)

##### ***General Obligation Debt Service Fund***

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

- as “debt service payment” of annual principal and interest on a twenty-four year Act 34 Capital Improvement bond dated July 31, 2008 for construction of the 7th Street Parking Deck.
- as “rental payments” to the City of Holland – Building Authority Debt Service Fund for annual debt service requirements of the 2010 Building Authority Partial Refunding Bond Issue and 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 nine year Act 34 Capital Improvement bond dated May 26, 2010 for construction of various road, drain and bridge projects.
- 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.
- as “debt service payment” of annual principal and interest on a twenty year Limited Tax Obligation bond dated December 8, 2016 for the Civic Center Place project.
- as “debt service payment” 20 year pension obligation bond dated January 19, 2018 for paying down the Unfunded Liability on the closed union benefit divisions.
- as "debt service payment" of annual principal and interest on a twenty-three year Act 34 Capital Improvement bond dated September 25, 2028 for construction of the 9th Street Parking Deck.

##### ***Special Assessment Debt Service Fund***

The Special Assessment Debt Service Fund accounts for "special assessments" received from property owners in designated special assessment districts, and applied towards servicing maturity requirements on the City of Holland – Utility Improvements Special Assessment Bonds, Series 2006A.

##### ***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).

# CITY OF HOLLAND, MICHIGAN

## Nonmajor Governmental Funds

### 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, 2020, 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**

- City Wide - Tree Planting
- Lakeview Park - New Playground
- Greenhouse - New Structure
- Dog Park

##### **Public Safety**

- Police Station:
  - Shooting Range, Parade Barriers
- Fire:
  - Warning Siren Controller
  - SCBA Air Compressor

# CITY OF HOLLAND, MICHIGAN

## Nonmajor Governmental Funds

### Capital Projects Funds (Concluded)

#### CAPITAL PROJECTS DETAIL LISTING MUNICIPAL FACILITIES, LAND IMPROVEMENTS AND INFRASTRUCTURE PROJECTS

#### **All Other Municipal Projects & Programs**

Transportation:

Parking Lot Repaving

Community and Neighborhood:

Install Wayfinding Signs

Planning:

Waterfront Redevelopment

Facilities:

City Hall Renovations

#### **Street Development and/or Redevelopment Projects**

Annual Resurfacing Program of Various Streets

6th Street Improvements

19th Street, Cleveland to Central, Reconstruction

Waverly Road, 16th to 48th Street, Resurfacing

40th Street and Waverly Road, Railroad Crossing Improvements

16th Street, Lane Ave to Kollen Park, Reconstruction

#### **Drain Projects:**

Major Drain System Projects:

22nd Street, Storm Sewer Project

8th Street, Storm Sewer Project

Pine Avenue, Storm Sewer Improvements

#### **Sidewalk Projects:**

Sidewalk Repair / Replacement

### Permanent Fund

#### ***Cemetery Perpetual Care Fund***

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



This page intentionally left blank.

**CITY OF HOLLAND, MICHIGAN**

**Combining Balance Sheet**  
 Nonmajor Governmental Funds  
 June 30, 2020

	Special Revenue Funds				
	Street Maintenance and Improvements				
	Major Street	Local Street	Allegan County Road Tax	Ottawa County Road Tax	Street Improvements Reserve
<b>Assets</b>					
Cash and pooled investments	\$ 1,661,684	\$ -	\$ 244,519	\$ 86,721	\$ 263,751
Beneficial interest in assets held by others	-	-	-	-	-
Receivables:					
Accounts	2,521	5,556	-	2,125	-
Taxes and special assessments	-	-	-	-	-
Notes	-	-	-	-	-
Due from other governmental units	464,501	129,283	-	-	-
Due from other funds	585	3,410	-	-	-
Prepaid items	-	-	-	-	-
<b>Total assets</b>	<u>\$ 2,129,291</u>	<u>\$ 138,249</u>	<u>\$ 244,519</u>	<u>\$ 88,846</u>	<u>\$ 263,751</u>
<b>Liabilities</b>					
Accounts payable	\$ 29,616	\$ 6,636	\$ -	\$ -	\$ -
Accrued payroll and benefits	11,359	10,562	-	-	-
Due to other funds	26,624	119,051	-	-	-
Unearned revenue	-	-	-	-	-
<b>Total liabilities</b>	<u>67,599</u>	<u>136,249</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Deferred inflows of resources</b>					
Unavailable revenue:					
Special assessment receivable	-	-	-	-	-
<b>Fund balances</b>					
Nonspendable	-	-	-	-	-
Restricted	2,061,692	2,000	244,519	88,846	263,751
Committed	-	-	-	-	-
<b>Total fund balances</b>	<u>2,061,692</u>	<u>2,000</u>	<u>244,519</u>	<u>88,846</u>	<u>263,751</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 2,129,291</u>	<u>\$ 138,249</u>	<u>\$ 244,519</u>	<u>\$ 88,846</u>	<u>\$ 263,751</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
\$ 272,856	\$ 105,758	\$ 180,638	\$ 139,254	\$ 566,560	\$ 506,069	\$ 9,178
-	-	-	-	-	-	-
23,345	-	125	110,105	-	233	3,432
-	-	-	-	525,032	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	805	-	-	-
-	-	300	-	-	-	-
<u>\$ 296,201</u>	<u>\$ 105,758</u>	<u>\$ 181,063</u>	<u>\$ 250,164</u>	<u>\$ 1,091,592</u>	<u>\$ 506,302</u>	<u>\$ 12,610</u>
\$ 436	\$ 225	\$ 4,413	\$ 916	\$ -	\$ 861	\$ -
1,877	-	2,668	5,137	-	157	-
1,803	15,649	-	-	-	-	-
-	-	-	-	-	-	-
<u>4,116</u>	<u>15,874</u>	<u>7,081</u>	<u>6,053</u>	<u>-</u>	<u>1,018</u>	<u>-</u>
-	-	-	-	525,032	-	-
-	-	300	-	-	-	-
292,085	-	173,682	-	566,560	505,284	-
-	89,884	-	244,111	-	-	12,610
<u>292,085</u>	<u>89,884</u>	<u>173,982</u>	<u>244,111</u>	<u>566,560</u>	<u>505,284</u>	<u>12,610</u>
<u>\$ 296,201</u>	<u>\$ 105,758</u>	<u>\$ 181,063</u>	<u>\$ 250,164</u>	<u>\$ 1,091,592</u>	<u>\$ 506,302</u>	<u>\$ 12,610</u>

continued...

**CITY OF HOLLAND, MICHIGAN**

**Combining Balance Sheet**  
 Nonmajor Governmental Funds  
 June 30, 2020

	Special Revenue Funds				
	Public Safety				
	Police Criminal Justice Training	Anti-Drug Abuse Grants	Office of Highway Safety Planning (OHSP) Grant	Law Enforcement Block Grant	Homeland Security Grant
<b>Assets</b>					
Cash and pooled investments	\$ 4,593	\$ 6,580	\$ -	\$ -	\$ -
Beneficial interest in assets held by others	-	-	-	-	-
Receivables:					
Accounts	-	-	-	-	-
Taxes and special assessments	-	-	-	-	-
Notes	-	-	-	-	-
Due from other governmental units	-	303	197	309	-
Due from other funds	-	-	-	-	-
Prepaid items	-	-	-	-	-
<b>Total assets</b>	<u>\$ 4,593</u>	<u>\$ 6,883</u>	<u>\$ 197</u>	<u>\$ 309</u>	<u>\$ -</u>
<b>Liabilities</b>					
Accounts payable	\$ -	\$ 1,008	\$ -	\$ -	\$ -
Accrued payroll and benefits	-	5,572	-	-	-
Due to other funds	-	303	197	309	-
Unearned revenue	-	-	-	-	-
<b>Total liabilities</b>	<u>-</u>	<u>6,883</u>	<u>197</u>	<u>309</u>	<u>-</u>
<b>Deferred inflows of resources</b>					
Unavailable revenue:					
Special assessment receivable	-	-	-	-	-
<b>Fund balances</b>					
Nonspendable	-	-	-	-	-
Restricted	4,593	-	-	-	-
Committed	-	-	-	-	-
<b>Total fund balances</b>	<u>4,593</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 4,593</u>	<u>\$ 6,883</u>	<u>\$ 197</u>	<u>\$ 309</u>	<u>\$ -</u>



Special Revenue Funds				
Culture and Community Improvement				Public Works
District Library Taxation	Community Development Block Grant (CDBG)	Clean Energy Program	Eat Healthy For Life - EBT Program	Holland Energy
\$ 65	\$ 14,695	\$ 29,735	\$ 22,083	\$ 116,080
-	-	-	-	-
-	-	-	-	-
38	-	-	-	-
-	-	-	-	1,452,606
-	73,457	-	-	-
-	-	-	-	89,441
-	-	-	-	-
<u>\$ 103</u>	<u>\$ 88,152</u>	<u>\$ 29,735</u>	<u>\$ 22,083</u>	<u>\$ 1,658,127</u>
\$ -	\$ 12,505	\$ -	\$ 1,640	\$ 34,729
-	1,326	-	-	-
-	62,789	-	-	1,117,060
-	-	-	20,180	446
-	76,620	-	21,820	1,152,235
-	-	-	-	-
-	-	-	-	-
-	11,532	29,735	263	-
103	-	-	-	505,892
<u>103</u>	<u>11,532</u>	<u>29,735</u>	<u>263</u>	<u>505,892</u>
<u>\$ 103</u>	<u>\$ 88,152</u>	<u>\$ 29,735</u>	<u>\$ 22,083</u>	<u>\$ 1,658,127</u>

continued...

**CITY OF HOLLAND, MICHIGAN**

**Combining Balance Sheet**  
 Nonmajor Governmental Funds  
 June 30, 2020

	Debt Service Funds			Capital Projects Fund	
	General Obligation Debt Service	Special Assessment Debt Service	Act 99 Debt Service	Infrastructure Projects	Municipal Facilities/Land Improvements Projects
<b>Assets</b>					
Cash and pooled investments	\$ 933,389	\$ -	\$ -	\$ 869,856	\$ 4,027,037
Beneficial interest in assets held by others	-	-	-	-	-
Receivables:					
Accounts	586	-	-	-	206,800
Taxes and special assessments	645	-	-	-	-
Notes	-	-	-	-	-
Due from other governmental units	-	-	-	-	-
Due from other funds	-	-	-	-	264,218
Prepaid items	-	-	-	-	-
<b>Total assets</b>	<u>\$ 934,620</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 869,856</u>	<u>\$ 4,498,055</u>
<b>Liabilities</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ 232,329	\$ 31,182
Accrued payroll and benefits	-	-	-	7,834	-
Due to other funds	-	-	-	479,695	-
Unearned revenue	-	-	-	83,711	267
<b>Total liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>803,569</u>	<u>31,449</u>
<b>Deferred inflows of resources</b>					
Unavailable revenue:					
Special assessment receivable	-	-	-	-	-
<b>Fund balances</b>					
Nonspendable	-	-	-	-	-
Restricted	934,620	-	-	-	-
Committed	-	-	-	66,287	4,466,606
<b>Total fund balances</b>	<u>934,620</u>	<u>-</u>	<u>-</u>	<u>66,287</u>	<u>4,466,606</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 934,620</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 869,856</u>	<u>\$ 4,498,055</u>



Permanent Fund	
Cemetery Perpetual Care	Total
\$ 116,910	\$ 10,178,011
1,753,398	1,753,398
2,000	356,828
-	525,715
-	1,452,606
-	668,050
-	358,459
-	300
<u>\$ 1,872,308</u>	<u>\$ 15,293,367</u>
\$ -	\$ 356,496
-	46,492
-	1,823,480
-	104,604
<u>-</u>	<u>2,331,072</u>
<u>-</u>	<u>525,032</u>
1,799,898	1,800,198
72,410	5,251,572
-	5,385,493
<u>1,872,308</u>	<u>12,437,263</u>
<u>\$ 1,872,308</u>	<u>\$ 15,293,367</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, 2020

	Special Revenue Funds				
	Street Maintenance and Improvements				
	Major Street	Local Street	Allegan County Road Tax	Ottawa County Road Tax	Street Improvements Reserve
<b>Revenues</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 1,322,339
Special assessments	-	-	-	-	-
Intergovernmental	3,619,164	926,298	551,034	391,459	262,617
Charges for services	16,500	34,445	-	-	-
Fines and fees	-	-	-	-	-
Contributions from private sector	-	-	-	-	-
Interest and rents	41,275	3,299	-	639	7,375
Miscellaneous	-	-	-	-	19,972
<b>Total revenues</b>	<u>3,676,939</u>	<u>964,042</u>	<u>551,034</u>	<u>392,098</u>	<u>1,612,303</u>
<b>Expenditures</b>					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	2,993,338	1,184,105	-	-	-
Welfare and social services	-	-	-	-	-
Parks and recreation	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	806	-	-
Capital outlay	-	-	-	-	-
<b>Total expenditures</b>	<u>2,993,338</u>	<u>1,184,105</u>	<u>806</u>	<u>-</u>	<u>-</u>
Revenue over (under) expenditures	<u>683,601</u>	<u>(220,063)</u>	<u>550,228</u>	<u>392,098</u>	<u>1,612,303</u>
<b>Other financing sources (uses)</b>					
Transfers in	-	220,063	-	-	-
Transfers out	(220,063)	-	(351,095)	(350,000)	(1,673,827)
<b>Total other financing sources (uses)</b>	<u>(220,063)</u>	<u>220,063</u>	<u>(351,095)</u>	<u>(350,000)</u>	<u>(1,673,827)</u>
<b>Net changes in fund balances</b>	463,538	-	199,133	42,098	(61,524)
Fund balances, beginning of year	<u>1,598,154</u>	<u>2,000</u>	<u>45,386</u>	<u>46,748</u>	<u>325,275</u>
<b>Fund balances, end of year</b>	<u>\$ 2,061,692</u>	<u>\$ 2,000</u>	<u>\$ 244,519</u>	<u>\$ 88,846</u>	<u>\$ 263,751</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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
245,659	318,970	212,538	-	104,643	-	-
-	-	-	-	-	-	-
54,259	-	70,923	7,110	-	-	3,432
-	-	-	446,544	-	-	-
-	-	20,920	-	-	220,966	-
4,813	1,567	2,418	2,741	29,965	100	-
-	-	-	947	-	-	-
<u>304,731</u>	<u>320,537</u>	<u>306,799</u>	<u>457,342</u>	<u>134,608</u>	<u>221,066</u>	<u>3,432</u>
-	-	-	265,787	-	192,602	8,396
-	-	-	-	-	-	-
263,492	199,280	-	-	-	-	-
-	-	-	-	-	-	-
-	-	266,393	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	33,586	-	3,881	-
<u>263,492</u>	<u>199,280</u>	<u>266,393</u>	<u>299,373</u>	<u>-</u>	<u>196,483</u>	<u>8,396</u>
<u>41,239</u>	<u>121,257</u>	<u>40,406</u>	<u>157,969</u>	<u>134,608</u>	<u>24,583</u>	<u>(4,964)</u>
-	60,418	-	-	-	-	-
(10,418)	(142,356)	-	(150,000)	-	(753)	-
<u>(10,418)</u>	<u>(81,938)</u>	<u>-</u>	<u>(150,000)</u>	<u>-</u>	<u>(753)</u>	<u>-</u>
30,821	39,319	40,406	7,969	134,608	23,830	(4,964)
<u>261,264</u>	<u>50,565</u>	<u>133,576</u>	<u>236,142</u>	<u>431,952</u>	<u>481,454</u>	<u>17,574</u>
<u>\$ 292,085</u>	<u>\$ 89,884</u>	<u>\$ 173,982</u>	<u>\$ 244,111</u>	<u>\$ 566,560</u>	<u>\$ 505,284</u>	<u>\$ 12,610</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, 2020

	Special Revenue Funds				
	Public Safety				
	Police Criminal Justice Training	Anti-Drug Abuse Grants	Office of Highway Safety Planning (OHSP) Grant	Law Enforcement Block Grant	Homeland Security Grant
<b>Revenues</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-
Intergovernmental	9,104	62,608	1,084	8,002	3,919
Charges for services	-	-	-	-	-
Fines and fees	-	-	-	-	-
Contributions from private sector	-	-	-	-	-
Interest and rents	-	-	-	-	-
Miscellaneous	-	-	-	-	-
<b>Total revenues</b>	<u>9,104</u>	<u>62,608</u>	<u>1,084</u>	<u>8,002</u>	<u>3,919</u>
<b>Expenditures</b>					
Current:					
General government	-	-	-	-	-
Public safety	9,437	277,543	1,084	2,274	3,919
Public works	-	-	-	-	-
Welfare and social services	-	-	-	-	-
Parks and recreation	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Capital outlay	-	-	-	5,728	-
<b>Total expenditures</b>	<u>9,437</u>	<u>277,543</u>	<u>1,084</u>	<u>8,002</u>	<u>3,919</u>
Revenue over (under) expenditures	<u>(333)</u>	<u>(214,935)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Other financing sources (uses)</b>					
Transfers in	-	214,935	-	-	-
Transfers out	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>214,935</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net changes in fund balances</b>	<u>(333)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, beginning of year	<u>4,926</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u>\$ 4,593</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



Special Revenue Funds				
Culture and Community Improvement				Public Works
District Library Taxation	Community Development Block Grant (CDBG)	Clean Energy Program	Eat Healthy For Life - EBT Program	Holland Energy
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	370,453	-	-	-
-	-	-	-	-
-	-	-	-	-
-	78,908	-	6,225	-
-	-	561	-	85,966
-	6,567	-	-	-
-	455,928	561	6,225	85,966
-	-	-	-	-
-	-	-	-	-
-	-	-	-	199,263
-	499,773	-	16,804	-
(101)	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
(101)	499,773	-	16,804	199,263
101	(43,845)	561	(10,579)	(113,297)
-	-	-	-	275,000
-	-	-	-	-
-	-	-	-	275,000
101	(43,845)	561	(10,579)	161,703
2	55,377	29,174	10,842	344,189
\$ 103	\$ 11,532	\$ 29,735	\$ 263	\$ 505,892

continued...

**CITY OF HOLLAND, MICHIGAN**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**

Nonmajor Governmental Funds  
For the Year Ended June 30, 2020

	Debt Service Funds			Capital Projects Fund	
	General Obligation Debt Service	Special Assessment Debt Service	Act 99 Debt Service	Infrastructure Projects	Municipal Facilities/Land Improvements Projects
<b>Revenues</b>					
Taxes	\$ 4,795,314	\$ -	\$ -	\$ 55,050	\$ 176,773
Special assessments	-	7,360	-	-	-
Intergovernmental	1,194,771	-	-	1,493,835	35,125
Charges for services	-	-	-	-	-
Fines and fees	-	-	-	-	-
Contributions from private sector	-	-	-	-	762,828
Interest and rents	32,039	430	-	43	58,772
Miscellaneous	439,483	-	-	7,571	8,798
<b>Total revenues</b>	<b>6,461,607</b>	<b>7,790</b>	<b>-</b>	<b>1,556,499</b>	<b>1,042,296</b>
<b>Expenditures</b>					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Welfare and social services	-	-	-	-	-
Parks and recreation	-	-	-	-	-
Debt service:					
Principal retirement	4,453,350	-	289,916	-	-
Interest and fiscal charges	1,772,325	-	45,765	-	-
Capital outlay	-	-	-	4,078,201	2,444,582
<b>Total expenditures</b>	<b>6,225,675</b>	<b>-</b>	<b>335,681</b>	<b>4,078,201</b>	<b>2,444,582</b>
Revenue over (under) expenditures	235,932	7,790	(335,681)	(2,521,702)	(1,402,286)
<b>Other financing sources (uses)</b>					
Transfers in	150,885	-	335,681	2,490,922	2,725,258
Transfers out	(335,681)	(8,529)	-	-	(441,000)
<b>Total other financing sources (uses)</b>	<b>(184,796)</b>	<b>(8,529)</b>	<b>335,681</b>	<b>2,490,922</b>	<b>2,284,258</b>
<b>Net changes in fund balances</b>	<b>51,136</b>	<b>(739)</b>	<b>-</b>	<b>(30,780)</b>	<b>881,972</b>
Fund balances, beginning of year	883,484	739	-	97,067	3,584,634
<b>Fund balances, end of year</b>	<b>\$ 934,620</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 66,287</b>	<b>\$ 4,466,606</b>



Permanent Fund		
Cemetery Perpetual Care		Total
\$ -	\$ -	\$ 6,349,476
-	-	889,170
-	-	8,929,473
53,700	-	240,369
-	-	446,544
-	-	1,089,847
2,529	-	274,532
-	-	483,338
<u>56,229</u>	<u>18,702,749</u>	
-	-	466,785
-	-	294,257
-	-	4,839,478
-	-	516,577
-	-	266,292
-	-	4,743,266
3,603	-	1,822,499
4,900	-	6,570,878
<u>8,503</u>	<u>19,520,032</u>	
<u>47,726</u>	<u>(817,283)</u>	
-	-	6,473,162
<u>(2,529)</u>	<u>(3,686,251)</u>	
<u>(2,529)</u>	<u>2,786,911</u>	
45,197	-	1,969,628
<u>1,827,111</u>	<u>10,467,635</u>	
<u>\$ 1,872,308</u>	<u>\$ 12,437,263</u>	

concluded

## CITY OF HOLLAND, MICHIGAN

### Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Major Street Fund  
For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Intergovernmental	\$ 3,692,885	\$ 3,499,175	\$ 3,619,164	\$ 119,989
Charges for services	30,000	20,000	16,500	(3,500)
Interest and rents	10,000	38,000	41,275	3,275
<b>Total revenues</b>	<u>3,732,885</u>	<u>3,557,175</u>	<u>3,676,939</u>	<u>119,764</u>
<b>Expenditures</b>				
Current:				
Public works:				
Personnel services	619,650	605,310	502,713	(102,597)
Other services and charges	2,587,475	2,739,405	2,490,625	(248,780)
<b>Total expenditures</b>	<u>3,207,125</u>	<u>3,344,715</u>	<u>2,993,338</u>	<u>(351,377)</u>
Revenues over expenditures	525,760	212,460	683,601	471,141
<b>Other financing uses</b>				
Transfers out	(617,608)	(562,791)	(220,063)	(342,728)
<b>Net changes in fund balances</b>	(91,848)	(350,331)	463,538	813,869
Fund balances, beginning of year	1,598,154	1,598,154	1,598,154	-
<b>Fund balances, end of year</b>	<u>\$ 1,506,306</u>	<u>\$ 1,247,823</u>	<u>\$ 2,061,692</u>	<u>\$ 813,869</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, 2020

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Intergovernmental	\$ 947,117	\$ 835,600	\$ 926,298	\$ 90,698
Charges for services	48,000	30,000	34,445	4,445
Interest and rents	1,000	3,000	3,299	299
<b>Total revenues</b>	<u>996,117</u>	<u>868,600</u>	<u>964,042</u>	<u>95,442</u>
<b>Expenditures</b>				
Current:				
Public works:				
Personnel services	676,625	561,991	495,749	(66,242)
Other services and charges	937,100	869,400	688,356	(181,044)
<b>Total expenditures</b>	<u>1,613,725</u>	<u>1,431,391</u>	<u>1,184,105</u>	<u>(247,286)</u>
Revenues over (under) expenditures	(617,608)	(562,791)	(220,063)	342,728
<b>Other financing sources</b>				
Transfers in	617,608	562,791	220,063	(342,728)
<b>Net changes in fund balances</b>	-	-	-	-
Fund balances, beginning of year	2,000	2,000	2,000	-
<b>Fund balances, end of year</b>	<u>\$ 2,000</u>	<u>\$ 2,000</u>	<u>\$ 2,000</u>	<u>\$ -</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, 2020

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Intergovernmental	\$ 505,000	\$ 551,017	\$ 551,034	\$ 17
Interest and rents	3,000	900	-	(900)
<b>Total revenues</b>	508,000	551,917	551,034	(883)
<b>Expenditures</b>				
Debt service:				
Interest and fiscal charges	-	-	806	806
Revenues over (under) expenditures	508,000	551,917	550,228	(1,689)
<b>Other financing uses</b>				
Transfers out	(350,000)	(415,000)	(351,095)	(63,905)
<b>Net changes in fund balances</b>	158,000	136,917	199,133	62,216
Fund balances, beginning of year	45,386	45,386	45,386	-
<b>Fund balances, end of year</b>	<u>\$ 203,386</u>	<u>\$ 182,303</u>	<u>\$ 244,519</u>	<u>\$ 62,216</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, 2020

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Intergovernmental	\$ 345,000	\$ 375,925	\$ 391,459	\$ 15,534
Interest and rents	100	200	639	439
<b>Total revenues</b>	345,100	376,125	392,098	15,973
<b>Expenditures</b>				
Current:				
Public works:				
Other services and charges	100	100	-	(100)
Revenues over expenditures	345,000	376,025	392,098	16,073
<b>Other financing uses</b>				
Transfers out	(350,000)	(350,000)	(350,000)	-
<b>Net changes in fund balances</b>	(5,000)	26,025	42,098	16,073
Fund balances, beginning of year	46,748	46,748	46,748	-
<b>Fund balances, end of year</b>	<u>\$ 41,748</u>	<u>\$ 72,773</u>	<u>\$ 88,846</u>	<u>\$ 16,073</u>

#REF!

## 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, 2020

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Taxes	\$ 1,321,606	\$ 1,322,350	\$ 1,322,339	\$ (11)
Intergovernmental	669,250	590,300	262,617	(327,683)
Contributions from private sector	791,000	-	-	-
Interest and rents	-	5,000	7,375	2,375
Miscellaneous	18,072	19,960	19,972	12
<b>Total revenues</b>	<b>2,799,928</b>	<b>1,937,610</b>	<b>1,612,303</b>	<b>(325,307)</b>
<b>Other financing uses</b>				
Transfers out	(2,391,000)	(1,838,119)	(1,673,827)	(164,292)
<b>Net changes in fund balances</b>	<b>408,928</b>	<b>99,491</b>	<b>(61,524)</b>	<b>(161,015)</b>
Fund balances, beginning of year	325,275	325,275	325,275	-
<b>Fund balances, end of year</b>	<b>\$ 734,203</b>	<b>\$ 424,766</b>	<b>\$ 263,751</b>	<b>\$ (161,015)</b>

## 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, 2020

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Special assessments	\$ 220,297	\$ 245,658	\$ 245,659	\$ 1
Charges for services	39,900	47,597	54,259	6,662
Interest and rents	2,000	4,500	4,813	313
<b>Total revenues</b>	<u>262,197</u>	<u>297,755</u>	<u>304,731</u>	<u>6,976</u>
<b>Expenditures</b>				
Current:				
Public works:				
Personnel services	100,435	93,355	79,924	(13,431)
Other services and charges	187,502	195,202	183,568	(11,634)
<b>Total expenditures</b>	<u>287,937</u>	<u>288,557</u>	<u>263,492</u>	<u>(25,065)</u>
Revenues over (under) expenditures	(25,740)	9,198	41,239	32,041
<b>Other financing uses</b>				
Transfers out	(10,418)	(10,418)	(10,418)	-
<b>Net changes in fund balances</b>	<u>(36,158)</u>	<u>(1,220)</u>	<u>30,821</u>	<u>32,041</u>
Fund balances, beginning of year	<u>261,264</u>	<u>261,264</u>	<u>261,264</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u>\$ 225,106</u>	<u>\$ 260,044</u>	<u>\$ 292,085</u>	<u>\$ 32,041</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, 2020

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Special assessments	\$ 303,495	\$ 318,969	\$ 318,970	\$ 1
Interest and rents	1,000	1,000	1,567	567
<b>Total revenues</b>	304,495	319,969	320,537	568
<b>Expenditures</b>				
Current:				
Public works:				
Other services and charges	229,247	229,247	199,280	(29,967)
Revenues over expenditures	75,248	90,722	121,257	30,535
<b>Other financing sources (uses)</b>				
Transfers in	60,418	60,418	60,418	-
Transfers out	(142,356)	(142,356)	(142,356)	-
<b>Total other financing sources (uses)</b>	(81,938)	(81,938)	(81,938)	-
<b>Net changes in fund balances</b>	(6,690)	8,784	39,319	30,535
Fund balances, beginning of year	50,565	50,565	50,565	-
<b>Fund balances, end of year</b>	<u>\$ 43,875</u>	<u>\$ 59,349</u>	<u>\$ 89,884</u>	<u>\$ 30,535</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, 2020

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Special assessments	\$ 208,000	\$ 212,538	\$ 212,538	\$ -
Charges for services	78,000	71,053	70,923	(130)
Contributions from private sector	39,400	20,920	20,920	-
Interest and rents	1,000	2,000	2,418	418
<b>Total revenues</b>	<u>326,400</u>	<u>306,511</u>	<u>306,799</u>	<u>288</u>
<b>Expenditures</b>				
Current:				
Parks and recreation:				
Personnel services	144,245	133,222	120,351	(12,871)
Other services and charges	192,000	139,107	146,042	6,935
<b>Total expenditures</b>	<u>336,245</u>	<u>272,329</u>	<u>266,393</u>	<u>(5,936)</u>
<b>Net changes in fund balances</b>	(9,845)	34,182	40,406	6,224
Fund balances, beginning of year	133,576	133,576	133,576	-
<b>Fund balances, end of year</b>	<u>\$ 123,731</u>	<u>\$ 167,758</u>	<u>\$ 173,982</u>	<u>\$ 6,224</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, 2020

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Charges for services	\$ 5,000	\$ 5,000	\$ 7,110	\$ 2,110
Fines and fees	461,200	446,000	446,544	544
Interest and rents	3,000	3,000	2,741	(259)
Miscellaneous	3,000	1,450	947	(503)
<b>Total revenues</b>	<u>472,200</u>	<u>455,450</u>	<u>457,342</u>	<u>1,892</u>
<b>Expenditures</b>				
Current:				
General government:				
Personnel services	235,964	231,510	232,912	1,402
Other services and charges	43,002	32,950	32,875	(75)
Capital outlay	39,400	34,000	33,586	(414)
<b>Total expenditures</b>	<u>318,366</u>	<u>298,460</u>	<u>299,373</u>	<u>913</u>
Revenues over expenditures	153,834	156,990	157,969	979
<b>Other financing uses</b>				
Transfers out	(150,000)	(150,000)	(150,000)	-
<b>Net changes in fund balances</b>	3,834	6,990	7,969	979
Fund balances, beginning of year	<u>236,142</u>	<u>236,142</u>	<u>236,142</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u>\$ 239,976</u>	<u>\$ 243,132</u>	<u>\$ 244,111</u>	<u>\$ 979</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, 2020

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Special assessments	\$ 94,282	\$ 101,584	\$ 104,643	\$ 3,059
Interest and rents	30,694	27,258	29,965	2,707
<b>Net changes in fund balances</b>	124,976	128,842	134,608	5,766
Fund balances, beginning of year	431,952	431,952	431,952	-
<b>Fund balances, end of year</b>	<u>\$ 556,928</u>	<u>\$ 560,794</u>	<u>\$ 566,560</u>	<u>\$ 5,766</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, 2020

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Contributions from private sector	\$ -	\$ 222,137	\$ 220,966	\$ (1,171)
Interest and rents	-	-	100	100
<b>Total revenues</b>	-	222,137	221,066	(1,071)
<b>Expenditures</b>				
Current:				
General government:				
Personnel services	-	105,797	157	(105,640)
Other services and charges	-	400,168	192,445	(207,723)
Capital outlay	-	103,849	3,881	(99,968)
<b>Total expenditures</b>	-	609,814	196,483	(413,331)
Revenues over (under) expenditures	-	(387,677)	24,583	412,260
<b>Other financing uses</b>				
Transfers out	-	(4,292)	(753)	(3,539)
<b>Net changes in fund balances</b>	-	(391,969)	23,830	415,799
Fund balances, beginning of year	481,454	481,454	481,454	-
<b>Fund balances, end of year</b>	<u>\$ 481,454</u>	<u>\$ 89,485</u>	<u>\$ 505,284</u>	<u>\$ 415,799</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, 2020

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Charges for services	\$ 12,000	\$ 5,000	\$ 3,432	\$ (1,568)
<b>Expenditures</b>				
Current:				
General government:				
Other services and charges	12,400	20,200	8,396	(11,804)
<b>Net changes in fund balances</b>	(400)	(15,200)	(4,964)	10,236
Fund balances, beginning of year	17,574	17,574	17,574	-
<b>Fund balances, end of year</b>	<u>\$ 17,174</u>	<u>\$ 2,374</u>	<u>\$ 12,610</u>	<u>\$ 10,236</u>

**CITY OF HOLLAND, MICHIGAN**

**Schedule of Revenues, Expenditures and Changes in Fund Balances**

Budget and Actual - Police Criminal Justice Training Fund  
 For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Intergovernmental	\$ 10,450	\$ 10,450	\$ 9,104	\$ (1,346)
<b>Expenditures</b>				
Current:				
Public safety:				
Other services and charges	10,450	10,450	9,437	(1,013)
<b>Net changes in fund balances</b>	-	-	(333)	(333)
Fund balances, beginning of year	4,926	4,926	4,926	-
<b>Fund balances, end of year</b>	<u>\$ 4,926</u>	<u>\$ 4,926</u>	<u>\$ 4,593</u>	<u>\$ (333)</u>

## CITY OF HOLLAND, MICHIGAN

### Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Anti-Drug Abuse Grants Fund  
For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Intergovernmental	\$ -	\$ 62,608	\$ 62,608	\$ -
<b>Expenditures</b>				
Current:				
Public safety:				
Personal services	-	282,608	277,543	(5,065)
Revenues over (under) expenditures	-	(220,000)	(214,935)	5,065
<b>Other financing sources</b>				
Transfers in	-	220,000	214,935	(5,065)
<b>Net changes in fund balances</b>	-	-	-	-
Fund balances, beginning of year	-	-	-	-
<b>Fund balances, end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

## CITY OF HOLLAND, MICHIGAN

### Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Office of Highway Safety Planning (OHSP) Grant Fund  
For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Intergovernmental	\$ -	\$ 1,316	\$ 1,084	\$ (232)
<b>Expenditures</b>				
Current:				
Public safety:				
Personal services	-	1,316	1,084	(232)
<b>Net changes in fund balances</b>	-	-	-	-
Fund balances, beginning of year	-	-	-	-
<b>Fund balances, end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

## CITY OF HOLLAND, MICHIGAN

### Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Law Enforcement Block Grant Fund  
For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Intergovernmental	\$ -	\$ 8,153	\$ 8,002	\$ (151)
<b>Expenditures</b>				
Current:				
Public safety:				
Other services and charges	-	2,275	2,274	(1)
Capital outlay	-	5,878	5,728	(150)
<b>Total expenditures</b>	-	8,153	8,002	(151)
<b>Net changes in fund balances</b>	-	-	-	-
Fund balances, beginning of year	-	-	-	-
<b>Fund balances, end of year</b>	\$ -	\$ -	\$ -	\$ -

## CITY OF HOLLAND, MICHIGAN

### Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Homeland Security Grant Fund  
For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Intergovernmental	\$ -	\$ 10,000	\$ 3,919	\$ (6,081)
<b>Expenditures</b>				
Current:				
Public safety:				
Other services and charges	-	10,000	3,919	(6,081)
<b>Net changes in fund balances</b>	-	-	-	-
Fund balances, beginning of year	-	-	-	-
<b>Fund balances, end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

## CITY OF HOLLAND, MICHIGAN

### Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - District Library Taxation Fund  
For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Taxes	\$ 300	\$ 300	\$ -	\$ (300)
<b>Expenditures</b>				
Current:				
Parks and recreation:				
Other services and charges	200	200	(101)	(301)
<b>Net changes in fund balances</b>	100	100	101	1
Fund balances, beginning of year	2	2	2	-
<b>Fund balances, end of year</b>	<u>\$ 102</u>	<u>\$ 102</u>	<u>\$ 103</u>	<u>\$ 1</u>

## CITY OF HOLLAND, MICHIGAN

### Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Community Development Block Grant Fund  
For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Intergovernmental	\$ -	\$ 749,500	\$ 370,453	\$ (379,047)
Contributions from private sector	-	78,425	78,908	483
Miscellaneous	-	6,568	6,567	(1)
<b>Total revenues</b>	-	834,493	455,928	(378,565)
<b>Expenditures</b>				
Current:				
Welfare and social services:				
Personnel services	-	110,057	77,699	(32,358)
Other services and charges	-	774,564	422,074	(352,490)
<b>Total expenditures</b>	-	884,621	499,773	(384,848)
<b>Net changes in fund balances</b>	-	(50,128)	(43,845)	6,283
Fund balances, beginning of year	55,377	55,377	55,377	-
<b>Fund balances, end of year</b>	\$ 55,377	\$ 5,249	\$ 11,532	\$ 6,283

**CITY OF HOLLAND, MICHIGAN**

**Schedule of Revenues, Expenditures and Changes in Fund Balances**

Budget and Actual - Clean Energy Program Fund  
 For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Interest and rents	\$ -	\$ -	\$ 561	\$ 561
<b>Net changes in fund balances</b>	-	-	561	561
Fund balances, beginning of year	29,174	29,174	29,174	-
<b>Fund balances, end of year</b>	<u>\$ 29,174</u>	<u>\$ 29,174</u>	<u>\$ 29,735</u>	<u>\$ 561</u>

## CITY OF HOLLAND, MICHIGAN

### Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Eat Healthy For Life - EBT Program Fund  
For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Contributions from private sector	\$ -	\$ 20,047	\$ 6,225	\$ (13,822)
<b>Expenditures</b>				
Current:				
Welfare and social services:				
Other services and charges	-	28,255	16,804	(11,451)
<b>Net changes in fund balances</b>	-	(8,208)	(10,579)	(2,371)
Fund balances, beginning of year	10,842	10,842	10,842	-
<b>Fund balances, end of year</b>	<u>\$ 10,842</u>	<u>\$ 2,634</u>	<u>\$ 263</u>	<u>\$ (2,371)</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, 2020

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Interest and rents	\$ 70,100	\$ 78,100	\$ 85,966	\$ 7,866
<b>Expenditures</b>				
Current:				
Public works:				
Other services and charges	434,000	272,355	199,263	(73,092)
Revenues over (under) expenditures	(363,900)	(194,255)	(113,297)	80,958
<b>Other financing sources</b>				
Transfers in	275,000	275,000	275,000	-
<b>Net changes in fund balances</b>	(88,900)	80,745	161,703	80,958
Fund balances, beginning of year	344,189	344,189	344,189	-
<b>Fund balances, end of year</b>	<u>\$ 255,289</u>	<u>\$ 424,934</u>	<u>\$ 505,892</u>	<u>\$ 80,958</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, 2020

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Charges for services	\$ 44,000	\$ 55,500	\$ 53,700	\$ (1,800)
Contributions from private sector	20,000	20,000	-	(20,000)
Interest and rents	500	500	2,529	2,029
<b>Total revenues</b>	<u>64,500</u>	<u>76,000</u>	<u>56,229</u>	<u>(19,771)</u>
<b>Expenditures</b>				
Debt service				
Interest and fiscal charges	-	-	3,603	3,603
Capital outlay	-	4,900	4,900	-
<b>Total expenditures</b>	<u>-</u>	<u>4,900</u>	<u>8,503</u>	<u>3,603</u>
Revenues over (under) expenditures	64,500	71,100	47,726	(23,374)
<b>Other financing uses</b>				
Transfers out	(20,500)	(20,500)	(2,529)	(17,971)
<b>Net changes in fund balances</b>	<u>44,000</u>	<u>50,600</u>	<u>45,197</u>	<u>(5,403)</u>
Fund balances, beginning of year	<u>1,827,111</u>	<u>1,827,111</u>	<u>1,827,111</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u>\$ 1,871,111</u>	<u>\$ 1,877,711</u>	<u>\$ 1,872,308</u>	<u>\$ (5,403)</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. This fund provides financial accountability for revenues, expenses, and balance sheet items.

## CITY OF HOLLAND, MICHIGAN

### Enterprise Funds

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

#### Water Utility Fund

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

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

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

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

#### Refuse and Recycling Pickup Fund

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

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

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

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

#### Windmill Island Fund

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

## CITY OF HOLLAND, MICHIGAN

### Enterprise Funds

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

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

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

#### Depot Operations Fund

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

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

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

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

#### Airport Facilities and Management System Fund

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

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

## CITY OF HOLLAND, MICHIGAN

### Enterprise Funds

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

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

### Public Transit Facilities and Management System Fund

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

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

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

### Civic Center Fund

Effective July 1, 2008 this fund accounts for the revenues and expenses associated with the daily operations of the newly renovated Civic Center Place. The majority of revenue will be generated by VenuWorks, the firm contracted to manage, operate and market the facility. Operating deficits will be subsidized by a transfer from the General Fund.

## CITY OF HOLLAND, MICHIGAN

### Enterprise Funds

#### Employee Benefit Fund

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

**CITY OF HOLLAND, MICHIGAN**

**Combining Statement of Net Position**

Nonmajor Enterprise Funds

June 30, 2020

	Refuse and Recycling Pickup	Windmill Island	Depot Operations	Airport Facilities and Management System
<b>Assets</b>				
Current assets:				
Cash and pooled investments	\$ 1,093,402	\$ 571,716	\$ 12	\$ 2,231
Receivables:				
Accounts	263,854	7,788	-	14
Taxes and special assessments	-	-	-	15
Due from other governmental units	-	427	-	-
Due from other funds	185,207	-	-	-
<b>Total current assets</b>	<u>1,542,463</u>	<u>579,931</u>	<u>12</u>	<u>2,260</u>
Noncurrent assets:				
Capital assets:				
Land	-	99,809	291,300	6,053,250
Construction in progress	-	68,317	-	-
Machinery and equipment	-	4,885,425	1,655,532	13,993,709
Accumulated depreciation	-	(2,286,635)	(1,270,778)	(11,832,142)
<b>Total noncurrent assets</b>	<u>-</u>	<u>2,766,916</u>	<u>676,054</u>	<u>8,214,817</u>
<b>Total assets</b>	<u>1,542,463</u>	<u>3,346,847</u>	<u>676,066</u>	<u>8,217,077</u>
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	289,810	18,230	-	-
Accrued payroll and benefits	2,589	6,264	-	1,154
Due to other funds	21,615	461	-	-
Deposits	-	19,950	-	-
Current portion of long-term debt	12,864	22,088	-	-
<b>Total liabilities (all current)</b>	<u>326,878</u>	<u>66,993</u>	<u>-</u>	<u>1,154</u>
<b>Net position</b>				
Investment in capital assets	-	2,766,916	676,054	8,214,817
Unrestricted	1,215,585	512,938	12	1,106
<b>Total net position</b>	<u>\$ 1,215,585</u>	<u>\$ 3,279,854</u>	<u>\$ 676,066</u>	<u>\$ 8,215,923</u>



Public Transit Facilities and Management System	Civic Center	Employee Benefit Fund	Total
\$ 1,678	\$ -	\$ 6,384	\$ 1,675,423
-	50,000	-	321,656
-	-	-	15
-	-	-	427
-	-	-	185,207
<u>1,678</u>	<u>50,000</u>	<u>6,384</u>	<u>2,182,728</u>
-	-	-	6,444,359
-	-	-	68,317
-	-	-	20,534,666
-	-	-	(15,389,555)
-	-	-	<u>11,657,787</u>
<u>1,678</u>	<u>50,000</u>	<u>6,384</u>	<u>13,840,515</u>
-	1,770	256	310,066
-	496	-	10,503
-	45,705	-	67,781
-	-	-	19,950
-	2,029	-	36,981
-	<u>50,000</u>	<u>256</u>	<u>445,281</u>
-	-	-	11,657,787
<u>1,678</u>	-	<u>6,128</u>	<u>1,737,447</u>
<u>\$ 1,678</u>	<u>\$ -</u>	<u>\$ 6,128</u>	<u>\$ 13,395,234</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, 2020

	Refuse and Recycling Pickup	Windmill Island	Depot Operations	Airport Facilities and Management System
<b>Operating revenues</b>				
Usage fees and charges for services	\$ 2,109,264	\$ 68,245	\$ -	\$ 39,472
Admissions and fares	-	354,784	-	-
Rentals	-	28,800	1	-
<b>Total operating revenues</b>	<u>2,109,264</u>	<u>451,829</u>	<u>1</u>	<u>39,472</u>
<b>Operating expenses</b>				
Personnel services	135,440	523,086	-	42,173
Other current expenses	1,949,555	272,964	-	106,725
Depreciation	-	157,289	24,008	370,119
<b>Total operating expenses</b>	<u>2,084,995</u>	<u>953,339</u>	<u>24,008</u>	<u>519,017</u>
Operating income (loss)	<u>24,269</u>	<u>(501,510)</u>	<u>(24,007)</u>	<u>(479,545)</u>
<b>Nonoperating revenues</b>				
Property taxes	-	-	-	107,937
Other private donations	-	1,815	-	-
Investment earnings	20,155	17,739	-	-
<b>Total nonoperating revenues</b>	<u>20,155</u>	<u>19,554</u>	<u>-</u>	<u>107,937</u>
Income (loss) before contributions	<u>44,424</u>	<u>(481,956)</u>	<u>(24,007)</u>	<u>(371,608)</u>
<b>Contributions and transfers</b>				
Capital contributions	-	1,272	-	-
Federal and/or state grants	-	427	-	-
Transfers in	-	753	-	-
<b>Total contributions and transfers</b>	<u>-</u>	<u>2,452</u>	<u>-</u>	<u>-</u>
<b>Change in net position</b>	<u>44,424</u>	<u>(479,504)</u>	<u>(24,007)</u>	<u>(371,608)</u>
Net position, beginning of year	<u>1,171,161</u>	<u>3,759,358</u>	<u>700,073</u>	<u>8,587,531</u>
<b>Net position, end of year</b>	<u>\$ 1,215,585</u>	<u>\$ 3,279,854</u>	<u>\$ 676,066</u>	<u>\$ 8,215,923</u>

Public Transit Facilities and Management System	Civic Center	Employee Benefit Fund	Total
\$ -	\$ -	\$ 9,084	\$ 2,226,065
-	-	-	354,784
-	-	-	28,801
-	-	9,084	2,609,650
-	43,693	-	744,392
-	506,138	9,217	2,844,599
-	-	-	551,416
-	549,831	9,217	4,140,407
-	(549,831)	(133)	(1,530,757)
-	-	-	107,937
-	-	-	1,815
-	-	115	38,009
-	-	115	147,761
-	(549,831)	(18)	(1,382,996)
-	-	-	1,272
-	-	-	427
-	549,831	-	550,584
-	549,831	-	552,283
-	-	(18)	(830,713)
1,678	-	6,146	14,225,947
<u>\$ 1,678</u>	<u>\$ -</u>	<u>\$ 6,128</u>	<u>\$ 13,395,234</u>

## CITY OF HOLLAND, MICHIGAN

### Combining Statement of Cash Flows

Nonmajor Enterprise Funds

For the Year Ended June 30, 2020

	Refuse and Recycling Pickup	Windmill Island	Depot Operations	Airport Facilities and Management System
<b>Cash flows from operating activities</b>				
Receipts from customers and users	\$ 2,083,560	\$ 467,439	\$ 1	\$ 39,458
Payments to suppliers	(1,801,224)	(507,882)	-	(106,725)
Payments to employees	(128,347)	(532,854)	-	(41,716)
<b>Net cash provided by (used in) operating activities</b>	<b>153,989</b>	<b>(573,297)</b>	<b>1</b>	<b>(108,983)</b>
<b>Cash flows from noncapital financing activities</b>				
Property taxes	-	-	-	107,928
Private donations	-	1,815	-	-
Intragovernmental receipts	-	-	-	-
Intragovernmental payments	(15,691)	(413)	-	-
<b>Net cash provided by (used in) noncapital financing activities</b>	<b>(15,691)</b>	<b>1,402</b>	<b>-</b>	<b>107,928</b>
<b>Cash flows from capital and related financing activities</b>				
Capital contributions	-	1,272	-	-
Purchase/construction of capital assets	-	(60,287)	-	-
<b>Net cash used in capital and related financing activities</b>	<b>-</b>	<b>(59,015)</b>	<b>-</b>	<b>-</b>
<b>Cash flows from investing activities</b>				
Investment income received	20,155	17,739	-	-
<b>Net increase (decrease) in cash and pooled investments</b>	<b>158,453</b>	<b>(613,171)</b>	<b>1</b>	<b>(1,055)</b>
Cash and pooled investments, beginning of year	934,949	1,184,887	11	3,286
<b>Cash and pooled investments, end of year</b>	<b>\$ 1,093,402</b>	<b>\$ 571,716</b>	<b>\$ 12</b>	<b>\$ 2,231</b>
<b>Cash flows from operating activities</b>				
Operating income (loss)	\$ 24,269	\$ (501,510)	\$ (24,007)	\$ (479,545)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	-	157,289	24,008	370,119
Change in:				
Accounts receivable	(25,704)	26,610	-	(14)
Accounts payable	148,331	(234,918)	-	457
Accrued payroll and benefits	1,303	(10,629)	-	-
Unearned revenue	-	(11,000)	-	-
Accrued compensated absences	5,790	861	-	-
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 153,989</b>	<b>\$ (573,297)</b>	<b>\$ 1</b>	<b>\$ (108,983)</b>



Public Transit Facilities and Management System	Civic Center	Employee Benefit Fund	Total
\$ -	\$ -	\$ 9,084	\$ 2,599,542
-	(633,718)	(9,906)	(3,059,455)
-	(53,031)	-	(755,948)
-	(686,749)	(822)	(1,215,861)
-	-	-	107,928
-	-	-	1,815
-	595,301	-	595,301
-	-	-	(16,104)
-	595,301	-	688,940
-	-	-	1,272
-	-	-	(60,287)
-	-	-	(59,015)
-	-	115	38,009
-	(91,448)	(707)	(547,927)
1,678	91,448	7,091	2,223,350
<u>\$ 1,678</u>	<u>\$ -</u>	<u>\$ 6,384</u>	<u>\$ 1,675,423</u>
\$ -	\$ (549,831)	\$ (133)	\$ (1,530,757)
-	-	-	551,416
-	-	-	892
-	(127,580)	(689)	(214,399)
-	(1,471)	-	(10,797)
-	-	-	(11,000)
-	(7,867)	-	(1,216)
<u>\$ -</u>	<u>\$ (686,749)</u>	<u>\$ (822)</u>	<u>\$ (1,215,861)</u>

This page intentionally left blank.

## CITY OF HOLLAND, MICHIGAN

### Internal Service Funds

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

#### Computer Services Fund

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

Basic functions of the Technology Services Department include:

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

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

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

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

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

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

## CITY OF HOLLAND, MICHIGAN

### Internal Service Funds

#### Postage Services Fund

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

Established user fee charges to departments include the following elements:

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

#### Telephony Services Fund

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

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

Established user fee charges to departments include the following elements:

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

#### Fuel Dispensing Fund

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

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

## CITY OF HOLLAND, MICHIGAN

### Internal Service Funds

Established user fee charges to departments include the following elements:

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

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

#### Centralized Vehicle/Equipment Fund

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

##### *General Vehicle & Equipment Pool*

- All vehicles & equipment assigned to this pool are capital assets (minus depreciation) of this fund.
- Several departments are provided with specifically assigned vehicles and/or equipment. Detailed accounting is maintained for each such vehicle or equipment item. Also included in this pool are a certain number of unassigned vehicles made available for sign-out by any department with a mileage fee assessed. An annual flat-fee 'rental and use charge' is assessed to respective departments for each individual vehicle or equipment item.

- Vehicles and equipment assigned to this pool (other than sign-out cars) are assessed an annual flat-fee for:

- > recovery of fuel costs
- > recovery of overhead costs for vehicle/equipment maintenance and upkeep
- > surcharge to accumulate reserve for future replacements of vehicles/equipment

##### *Streets Vehicle & Equipment Pool*

- All vehicles & equipment assigned to this pool are capital assets (minus depreciation) of this fund.
- State of Michigan Act 51 of 1951 (as amended) requires identifiable accounting for vehicles & equipment dedicated to street maintenance & construction. Detailed accounting is maintained for each such vehicle or equipment item. Michigan Dept of Transportation (MDOT) annually provides a mandatory schedule of hourly rental and use' rates applicable to each individual type of vehicle or equipment for actual time of use.

- Vehicles and equipment assigned to this pool are assessed an established hourly rate for:

- > recovery of fuel costs
- > recovery of overhead costs for vehicle/equipment maintenance and upkeep
- > surcharge to accumulate reserve for future replacements of vehicles/equipment

## CITY OF HOLLAND, MICHIGAN

### Internal Service Funds

#### *Central Maintenance Activity*

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

#### **Fire Vehicle/Equipment Fund**

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

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

#### **Workers Compensation Fund**

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

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

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

## CITY OF HOLLAND, MICHIGAN

### Internal Service Funds

#### Employee Disability Income Protection Fund

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

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

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

#### Employee & Retiree Health/Dental Fund

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

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

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

#### Vehicle Damage & Liability Fund

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

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

## CITY OF HOLLAND, MICHIGAN

### Internal Service Funds

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

#### Property Damage Fund

The City partially self-insures coverage for the cost of repairs or replacement to its damaged property (other than vehicles). Claims administration is handled internally, except when a claim for excess coverage would be involved. Commercial umbrella coverage is purchased for damages in excess of a \$100,000 retention, per occurrence. The commercial umbrella policies designate specific upper limits of coverage based upon the type of property line. Commercial excess coverage policies provide an aggregate coverage across all municipally-owned property (excluding the Electric Generating Plant and Municipal Airport property, which are insured under a separate policies outside of this fund).

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

#### General & Professional Liability Fund

The City partially self-insures coverage for the cost of general liability claims against the City. Coverages for Public Officials Liability and Law Enforcement Liability are also included in this fund. Administration of claims is handled by a contracted third-party administrator. Commercial insurance coverage is purchased for each individual claim occurrence that exceeds a self-funded retention of \$100,000. The commercial policies provide stop-loss protection at \$100,000 'per occurrence' and 'aggregate' after \$1,000,000 of individual occurrences. The commercial policies also provide additional 'umbrella coverage' up to \$10,000,000 'per occurrence'.

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

#### Compensated Absences Fund

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

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

This page intentionally left blank.

**CITY OF HOLLAND, MICHIGAN**

**Combining Statement of Net Position**

Internal Service Funds

June 30, 2020

	Technology Services			Equipment Services		
	Computer Services	Postage Services	Telephony Services	Fuel Dispensing	Centralized Vehicle / Equipment	Fire Vehicle / Equipment
<b>Assets</b>						
Current assets:						
Cash and pooled investments	\$ 415,953	\$ 5,907	\$ 17,394	\$ 46,600	\$ 981,021	\$ 269,987
Accounts receivable	138	-	-	13,376	87,312	-
Due from other governmental units	-	-	-	-	40	-
Due from other funds	-	-	-	5,079	71	-
Inventories	-	2,647	-	22,957	531,801	-
Prepaid items	370	450	-	-	-	-
<b>Total current assets</b>	<b>416,461</b>	<b>9,004</b>	<b>17,394</b>	<b>88,012</b>	<b>1,600,245</b>	<b>269,987</b>
Noncurrent assets:						
Capital assets:						
Construction in progress	-	-	-	7,360	155,602	1,340,498
Machinery and equipment	990,207	-	94,949	295,237	9,781,637	2,820,455
Accumulated depreciation	(814,167)	-	(84,013)	(68,856)	(5,748,949)	(1,648,704)
<b>Total noncurrent assets</b>	<b>176,040</b>	<b>-</b>	<b>10,936</b>	<b>233,741</b>	<b>4,188,290</b>	<b>2,512,249</b>
<b>Total assets</b>	<b>592,501</b>	<b>9,004</b>	<b>28,330</b>	<b>321,753</b>	<b>5,788,535</b>	<b>2,782,236</b>
<b>Liabilities</b>						
Current liabilities:						
Accounts payable	4,179	647	-	14,102	59,983	-
Claims payable	-	-	-	-	-	-
Accrued payroll and benefits	9,233	-	-	-	15,276	-
Due to other funds	530	-	-	37,028	81	-
Unearned revenue	-	-	-	-	729	-
Current portion of long-term debt	-	-	-	-	-	-
<b>Total current liabilities</b>	<b>13,942</b>	<b>647</b>	<b>-</b>	<b>51,130</b>	<b>76,069</b>	<b>-</b>
Noncurrent liabilities:						
Long-term debt, net of current portion	24,315	-	-	-	91,767	-
<b>Total liabilities</b>	<b>38,257</b>	<b>647</b>	<b>-</b>	<b>51,130</b>	<b>167,836</b>	<b>-</b>
<b>Net position</b>						
Investment in capital assets	176,040	-	10,936	233,741	4,188,290	2,512,249
Unrestricted	378,204	8,357	17,394	36,882	1,432,409	269,987
<b>Total net position</b>	<b>\$ 554,244</b>	<b>\$ 8,357</b>	<b>\$ 28,330</b>	<b>\$ 270,623</b>	<b>\$ 5,620,699</b>	<b>\$ 2,782,236</b>

Insurance Services							
Workers Compensation	Employee Disability Income Protection	Employee and Retiree Health / Dental	Vehicle Damage and Liability	Property Damage	General and Professional Liability	Compensated Absences	Total
\$ 611,027	\$ 163,794	\$ 3,989,068	\$ 335,455	\$ 399,720	\$ 156,423	\$ 1,665,111	\$ 9,057,460
-	-	177,440	-	-	-	-	278,266
-	-	-	-	-	-	-	40
-	-	439	-	-	996	-	6,585
-	-	-	-	-	-	-	557,405
-	-	53,575	-	-	30,000	-	84,395
611,027	163,794	4,220,522	335,455	399,720	187,419	1,665,111	9,984,151
-	-	-	-	-	-	-	1,503,460
-	-	-	-	-	-	-	13,982,485
-	-	-	-	-	-	-	(8,364,689)
-	-	-	-	-	-	-	7,121,256
611,027	163,794	4,220,522	335,455	399,720	187,419	1,665,111	17,105,407
10,585	-	110,521	-	-	4,996	-	205,013
-	-	166,682	-	-	-	-	166,682
-	-	-	-	-	-	-	24,509
-	-	-	517	-	-	-	38,156
-	-	-	-	-	-	-	729
-	-	-	-	-	-	1,440,000	1,440,000
10,585	-	277,203	517	-	4,996	1,440,000	1,875,089
-	-	-	-	-	-	225,111	341,193
10,585	-	277,203	517	-	4,996	1,665,111	2,216,282
-	-	-	-	-	-	-	7,121,256
600,442	163,794	3,943,319	334,938	399,720	182,423	-	7,767,869
\$ 600,442	\$ 163,794	\$ 3,943,319	\$ 334,938	\$ 399,720	\$ 182,423	\$ -	\$ 14,889,125

**CITY OF HOLLAND, MICHIGAN**

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

Internal Service Funds

For the Year Ended June 30, 2020

	Technology Services			Equipment Services		
	Computer Services	Postage Services	Telephony Services	Fuel Dispensing	Centralized Vehicle / Equipment	Fire Vehicle / Equipment
<b>Operating revenues</b>						
Charges for services	\$ 553,314	\$ 18,607	\$ 146,823	\$ 510,382	\$ 435,109	\$ -
Premiums	-	-	-	-	-	-
Rentals	-	-	-	-	1,927,027	-
Miscellaneous	-	-	-	-	778	-
<b>Total operating revenues</b>	<u>553,314</u>	<u>18,607</u>	<u>146,823</u>	<u>510,382</u>	<u>2,362,914</u>	<u>-</u>
<b>Operating expenses</b>						
Personnel services	378,915	-	-	5,925	695,728	-
Other current expenses	417,206	19,068	146,845	500,503	1,160,295	-
Depreciation	74,716	-	17,298	14,606	627,217	104,919
<b>Total operating expenses</b>	<u>870,837</u>	<u>19,068</u>	<u>164,143</u>	<u>521,034</u>	<u>2,483,240</u>	<u>104,919</u>
Operating income (loss)	<u>(317,523)</u>	<u>(461)</u>	<u>(17,320)</u>	<u>(10,652)</u>	<u>(120,326)</u>	<u>(104,919)</u>
<b>Nonoperating revenues</b>						
Investment earnings	6,625	81	299	-	20,957	17,899
Insurance recovery	-	-	-	-	-	-
Gain on sale of capital assets	-	-	-	-	4,942	-
<b>Total nonoperating revenues</b>	<u>6,625</u>	<u>81</u>	<u>299</u>	<u>-</u>	<u>25,899</u>	<u>17,899</u>
Income (loss) before contributions and transfers	<u>(310,898)</u>	<u>(380)</u>	<u>(17,021)</u>	<u>(10,652)</u>	<u>(94,427)</u>	<u>(87,020)</u>
<b>Contributions and transfers</b>						
Federal and/or state grants	-	-	-	-	40	-
Transfers in	100,000	-	-	-	-	250,000
<b>Total contributions and transfers</b>	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40</u>	<u>250,000</u>
<b>Change in net position</b>	<u>(210,898)</u>	<u>(380)</u>	<u>(17,021)</u>	<u>(10,652)</u>	<u>(94,387)</u>	<u>162,980</u>
Net position, beginning of year	<u>765,142</u>	<u>8,737</u>	<u>45,351</u>	<u>281,275</u>	<u>5,715,086</u>	<u>2,619,256</u>
<b>Net position, end of year</b>	<u>\$ 554,244</u>	<u>\$ 8,357</u>	<u>\$ 28,330</u>	<u>\$ 270,623</u>	<u>\$ 5,620,699</u>	<u>\$ 2,782,236</u>

Insurance Services							
Workers Compensation	Employee Disability Income Protection	Employee and Retiree Health / Dental	Vehicle Damage and Liability	Property Damage	General and Professional Liability	Compensated Absences	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,355,363	\$ 3,019,598
357,299	112,349	5,871,057	118,165	25,779	125,496	-	6,610,145
-	-	-	-	-	-	-	1,927,027
-	-	-	-	369	-	-	1,147
<u>357,299</u>	<u>112,349</u>	<u>5,871,057</u>	<u>118,165</u>	<u>26,148</u>	<u>125,496</u>	<u>1,355,363</u>	<u>11,557,917</u>
-	1,303	79	-	-	-	1,355,363	2,437,313
354,315	89,936	5,295,128	94,476	26,128	132,411	-	8,236,311
-	-	-	-	-	-	-	838,756
<u>354,315</u>	<u>91,239</u>	<u>5,295,207</u>	<u>94,476</u>	<u>26,128</u>	<u>132,411</u>	<u>1,355,363</u>	<u>11,512,380</u>
2,984	21,110	575,850	23,689	20	(6,915)	-	45,537
10,273	2,886	62,658	4,843	7,243	1,308	-	135,072
1,036	-	262,034	-	-	-	-	263,070
-	-	-	-	-	-	-	4,942
<u>11,309</u>	<u>2,886</u>	<u>324,692</u>	<u>4,843</u>	<u>7,243</u>	<u>1,308</u>	<u>-</u>	<u>403,084</u>
14,293	23,996	900,542	28,532	7,263	(5,607)	-	448,621
-	-	-	-	-	-	-	40
-	-	-	-	-	-	-	350,000
-	-	-	-	-	-	-	350,040
14,293	23,996	900,542	28,532	7,263	(5,607)	-	798,661
586,149	139,798	3,042,777	306,406	392,457	188,030	-	14,090,464
<u>\$ 600,442</u>	<u>\$ 163,794</u>	<u>\$ 3,943,319</u>	<u>\$ 334,938</u>	<u>\$ 399,720</u>	<u>\$ 182,423</u>	<u>\$ -</u>	<u>\$ 14,889,125</u>

**CITY OF HOLLAND, MICHIGAN**

**Combining Statement of Cash Flows**

Internal Service Funds

For the Year Ended June 30, 2020

	Technology Services			Equipment Services		
	Computer Services	Postage Services	Telephony Services	Fuel Dispensing	Centralized Vehicle / Equipment	Fire Vehicle / Equipment
<b>Cash flows from operating activities</b>						
Receipts from interfund services provided	\$ 553,586	\$ 18,607	\$ 146,823	\$ 510,933	\$ 2,351,952	\$ -
Payments to suppliers	(435,335)	(18,739)	(146,845)	(494,583)	(1,163,994)	-
Payments to employees	(375,143)	-	-	(5,925)	(684,981)	-
<b>Net cash provided by (used in) operating activities</b>	<u>(256,892)</u>	<u>(132)</u>	<u>(22)</u>	<u>10,425</u>	<u>502,977</u>	<u>-</u>
<b>Cash flows from noncapital financing activities</b>						
Insurance refunds	-	-	-	-	-	-
Intergovernmental receipts	100,000	-	-	-	-	250,000
<b>Net cash provided by noncapital financing activities</b>	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>250,000</u>
<b>Cash flows from capital and related financing activities</b>						
Proceeds from sale of capital assets	-	-	-	-	88,542	-
Purchase/construction of capital assets	-	-	-	(7,360)	(896,757)	(1,340,498)
<b>Net cash used in capital and related financing activities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,360)</u>	<u>(808,215)</u>	<u>(1,340,498)</u>
<b>Cash flows from investing activities</b>						
Investment income received	6,625	81	299	-	20,957	17,899
<b>Net increase (decrease) in cash and pooled investments</b>	<u>(150,267)</u>	<u>(51)</u>	<u>277</u>	<u>3,065</u>	<u>(284,281)</u>	<u>(1,072,599)</u>
Cash and pooled investments, beginning of year	566,220	5,958	17,117	43,535	1,265,302	1,342,586
<b>Cash and pooled investments, end of year</b>	<u>\$ 415,953</u>	<u>\$ 5,907</u>	<u>\$ 17,394</u>	<u>\$ 46,600</u>	<u>\$ 981,021</u>	<u>\$ 269,987</u>
<b>Cash flows from operating activities</b>						
Operating income (loss)	\$ (317,523)	\$ (461)	\$ (17,320)	\$ (10,652)	\$ (120,326)	\$ (104,919)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation	74,716	-	17,298	14,606	627,217	104,919
Change in:						
Accounts receivable	272	-	-	13,727	(11,620)	-
Due from other funds	-	-	-	1,504	(71)	-
Inventories	-	2,473	-	(2,893)	(27,382)	-
Prepaid items	-	(2,297)	-	-	-	-
Accounts payable	(18,129)	153	-	8,813	23,683	-
Claims payable	-	-	-	-	-	-
Accrued payroll and benefits	2,422	-	-	-	4,768	-
Due to other funds	-	-	-	(14,680)	-	-
Unearned revenue	-	-	-	-	729	-
Accrued compensated absences	1,350	-	-	-	5,979	-
<b>Net cash provided by (used in) operating activities</b>	<u>\$ (256,892)</u>	<u>\$ (132)</u>	<u>\$ (22)</u>	<u>\$ 10,425</u>	<u>\$ 502,977</u>	<u>\$ -</u>

Insurance Services							
Workers Compensation	Employee Disability Income Protection	Employee and Retiree Health / Dental	Vehicle Damage and Liability	Property Damage	General and Professional Liability	Compensated Absences	Total
\$ 358,533	\$ 110,744	\$ 5,825,299	\$ 118,682	\$ 27,026	\$ 127,545	\$ 1,355,363	\$ 11,505,093
(327,643)	(89,936)	(5,435,529)	(94,476)	(26,128)	(145,640)	-	(8,378,848)
-	(2,105)	(79)	-	-	-	(1,233,179)	(2,301,412)
30,890	18,703	389,691	24,206	898	(18,095)	122,184	824,833
1,036	-	262,034	-	-	-	-	263,070
-	-	-	-	-	-	-	350,000
1,036	-	262,034	-	-	-	-	613,070
-	-	-	-	-	-	-	88,542
-	-	-	-	-	-	-	(2,244,615)
-	-	-	-	-	-	-	(2,156,073)
10,273	2,886	62,658	4,843	7,243	1,308	-	135,072
42,199	21,589	714,383	29,049	8,141	(16,787)	122,184	(583,098)
568,828	142,205	3,274,685	306,406	391,579	173,210	1,542,927	9,640,558
<u>\$ 611,027</u>	<u>\$ 163,794</u>	<u>\$ 3,989,068</u>	<u>\$ 335,455</u>	<u>\$ 399,720</u>	<u>\$ 156,423</u>	<u>\$ 1,665,111</u>	<u>\$ 9,057,460</u>
\$ 2,984	\$ 21,110	\$ 575,850	\$ 23,689	\$ 20	\$ (6,915)	\$ -	\$ 45,537
-	-	-	-	-	-	-	838,756
1,234	-	(45,319)	-	878	-	-	(40,828)
-	-	(439)	-	-	2,049	-	3,043
-	-	-	-	-	-	-	(27,802)
16,087	-	(29,657)	-	-	(15,000)	-	(30,867)
10,585	-	22,210	-	-	4,996	-	52,311
-	-	(132,954)	-	-	(3,225)	-	(136,179)
-	(802)	-	-	-	-	-	6,388
-	(1,605)	-	517	-	-	-	(15,768)
-	-	-	-	-	-	-	729
-	-	-	-	-	-	122,184	129,513
<u>\$ 30,890</u>	<u>\$ 18,703</u>	<u>\$ 389,691</u>	<u>\$ 24,206</u>	<u>\$ 898</u>	<u>\$ (18,095)</u>	<u>\$ 122,184</u>	<u>\$ 824,833</u>

This page intentionally left blank.

# CITY OF HOLLAND, MICHIGAN

## Agency Funds

Fiduciary funds account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, and other governmental units. Included are:

- trust funds (none)
- agency funds

### **Current Tax Collections Fund (an Agency Fund)**

The Current Tax Collections Fund performs the role of a central receiving agency for collection and disposition of all current year property taxes that are levied on the City tax roll.

Receipts include property taxes that are collected on behalf of various local area district library, local area swimming pool authority, local area public schools, an intermediate school district, public transit authority, airport authority, state education, two counties, as well as the City. Collections of special assessment installments are also recorded in this fund.

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

### **Outside Agency Collections Fund (an Agency Fund)**

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

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

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

### **Employees' Flexible Spending Plan Fund (an Agency Fund)**

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

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

## CITY OF HOLLAND, MICHIGAN

### Agency Funds

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

#### **Imprest Payroll Fund (an Agency Fund)**

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

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

Disbursements out of the fund include:

- payments to various governmental agencies and private-sector entities, representing mandatory and elective withholdings from employees 'gross pay'
- payments to the City's Self-Funded Employee Health & Dental Insurance Plan for related employee payroll withholdings

#### **WMAA Pooled Cash Fund (an Agency Fund)**

This fund provides custodial agent accountability for total cash of the West Michigan Airport Authority, which is a governmental unit legally separate from the City.

This page intentionally left blank.

# CITY OF HOLLAND, MICHIGAN

## Combining Statement of Fiduciary Assets and Liabilities

Agency Funds  
June 30, 2020

	Current Tax Collections	Outside Agency Collections	Employees' Flexible Spending Plan	Imprest Payroll
<b>Assets</b>				
Cash and pooled investments	\$ -	\$ 4,484	\$ 34,841	\$ 88,546
Accounts receivable	-	5,907	784	-
Prepaid items	-	-	-	1,113
<b>Total assets</b>	<u>\$ -</u>	<u>\$ 10,391</u>	<u>\$ 35,625</u>	<u>\$ 89,659</u>
<b>Liabilities</b>				
Accounts payable	\$ -	\$ 10,391	\$ 839	\$ 42,463
Due to other governmental units	-	-	-	47,196
Other liabilities and deposits	-	-	34,786	-
<b>Total liabilities</b>	<u>\$ -</u>	<u>\$ 10,391</u>	<u>\$ 35,625</u>	<u>\$ 89,659</u>



<b>WMAA Pooled Cash</b>	<b>Total</b>
\$ 989,347	\$ 1,117,218
-	6,691
-	<u>1,113</u>
<u>\$ 989,347</u>	<u>\$ 1,125,022</u>
\$ -	\$ 53,693
989,347	1,036,543
-	<u>34,786</u>
<u>\$ 989,347</u>	<u>\$ 1,125,022</u>

# CITY OF HOLLAND, MICHIGAN

## Combining Statement of Changes in Fiduciary Assets and Liabilities

Agency Funds

For the Year Ended June 30, 2020

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
<b>Current Tax Collections Fund</b>				
<b>Assets</b>				
Cash and pooled investments	\$ -	\$ 59,638,033	\$ 59,638,033	\$ -
Accounts receivable	-	222,791	222,791	-
<b>Total assets</b>	<b>\$ -</b>	<b>\$ 59,860,824</b>	<b>\$ 59,860,824</b>	<b>\$ -</b>
<b>Liabilities</b>				
Accounts payable	\$ -	\$ 40,304,095	\$ 40,304,095	\$ -
Due to other governmental units	-	19,556,729	19,556,729	-
<b>Total liabilities</b>	<b>\$ -</b>	<b>\$ 59,860,824</b>	<b>\$ 59,860,824</b>	<b>\$ -</b>
<b>Outside Agency Collections Fund</b>				
<b>Assets</b>				
Cash and pooled investments	\$ 2,023	\$ 120,105	\$ 117,644	\$ 4,484
Accounts receivable	-	87,622	81,715	5,907
<b>Total assets</b>	<b>\$ 2,023</b>	<b>\$ 207,727</b>	<b>\$ 199,359</b>	<b>\$ 10,391</b>
<b>Liabilities</b>				
Accounts payable	\$ 1,843	\$ 193,504	\$ 184,956	\$ 10,391
Due to other governmental units	180	14,223	14,403	-
<b>Total liabilities</b>	<b>\$ 2,023</b>	<b>\$ 207,727</b>	<b>\$ 199,359</b>	<b>\$ 10,391</b>
<b>Employees' Flexible Spending Plan Fund</b>				
<b>Assets</b>				
Cash and pooled investments	\$ 42,779	\$ 142,920	\$ 150,858	\$ 34,841
Accounts receivable	288	3,415	2,919	784
<b>Total assets</b>	<b>\$ 43,067</b>	<b>\$ 146,335</b>	<b>\$ 153,777</b>	<b>\$ 35,625</b>
<b>Liabilities</b>				
Accounts payable	\$ 289	\$ 3,350	\$ 2,800	\$ 839
Other liabilities and deposits	42,778	142,985	150,977	34,786
<b>Total liabilities</b>	<b>\$ 43,067</b>	<b>\$ 146,335</b>	<b>\$ 153,777</b>	<b>\$ 35,625</b>

continued...

# CITY OF HOLLAND, MICHIGAN

## Combining Statement of Changes in Fiduciary Assets and Liabilities

Agency Funds

For the Year Ended June 30, 2020

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
<b><i>Imprest Payroll Fund</i></b>				
<b>Assets</b>				
Cash and pooled investments	\$ 79,801	\$ 7,888,569	\$ 7,879,824	\$ 88,546
Accounts receivable	8,979	94,405	103,384	-
Prepaid items	1,050	1,113	1,050	1,113
<b>Total assets</b>	<b>\$ 89,830</b>	<b>\$ 7,984,087</b>	<b>\$ 7,984,258</b>	<b>\$ 89,659</b>
<b>Liabilities</b>				
Accounts payable	\$ 46,626	\$ 1,961,480	\$ 1,965,643	\$ 42,463
Due to other governmental units	43,204	6,022,607	6,018,615	47,196
<b>Total liabilities</b>	<b>\$ 89,830</b>	<b>\$ 7,984,087</b>	<b>\$ 7,984,258</b>	<b>\$ 89,659</b>
<b><i>WMAA Pooled Cash Fund</i></b>				
<b>Assets</b>				
Cash and pooled investments	\$ 853,946	\$ 702,029	\$ 566,628	\$ 989,347
<b>Liabilities</b>				
Due to other governmental units	\$ 853,946	\$ 702,029	\$ 566,628	\$ 989,347
<b><i>Total All Agency Funds</i></b>				
<b>Assets</b>				
Cash and pooled investments	\$ 978,549	\$ 68,491,656	\$ 68,352,987	\$ 1,117,218
Accounts receivable	9,267	408,233	410,809	6,691
Prepaid items	1,050	1,113	1,050	1,113
<b>Total assets</b>	<b>\$ 988,866</b>	<b>\$ 68,901,002</b>	<b>\$ 68,764,846</b>	<b>\$ 1,125,022</b>
<b>Liabilities</b>				
Accounts payable	\$ 48,758	\$ 42,462,429	\$ 42,457,494	\$ 53,693
Due to other governmental units	897,330	26,295,588	26,156,375	1,036,543
Other liabilities and deposits	42,778	142,985	150,977	34,786
<b>Total liabilities</b>	<b>\$ 988,866</b>	<b>\$ 68,901,002</b>	<b>\$ 68,764,846</b>	<b>\$ 1,125,022</b>

concluded

This page intentionally left blank.

## 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, 2020 twenty-one individual Brownfield Redevelopment Projects have been approved, with the current status of each project delineated as follows:

Brownfield Redevelopment Project Sites	TIF Capture Base Year	Brownfield Construction Activity
570 East 16th Street (former General Electric location, new Menards)	2002	Completed/TIF Don
29 East 6 <sup>th</sup> St. (former City landfill location, new residential condos)	2002	Completed/TIF Don
635 East 48 <sup>th</sup> Street (former Lifesavers location, new industrial condos)	2002	Completed/TIF Don
345 East 48 <sup>th</sup> Street (former Textron Micromatics location, new industrial condos including Hudsonville Ice Cream)	2004	Completed/TIF Don
13 West 4 <sup>th</sup> 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 <sup>th</sup> St. (former muffler shop location, new Macatawa Bank)	2005	Completed/TIF Done
95 West 15 <sup>th</sup> Street (former Holland Public Schools location, new multiple commercial condos and banquet facility)	2006	Completed/TIF Done
99 East 8 <sup>th</sup> 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 <sup>th</sup> Street (formerly vacant, new parking garage)	2007	Completed
561 Crescent Drive (former marina, new residential condos and commercial space, NEZ on residential condos)	2008	In Progress
1130 Lincoln Ave (former house, new convenience store)	2011	Completed/TIF Don
156 W11th 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	2016	In Progress

## CITY OF HOLLAND, MICHIGAN

### Component Units

154 E. 15th St. (Minit Mart)	2016	Completed
380 W 16th St (former restaurant, new store, restaurant, bakery)	2016	Completed
110 Central Avenue (condo development)	2018	In Progress
Main St. off of M40 (formally vacant, apartments)	2019	In Progress
1162 Washington Avenue (former Muffler Man, new restaurant)	2019	In Progress

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

### Holland Historical Trust

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

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

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

### SmartZone

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

# CITY OF HOLLAND, MICHIGAN

## Balance Sheet

Downtown Development Authority Component Unit

June 30, 2020

### Assets

Current assets:

Cash and pooled investments	\$ 283,863
Accounts receivable	7,300
Taxes receivable	92
Prepaid items	200

### Total assets

\$ 291,455

### Liabilities

Current liabilities:

Accounts payable	\$ 16,462
Accrued payroll and benefits	1,981

### Total liabilities

18,443

### Fund balances

Nonspendable for prepaid items	200
Unassigned	272,812

### Total fund balances

273,012

### Total liabilities and fund balances

\$ 291,455

## CITY OF HOLLAND, MICHIGAN

### Reconciliation

Fund Balance for the Governmental Fund  
to Net Position of Component Unit  
Downtown Development Authority Component Unit  
June 30, 2020

<b>Fund balance - total governmental fund</b>	\$ 273,012
---	------------

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, net	<u>131,516</u>
---------------------	----------------

<b>Net position of component unit</b>	<u><u>\$ 404,528</u></u>
---------------------------------------	--------------------------

# CITY OF HOLLAND, MICHIGAN

## Statement of Revenues, Expenditures and Changes in Fund Balance

Downtown Development Authority Component Unit

For the Year Ended June 30, 2020

### Revenues

Property taxes	\$ 209,939
Charges for services	9,840
Investment earnings	6,413
Other revenue	<u>10,974</u>

### Total revenues

237,166

### Expenditures

Current:

Economic development:

Personnel services	70,888
Current operating expenditures	<u>126,345</u>

### Total expenditures

197,233

### Net changes in fund balance

39,933

Fund balance, beginning of year

233,079

### Fund balance, end of year

\$ 273,012

## 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, 2020

**Net changes in fund balance - total governmental fund** \$ 39,933

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 (18,901)

**Change in net position of component unit** \$ 21,032

# CITY OF HOLLAND, MICHIGAN

## Balance Sheet

Brownfield Redevelopment Authority Component Unit

June 30, 2020

### Assets

Current assets:

Cash and pooled investments \$ 703,273

### Liabilities

Current liabilities:

Due to other governmental units \$ 74,542

### Fund balance

Unassigned 628,731

**Total liabilities and fund balances** **\$ 703,273**

# CITY OF HOLLAND, MICHIGAN

## Statement of Revenues, Expenditures and Changes in Fund Balance

Brownfield Redevelopment Authority Component Unit

For the Year Ended June 30, 2020

### Revenues

Property taxes	\$ 1,678,519
Intergovernmental	4,548
Investment earnings	<u>24,839</u>

### Total revenues

1,707,906

### Expenditures

Current:

Economic development	<u>1,681,527</u>
----------------------	------------------

### Net changes in fund balance

26,379

Fund balance, beginning of year

602,352

**Fund balance, end of year**

**\$ 628,731**

# CITY OF HOLLAND, MICHIGAN

## Balance Sheet

SmartZone Component Unit

June 30, 2020

### Assets

Current assets:

Cash and pooled investments \$ 221,453

### Liabilities

Current liabilities:

Accounts payable \$ 28,633

### Fund balance

Unassigned 192,820

**Total liabilities and fund balances** \$ 221,453

# CITY OF HOLLAND, MICHIGAN

## Statement of Revenues, Expenditures and Changes in Fund Balance

SmartZone Component Unit

For the Year Ended June 30, 2020

### Revenues

Contributions	\$ 208,774
Investment earnings	<u>4,669</u>

### Total revenues

213,443

### Expenditures

Current:

Economic development	<u>126,664</u>
----------------------	----------------

### Net changes in fund balance

86,779

Fund balance, beginning of year

106,041

### Fund balance, end of year

\$ 192,820

This page intentionally left blank.

**OTHER INFORMATION (UNAUDITED)**

**CITY OF HOLLAND, MICHIGAN**

**Other Supplementary Information (Unaudited)**

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-Employee Payroll	Contributions as Percentage of Covered-Employee Payroll
2020	\$ 702,308	\$ 133,175	\$ (569,133)	\$ 11,924,816	1.1%
2019	658,867	116,165	(542,702)	12,261,247	0.9%
2018	690,273	293,674	(396,599)	12,412,511	2.4%

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

**Notes to Schedule of Contributions**

Valuation Date June 30, 2020

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-age normal
Inflation	Implicit in expected payroll increases
Salary increases	2.0%
Investment rate of return	N/A - plan is not pre-funded
20-year Aa municipal bond rate	2.66%
Healthcare cost trend rate	5.0%
Mortality	General and public safety public employer, headcount weighted, sex-distinct mortality with improvement scale MP-2019

**CITY OF HOLLAND, MICHIGAN**

**Essential Services Resource Trend (Unaudited)**

Last Eight Fiscal Years

	Year Ending June 30,							
	2020	2019	2018	2017	2016	2015	2014	2013
<b>Essential services expense <sup>(1)</sup></b>								
Police	\$ 8,237,305	\$ 7,864,300	\$ 7,751,264	\$ 7,695,093	\$ 7,754,936	\$ 7,835,153	\$ 7,658,619	\$ 7,244,857
Fire	2,903,294	2,751,424	2,808,343	2,820,802	2,845,200	2,698,560	2,537,967	2,460,729
Change in government-wide liabilities attributed to the police and fire functions:								
Net other postemployment benefits obligation	-	-	-	94,145	36,673	136,431	113,380	123,640
Total other postemployment benefits liability <sup>(2)</sup>	47,271	79,601	45,923	-	-	-	-	-
<b>Total essential services expense</b>	<b>\$ 11,187,870</b>	<b>\$ 10,695,325</b>	<b>\$ 10,605,530</b>	<b>\$ 10,610,040</b>	<b>\$ 10,636,809</b>	<b>\$ 10,670,144</b>	<b>\$ 10,309,966</b>	<b>\$ 9,829,226</b>
<b>General fund operating property tax revenue</b>	<b>\$ 9,744,264</b>	<b>\$ 8,940,407</b>	<b>\$ 8,367,823</b>	<b>\$ 9,036,247</b>	<b>\$ 10,913,743</b>	<b>\$ 10,131,445</b>	<b>\$ 10,179,160</b>	<b>\$ 10,033,821</b>
Percentage utilized for essential services	114.8%	119.6%	126.7%	117.4%	97.5%	105.3%	101.3%	98.0%

<sup>(1)</sup> Includes funding of pensions for personnel providing services

<sup>(2)</sup> 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.

This page intentionally left blank.

## STATISTICAL SECTION

This page intentionally left blank.

# CITY OF HOLLAND, MICHIGAN

## Statistical Section Table of Contents

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

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

## CITY OF HOLLAND, MICHIGAN

### Net Position by Component

Last Ten Fiscal Years

Primary Government Activities	Fiscal Year			
	2020	2019	2018	2017
<b>Governmental activities</b>				
Net investment in capital assets	\$ 121,803,108	\$ 117,526,801	\$ 110,819,862	\$ 106,647,631
Restricted	7,236,082	6,462,602	4,920,535	5,552,677
Unrestricted (deficit)	(18,407,158)	(18,768,821)	(19,116,428)	(13,506,025)
<b>Total governmental activities net position</b>	<b>\$ 110,632,032</b>	<b>\$ 105,220,582</b>	<b>\$ 96,623,969</b>	<b>\$ 98,694,283</b>
<b>Business-type activities</b>				
Net investment in capital assets	\$ 266,015,919	\$ 271,210,102	\$ 260,423,184	\$ 243,038,572
Restricted	24,769,600	25,439,897	43,801,278	32,305,746
Unrestricted	171,377,014	137,904,515	98,489,792	100,980,789
<b>Total business-type activities net position</b>	<b>\$ 462,162,533</b>	<b>\$ 434,554,514</b>	<b>\$ 402,714,254</b>	<b>\$ 376,325,107</b>
<b>Primary government</b>				
Net investment in capital assets	\$ 387,819,027	\$ 388,736,903	\$ 371,243,046	\$ 349,686,203
Restricted	32,005,682	31,902,499	48,721,813	37,858,423
Unrestricted	152,969,856	119,135,694	79,373,364	87,474,764
<b>Total primary government net position</b>	<b>\$ 572,794,565</b>	<b>\$ 539,775,096</b>	<b>\$ 499,338,223</b>	<b>\$ 475,019,390</b>

GASBs 63 and 65 were implemented for fiscal year ended June 30, 2013. This resulted in a change renaming net assets to net position and invested in capital assets, net of related debt to net investment in capital assets. As a result of implementation, bond issuance costs have been eliminated. Prior years were not restated retroactively.

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

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

Fiscal Year					
2016	2015	2014	2013	2012	2011
\$ 107,920,320	\$ 101,785,238	\$ 101,283,878	\$ 100,986,324	\$ 98,805,338	\$ 97,982,454
3,986,636	6,339,594	7,274,432	5,290,226	5,038,121	5,007,295
(16,316,283)	(13,905,867)	13,779,260	14,722,301	13,480,119	13,469,116
<u>\$ 95,590,673</u>	<u>\$ 94,218,965</u>	<u>\$ 122,337,570</u>	<u>\$ 120,998,851</u>	<u>\$ 117,323,578</u>	<u>\$ 116,458,865</u>
\$ 227,299,822	\$ 164,628,976	\$ 109,000,184	\$ 130,923,312	\$ 132,936,434	\$ 130,752,723
26,103,060	24,300,021	23,063,654	10,299,047	15,130,725	12,841,230
93,263,171	125,351,237	174,756,386	152,548,565	133,025,971	126,288,993
<u>\$ 346,666,053</u>	<u>\$ 314,280,234</u>	<u>\$ 306,820,224</u>	<u>\$ 293,770,924</u>	<u>\$ 281,093,130</u>	<u>\$ 269,882,946</u>
\$ 335,220,142	\$ 266,414,214	\$ 210,284,062	\$ 231,909,636	\$ 231,741,772	\$ 228,735,177
30,089,696	30,639,615	30,338,086	15,589,273	20,168,846	17,848,525
76,946,888	111,445,370	188,535,646	167,270,866	146,506,090	139,758,109
<u>\$ 442,256,726</u>	<u>\$ 408,499,199</u>	<u>\$ 429,157,794</u>	<u>\$ 414,769,775</u>	<u>\$ 398,416,708</u>	<u>\$ 386,341,811</u>

# CITY OF HOLLAND, MICHIGAN

## Changes in Net Position

Last Ten Fiscal Years

	Fiscal Year			
	2020	2019	2018	2017
<b>Expenses</b>				
Governmental activities:				
General government	\$ 6,553,853	\$ 6,167,196	\$ 5,909,809	\$ 5,908,892
Public safety	13,786,896	13,238,407	13,907,546	14,190,015
Public works	11,512,480	10,550,613	10,875,928	10,765,351
Welfare and social services	917,443	967,189	859,619	733,058
Parks and recreation	4,405,764	5,764,976	4,047,132	4,112,906
Interest on debt	1,817,666	1,736,880	1,553,125	1,123,331
<b>Total governmental activities expenses</b>	<b>38,994,102</b>	<b>38,425,261</b>	<b>37,153,159</b>	<b>36,833,553</b>
Business-type activities:				
Electric utility	76,715,328	78,618,473	83,893,634	79,772,187
Wastewater utility	11,664,304	11,394,066	10,839,049	9,857,338
Water utility	7,576,697	6,677,972	6,757,010	6,844,228
Other enterprise activities	4,140,407	4,315,014	3,541,088	2,981,978
<b>Total business-type activities expenses</b>	<b>100,096,736</b>	<b>101,005,525</b>	<b>105,030,781</b>	<b>99,455,731</b>
<b>Total primary government expenses</b>	<b>139,090,838</b>	<b>139,430,786</b>	<b>142,183,940</b>	<b>136,289,284</b>
<b>Program revenues</b>				
Governmental activities:				
Charges for services:				
General government	1,521,299	1,792,680	1,406,666	1,397,974
Public safety	1,464,756	1,496,018	1,664,917	1,435,896
Parks and recreation	462,440	665,133	783,594	679,877
Other activities	992,002	1,234,051	957,068	1,551,928
Operating grants and contributions	7,461,978	8,762,366	7,174,268	5,802,887
Capital grants and contributions	2,047,450	4,272,296	869,568	1,756,505
<b>Total governmental activities program revenues</b>	<b>13,949,925</b>	<b>18,222,544</b>	<b>12,856,081</b>	<b>12,625,067</b>
Business-type activities:				
Charges for services:				
Electric utility	104,674,832	107,400,748	109,961,111	111,706,239
Wastewater utility	12,436,922	11,845,701	11,632,142	11,384,632
Water utility	10,831,789	10,796,706	10,723,043	10,009,506
Other enterprise activities	2,609,650	3,220,123	3,087,119	3,052,548
Operating grants and contributions	3,863,515	3,942,707	3,414,566	1,440,753
Capital grants and contributions	239,707	1,012,740	523,725	876,078
<b>Total business-type activities program revenues</b>	<b>134,656,415</b>	<b>138,218,725</b>	<b>139,341,706</b>	<b>138,469,756</b>
<b>Total primary government program revenues</b>	<b>148,606,340</b>	<b>156,441,269</b>	<b>152,197,787</b>	<b>151,094,823</b>
<b>Net (expenses) revenues</b>				
Governmental activities	(25,044,177)	(20,202,717)	(24,297,078)	(24,208,486)
Business-type activities	34,559,679	37,213,200	34,310,925	39,014,025
<b>Total primary government net (expenses) revenues</b>	<b>9,515,502</b>	<b>17,010,483</b>	<b>10,013,847</b>	<b>14,805,539</b>

Fiscal Year					
2016	2015	2014	2013	2012	2011
\$ 4,903,394	\$ 5,465,655	\$ 5,242,181	\$ 4,820,804	\$ 4,822,179	\$ 4,746,330
13,985,570	12,903,945	12,534,364	12,316,027	12,099,607	12,078,156
10,443,197	9,312,839	8,172,879	8,716,017	11,382,965	7,821,063
979,963	901,870	1,133,724	908,229	1,019,891	1,332,557
5,289,399	5,339,569	5,048,229	5,290,515	4,837,537	5,244,382
942,486	787,260	911,559	1,015,138	1,115,515	968,108
<u>36,544,009</u>	<u>34,711,138</u>	<u>33,042,936</u>	<u>33,066,730</u>	<u>35,277,694</u>	<u>32,190,596</u>
80,103,538	80,847,034	84,346,528	79,504,798	76,116,440	73,286,291
9,672,514	8,773,098	8,512,074	8,419,218	8,401,050	8,230,946
6,540,960	6,248,425	6,282,005	6,215,516	6,305,874	6,293,924
3,124,822	3,104,234	2,805,066	4,428,481	3,037,469	3,176,910
<u>99,441,834</u>	<u>98,972,791</u>	<u>101,945,673</u>	<u>98,568,013</u>	<u>93,860,833</u>	<u>90,988,071</u>
135,985,843	133,683,929	134,988,609	131,634,743	129,138,527	123,178,667
1,400,401	1,357,140	1,293,631	1,340,368	1,461,558	1,380,752
1,156,746	1,366,794	1,331,259	1,148,691	1,091,868	1,002,070
652,440	607,673	611,146	545,865	521,717	510,063
1,181,296	783,711	752,482	880,201	1,350,055	928,157
6,009,124	5,489,592	7,521,923	7,590,327	4,279,364	4,905,759
2,006,264	793,387	49,739	2,427,984	5,396,650	4,372,059
<u>12,406,271</u>	<u>10,398,297</u>	<u>11,560,180</u>	<u>13,933,436</u>	<u>14,101,212</u>	<u>13,098,860</u>
106,199,176	100,816,653	97,539,619	93,576,510	88,066,208	84,411,319
10,856,173	10,305,015	10,107,589	9,446,065	8,619,974	8,854,094
9,338,887	8,694,022	8,835,889	8,506,464	7,346,263	7,133,417
2,669,132	2,307,355	2,140,867	2,103,272	1,864,234	1,905,362
1,977,470	1,107,948	779,632	1,534,672	1,970,111	157,859
7,544,349	2,339,301	272,815	617,604	233,950	639,163
<u>138,585,187</u>	<u>125,570,294</u>	<u>119,676,411</u>	<u>115,784,587</u>	<u>108,100,740</u>	<u>103,101,214</u>
150,991,458	135,968,591	131,236,591	129,718,023	122,201,952	116,200,074
(24,137,738)	(24,312,841)	(21,482,756)	(19,133,294)	(21,176,482)	(19,091,736)
<u>39,143,353</u>	<u>26,597,503</u>	<u>17,730,738</u>	<u>17,216,574</u>	<u>14,239,907</u>	<u>12,113,143</u>
15,005,615	2,284,662	(3,752,018)	(1,916,720)	(6,936,575)	(6,978,593)

# CITY OF HOLLAND, MICHIGAN

## Changes in Net Position

Last Ten Fiscal Years

	Fiscal Year			
	2020	2019	2018	2017
<b>General revenues and other changes in net position</b>				
Governmental activities:				
Property taxes	\$ 16,093,740	\$ 15,531,723	\$ 14,954,459	\$ 15,837,255
State shared revenue	3,207,996	3,276,560	3,149,161	3,051,775
Grants and contributions not restricted to specific programs	3,247,960	3,860,869	417,737	2,396,125
Investment earnings - unrestricted	800,239	652,531	391,246	176,941
Miscellaneous	-	-	-	-
Gain on sale of capital assets	-	-	-	-
Transfers - internal activities	7,105,692	5,477,647	6,296,016	5,850,000
<b>Total governmental activities</b>	<b>30,455,627</b>	<b>28,799,330</b>	<b>25,208,619</b>	<b>27,312,096</b>
Business-type activities:				
Property taxes	107,937	104,707	99,785	98,937
Investment earnings - unrestricted	-	-	-	-
Miscellaneous	-	-	-	-
Gain on sale of capital assets	46,095	-	152,397	-
Transfers - internal activities	(7,105,692)	(5,477,647)	(6,296,016)	(5,850,000)
Special item	-	-	-	-
Extraordinary item	-	-	(1,605,380)	(3,603,908)
<b>Total business-type activities</b>	<b>(6,951,660)</b>	<b>(5,372,940)</b>	<b>(7,649,214)</b>	<b>(9,354,971)</b>
<b>Total primary government general revenues, transfers, special and extraordinary items</b>	<b>23,503,967</b>	<b>23,426,390</b>	<b>17,559,405</b>	<b>17,957,125</b>
<b>Change in net position</b>				
Governmental activities	5,411,450	8,596,613	911,541	3,103,610
Business-type activities	27,608,019	31,840,260	26,661,711	29,659,054
<b>Total primary government change in net position</b>	<b>\$ 33,019,469</b>	<b>\$ 27,573,252</b>	<b>\$ 27,573,252</b>	<b>\$ 32,762,664</b>

Fiscal Year					
2016	2015	2014	2013	2012	2011
\$ 16,862,893	\$ 15,694,176	\$ 15,531,647	\$ 15,305,039	\$ 15,345,237	\$ 16,121,528
2,893,597	2,895,971	2,843,918	2,771,987	2,700,327	2,697,917
-	-	-	-	-	-
231,995	138,303	154,894	48,935	126,645	197,270
-	-	-	-	-	482,588
-	-	-	603,794	-	-
5,520,961	5,165,762	4,291,016	4,422,221	3,868,986	3,294,004
<u>25,509,446</u>	<u>23,894,212</u>	<u>22,821,475</u>	<u>23,151,976</u>	<u>22,041,195</u>	<u>22,793,307</u>
104,432	99,983	98,858	97,572	103,438	108,734
-	-	-	26,918	735,825	814,059
-	-	31,135	-	-	-
-	-	-	-	-	-
(5,520,961)	(5,165,762)	(4,291,016)	(4,422,221)	(3,868,986)	(3,294,004)
(1,341,005)	-	-	-	-	-
-	-	(520,415)	-	-	-
<u>(6,757,534)</u>	<u>(5,065,779)</u>	<u>(4,681,438)</u>	<u>(4,297,731)</u>	<u>(3,029,723)</u>	<u>(2,371,211)</u>
18,751,912	18,828,433	18,140,037	18,854,245	19,011,472	20,422,096
1,371,708	(418,629)	1,338,719	4,018,682	864,713	3,701,571
<u>32,385,819</u>	<u>21,531,724</u>	<u>13,049,300</u>	<u>12,918,843</u>	<u>11,210,184</u>	<u>9,741,932</u>
<u>\$ 33,757,527</u>	<u>\$ 21,113,095</u>	<u>\$ 14,388,019</u>	<u>\$ 16,937,525</u>	<u>\$ 12,074,897</u>	<u>\$ 13,443,503</u>

concluded

# CITY OF HOLLAND, MICHIGAN

## Fund Balances, Governmental Funds

Last Ten Fiscal Years

	Fiscal Year			
	2020	2019	2018	2017
<b>General fund</b>				
Nonspendable	\$ -	\$ 3,083	\$ 19,920	\$ 60,057
Committed	5,667	5,667	5,667	5,667
Unassigned	5,085,389	5,051,676	4,793,365	4,755,738
<b>Total general fund</b>	<u>\$ 5,091,056</u>	<u>\$ 5,060,426</u>	<u>\$ 4,818,952</u>	<u>\$ 4,821,462</u>
<b>All other governmental funds</b>				
Nonspendable	\$ 1,800,198	\$ 2,132,525	\$ 1,655,807	\$ 1,586,687
Restricted	5,251,572	4,055,502	2,934,548	11,853,782
Committed	5,385,493	4,279,608	6,060,178	7,841,778
Unassigned (deficit)	-	-	-	-
<b>Total all other governmental funds</b>	<u>\$ 12,437,263</u>	<u>\$ 10,467,635</u>	<u>\$ 10,650,533</u>	<u>\$ 21,282,247</u>

Fiscal Year					
2016	2015	2014	2013	2012	2011
\$ 12,483	\$ 20,736	\$ 14,808	\$ 10,909	\$ 7,028	\$ 300
5,667	12,915	12,915	17,415	27,090	66,490
4,650,598	4,948,792	4,672,551	4,931,652	4,183,015	4,065,072
<u>\$ 4,668,748</u>	<u>\$ 4,982,443</u>	<u>\$ 4,700,274</u>	<u>\$ 4,959,976</u>	<u>\$ 4,217,133</u>	<u>\$ 4,131,862</u>
\$ 1,586,687	\$ 1,554,387	\$ 1,530,737	\$ 1,507,707	\$ 1,488,822	\$ 1,465,142
3,890,895	4,959,854	5,743,695	3,997,308	3,783,400	4,932,209
4,827,247	3,009,413	2,678,973	3,270,785	2,118,169	1,593,998
-	-	(151,746)	(365,102)	(239,384)	-
<u>\$ 10,304,829</u>	<u>\$ 9,523,654</u>	<u>\$ 9,801,659</u>	<u>\$ 8,410,698</u>	<u>\$ 7,151,007</u>	<u>\$ 7,991,349</u>

# CITY OF HOLLAND, MICHIGAN

## Changes in Fund Balances, Governmental Funds

For the Last Ten Fiscal Years

	Fiscal Year			
	2020	2019	2018	2017
<b>Revenues</b>				
Taxes	\$ 16,093,740	\$ 15,531,723	\$ 14,954,459	\$ 15,837,255
Special assessments	889,170	894,603	831,764	1,287,641
Licenses and permits	926,208	925,333	1,098,803	783,080
Intergovernmental	14,045,247	13,965,370	9,545,504	11,622,410
Charges for services	1,772,602	1,919,340	2,043,156	1,928,243
Fines and fees	572,900	634,373	595,113	622,228
Contributions from private sector	1,089,847	4,264,039	778,204	1,003,182
Interest and rents	1,073,492	945,128	662,260	901,379
Miscellaneous	550,515	1,598,149	336,114	391,202
<b>Total revenues</b>	<b>37,013,721</b>	<b>40,678,058</b>	<b>30,845,377</b>	<b>34,376,620</b>
<b>Expenditures</b>				
Current:				
General government	4,283,418	4,760,291	4,160,209	4,032,687
Public safety	12,683,646	12,024,646	11,882,548	11,857,849
Public works	6,282,476	6,281,719	6,675,323	4,727,422
Welfare and social services	885,730	920,254	824,813	717,689
Parks and recreation	3,581,567	3,965,929	3,773,181	4,971,220
Other	897,675	86,894	19,970,496	87,808
Debt service:				
Principal retirement	4,761,266	5,473,115	3,826,237	3,884,269
Interest and fiscal charges	1,822,499	1,705,838	1,401,951	721,854
Bond issuance costs	-	322,001	-	198,843
Capital outlay	6,570,878	16,508,292	14,885,440	11,035,036
<b>Total expenditures</b>	<b>41,769,155</b>	<b>52,048,979</b>	<b>67,400,198</b>	<b>42,234,677</b>
Revenues under expenditures	(4,755,434)	(11,370,921)	(36,554,821)	(7,858,057)
<b>Other financing sources (uses)</b>				
Issuance of long-term debt	-	7,180,000	19,890,000	13,310,000
Premium on issuance of long-term debt	-	71,850	-	293,266
Issuance of refunding bonds	-	-	-	6,975,000
Payment to refunded bond escrow agent	-	-	-	(7,059,255)
Proceeds from sale of capital assets	-	-	-	17,075
Transfers in	12,739,441	11,920,999	14,283,879	13,226,579
Transfers out	(5,983,749)	(7,743,352)	(8,253,282)	(7,774,476)
<b>Total other financing sources (uses)</b>	<b>6,755,692</b>	<b>11,429,497</b>	<b>25,920,597</b>	<b>18,988,189</b>
<b>Net changes in fund balances</b>	<b>\$ 2,000,258</b>	<b>\$ 58,576</b>	<b>\$ (10,634,224)</b>	<b>\$ 11,130,132</b>
Debt service as a percentage of noncapital expenditures	18.8%	20.2%	10.0%	15.2%

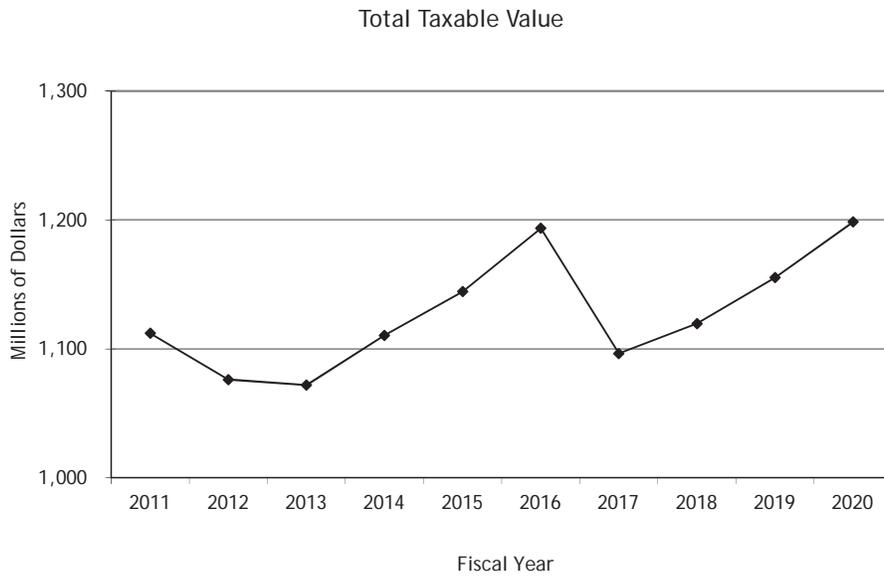
Fiscal Year					
2016	2015	2014	2013	2012	2011
\$ 16,862,893	\$ 15,694,176	\$ 15,531,647	\$ 15,305,039	\$ 15,345,237	\$ 16,121,528
773,449	747,753	773,740	738,263	814,214	721,343
535,824	694,822	627,716	484,785	497,102	551,740
8,134,798	8,019,895	8,090,257	9,190,867	11,513,296	11,048,271
1,830,609	1,774,682	1,765,726	1,767,839	1,727,647	1,544,669
628,994	640,851	629,639	600,565	558,518	549,498
2,279,761	658,219	852,417	1,458,342	570,496	586,279
994,305	945,998	1,005,386	916,552	1,026,240	1,103,409
309,061	297,550	287,829	272,010	346,334	256,580
<u>32,349,694</u>	<u>29,473,946</u>	<u>29,564,357</u>	<u>30,734,262</u>	<u>32,399,084</u>	<u>32,483,317</u>
3,805,834	3,814,393	3,537,050	3,946,025	4,045,535	3,893,107
11,936,561	11,819,699	11,376,342	10,904,914	10,947,361	11,212,040
4,337,160	4,400,212	4,627,841	3,993,238	3,890,213	3,951,785
961,655	899,556	1,142,307	895,361	1,003,258	1,326,664
5,111,051	5,053,039	4,510,490	4,365,859	4,771,718	4,986,686
11,115,067	92,809	77,581	68,572	64,781	69,432
2,445,000	2,389,000	3,839,000	3,218,223	2,631,963	1,981,964
696,684	779,254	912,384	1,010,844	1,108,456	1,047,485
-	-	-	-	-	114,289
<u>10,994,683</u>	<u>5,195,929</u>	<u>2,336,346</u>	<u>5,982,162</u>	<u>8,396,066</u>	<u>8,214,505</u>
<u>51,403,695</u>	<u>34,443,891</u>	<u>32,359,341</u>	<u>34,385,198</u>	<u>36,859,351</u>	<u>36,797,957</u>
<u>(19,054,001)</u>	<u>(4,969,945)</u>	<u>(2,794,984)</u>	<u>(3,650,936)</u>	<u>(4,460,267)</u>	<u>(4,314,640)</u>
13,910,000	-	-	-	-	7,425,000
-	-	-	-	-	385,976
-	-	-	-	-	-
-	-	-	-	-	(7,852,210)
224,281	4,282	-	1,331,249	-	-
19,322,548	11,671,851	11,473,850	9,489,765	9,647,680	10,616,583
<u>(13,935,348)</u>	<u>(6,702,024)</u>	<u>(7,547,607)</u>	<u>(5,167,544)</u>	<u>(5,942,484)</u>	<u>(7,540,624)</u>
<u>19,521,481</u>	<u>4,974,109</u>	<u>3,926,243</u>	<u>5,653,470</u>	<u>3,705,196</u>	<u>3,034,725</u>
<u>\$ 467,480</u>	<u>\$ 4,164</u>	<u>\$ 1,131,259</u>	<u>\$ 2,002,534</u>	<u>\$ (755,071)</u>	<u>\$ (1,279,915)</u>
7.4%	10.4%	15.8%	14.4%	11.9%	10.6%

**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
2011	\$ 540,616,527	\$ 288,767,424	\$ 311,708,814	\$ 7,819,201	\$ 36,884,736	\$ 1,112,027,230	14.2500
2012	528,498,464	272,104,084	299,457,251	8,126,614	32,058,538	1,076,127,875	14.2500
2013	497,622,663	252,984,857	340,280,477	8,604,548	27,566,063	1,071,926,482	15.1085
2014	508,185,259	253,839,647	365,890,767	8,621,685	26,054,993	1,110,482,365	15.1085
2015	523,937,525	250,847,059	388,568,313	8,353,950	27,346,741	1,144,360,106	15.1085
2016	544,175,806	278,511,377	390,241,013	8,887,539	28,334,257	1,193,481,478	15.1085
2017	566,196,788	295,309,609	244,013,235	9,176,418	18,259,830	1,096,436,220	15.1085
2018	589,333,160	305,551,885	230,637,153	9,181,340	15,114,808	1,119,588,730	13.8692
2019	624,543,695	317,605,746	216,076,433	10,875,171	13,890,597	1,155,210,448	13.8692
2020	659,618,577	326,193,230	216,797,904	11,354,318	15,495,583	1,198,468,446	13.8692

\*Other property includes agricultural, developmental and utilities.

Source: City of Holland Assessor's Office



This page intentionally left blank.

## 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
2011	9.5089	2.1277	1.2504	1.2630	0.1000	14.2500	6.0000	-	0.3500
2012	9.5000	2.1946	1.1871	1.2683	0.1000	14.2500	6.0000	-	0.3500
2013	9.6585	2.8936	1.1843	1.2721	0.1000	15.1085	6.0000	-	0.4000
2014	9.6585	2.8069	1.2860	1.2571	0.1000	15.1085	6.0000	-	0.4000
2015	9.5000	2.3400	1.9213	1.2472	0.1000	15.1085	6.0000	-	0.4000
2016	9.5000	2.2198	2.0533	1.2362	0.0992	15.1085	6.0000	-	0.3989
2017	8.3494	3.6290	1.7923	1.2393	0.0985	15.1085	6.0000	-	0.3969
2018	7.5064	4.6290	1.6353	-	0.0975	13.8692	6.0000	1.4853	0.3964
2019	7.7317	4.6290	1.4099	-	0.0986	13.8692	6.0000	1.4750	0.3921
2020	8.1817	4.1790	1.4105	-	0.0980	13.8692	6.0000	1.4626	0.3894

1.6034 must be added to the City direct rate, for the fiscal year 2020, 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:

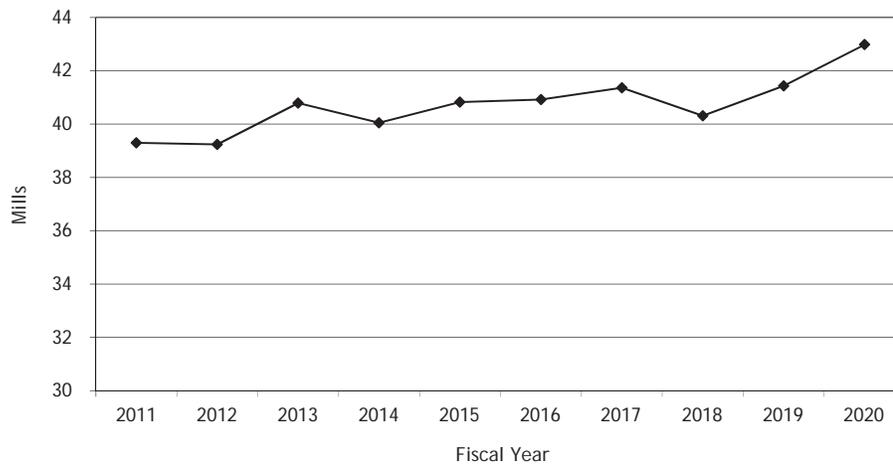
The City of Holland is located in both Ottawa and Allegan County and Holland, Hamilton and Zeeland School District. The county and school tax paid by property owners depends on the location of their property. Approximately 80% of the City of Holland is located in Ottawa County and 20% in Allegan County.

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	1.5200	4.3565	5.8975	7.3000	25.3000	7.0000	25.0000	8.0300	26.0300
5.5234	1.4600	4.3565	5.8975	7.3000	25.3000	5.0000	23.0000	8.0300	26.0300
5.5234	1.5700	4.3565	5.8977	7.8300	25.8300	5.3100	23.3100	8.2300	26.2300
5.5234	1.5700	4.3565	5.8977	7.0900	25.0900	4.5600	22.5600	8.2300	26.2300
5.5234	1.7100	4.3565	6.0937	7.7300	25.7300	4.5000	22.5000	8.0300	26.0300
5.5234	1.6675	4.8565	6.0937	7.3622	25.3622	4.5000	22.5000	8.3500	26.3500
5.4970	1.6703	5.1483	6.0839	7.5373	25.4419	4.5000	22.5000	8.5600	26.5600
5.4577	1.5089	5.1525	6.0424	7.9291	25.6981	4.5000	22.5000	8.7500	26.7500
5.4577	1.1434	5.1525	6.0708	7.9431	25.6659	4.5000	22.5000	8.8500	26.8500
6.3414	2.2415	5.4449	6.0216	7.2326	24.7763	4.5000	22.5000	8.8477	26.8477

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**

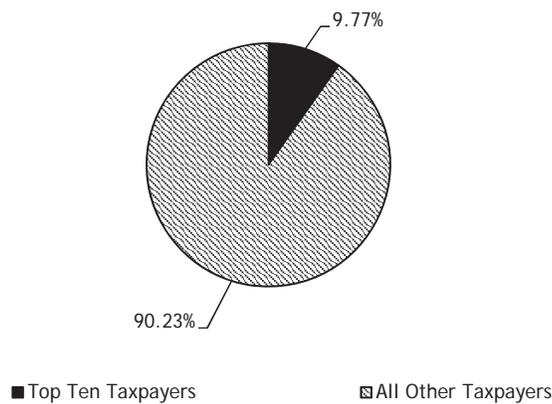
For the Current Fiscal Year and Nine Years Ago

Taxpayer	2020			2011		
	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	\$ 32,210,200	1	2.69 %	\$ 17,824,139	3	1.60 %
Haworth, Inc	19,531,311	2	1.63	33,882,095	2	3.05
Lumir LLC	12,721,632	3	1.06	12,061,856	5	1.08
Holland Waverly LLC	11,759,477	4	0.98	-----		----
Hotel Holdings Holland DTW LLC	7,633,528	5	0.64	-----		----
Challenge MFG Company	7,623,134	6	0.64	8,616,302	9	0.77
Holland Southview LLC	6,997,900	7	0.58	-----		----
Gen 123 Properties LLC	6,769,500	8	0.56	-----		----
Semco Energy	6,600,900	9	0.55	-----		----
New West Michigan Ind INV LLC	5,260,502	10	0.44	-----		----
Johnson Controls Interiors	-----		----	67,004,939	1	6.03
H.J. Heinz LP	-----		----	12,083,295	4	1.09
American Bottling Company	-----		----	10,718,300	6	0.96
Hydro Automotive Structures	-----		----	10,150,700	7	0.91
L & W Engineering	-----		----	9,472,050	8	0.85
Meijer	-----		----	7,156,377	10	0.64
	<u>\$117,108,084</u>		<u>9.77 %</u>	<u>\$188,970,053</u>		<u>16.98 %</u>

Source: City of Holland Assessor's Office

2020 Total Taxable Value is \$1,198,468,446, which includes IFT's at equivalency valuation.

Concentration of 2020 Taxpayers



**Property Tax Levies and Collections**

For the Last Ten Fiscal Years

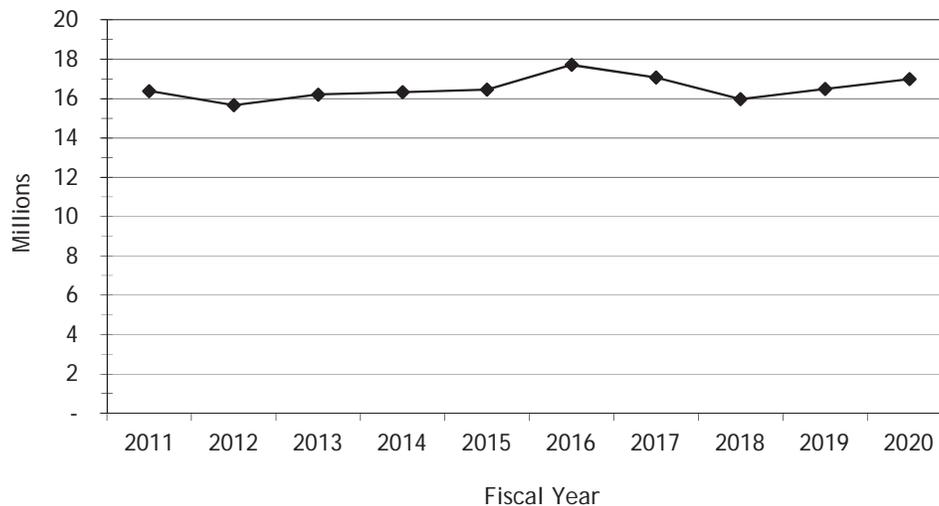
Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year*	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2011	\$ 16,390,200	\$ 16,369,079	99.87%	\$ 9,741	\$ 16,378,820	99.93%
2012	15,668,076	15,652,580	99.90	4,768	15,657,348	99.93
2013	16,211,578	16,186,627	99.85	14,479	16,201,106	99.94
2014	16,332,330	16,325,095	99.96	1,180	16,326,275	99.96
2015	16,493,211	16,446,521	99.72	4,315	16,450,836	99.74
2016	17,714,681	17,704,725	99.94	4,063	17,708,788	99.97
2017	17,070,599	17,060,635	99.94	1,010	17,061,645	99.95
2018	15,975,369	15,969,050	99.96	2,709	15,971,759	99.98
2019	16,489,905	16,476,545	99.92	9,460	16,486,005	99.98
2020	17,023,058	16,978,925	99.74	-	16,978,925	99.74

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
	General Obligation Bonds	Building Authority Bonds	Special Assessment Bonds	Capital Improvement Bonds	Pension Obligation Bonds	Notes Payable	
2011	\$ 377,000	\$ 20,058,785	\$ 1,333,186	\$ 9,400,000	\$ -	\$ -	\$ 31,168,971
2012	364,500	18,305,558	1,078,723	8,815,000	-	-	28,563,781
2013	-	16,891,662	403,000	8,200,000	-	-	25,494,662
2014	-	13,917,915	134,000	7,555,000	-	-	21,606,915
2015	-	12,239,168	60,000	6,870,000	-	-	19,169,168
2016	-	10,470,421	50,000	6,155,000	10,910,000	3,000,000	30,585,421
2017	-	22,119,116	-	5,535,000	9,917,190	2,728,541	40,299,847
2018	-	20,154,872	-	4,875,000	28,803,470	2,451,024	56,284,366
2019	-	17,059,314	-	11,476,134	27,144,476	2,336,903	58,016,827
2020	-	15,007,935	-	10,727,559	25,455,844	2,029,269	53,220,607

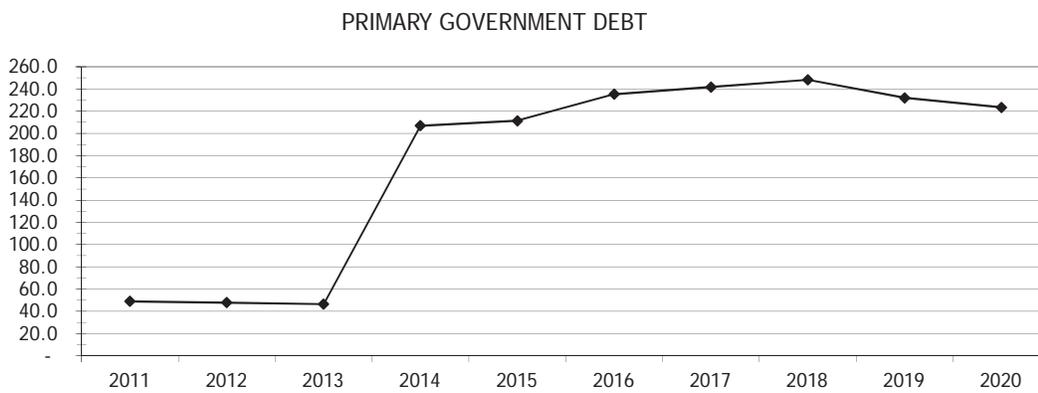
continued...

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

\*\* See Exhibit K-1 for personal income and population data.

Business-type Activities								
County Bonds	Water Bonds	Electric Bonds	Pension Obligation Bonds	Capital Lease	Total Business-type Activities	Total Primary Government	Percentage of Personal Income**	Per Capita**
\$ 1,901,108	\$ 15,877,888	\$ -	\$ -	\$ -	\$ 17,778,996	\$ 48,947,967	6.94	\$ 1,481
1,332,902	17,856,220	-	-	-	19,189,122	47,752,903	7.06	1,440
679,014	20,222,537	-	-	-	20,901,551	46,396,213	7.20	1,394
-	18,930,537	166,458,220	-	-	185,388,757	206,995,672	30.31	6,182
-	16,598,214	166,102,703	-	9,500,000	192,200,917	211,370,085	30.26	6,283
-	15,316,688	165,797,974	14,090,000	9,500,000	204,704,662	235,290,083	33.14	6,973
-	14,034,454	165,493,246	12,807,811	9,112,500	201,448,011	241,747,858	33.76	7,207
-	12,543,434	159,233,405	11,511,531	8,717,500	192,005,870	248,290,236	32.71	7,441
-	11,013,692	144,460,192	10,195,525	8,312,500	173,981,909	231,998,736	28.16	6,961
-	9,439,052	144,036,979	8,854,157	7,895,000	170,225,188	223,445,795	26.34	6,727

concluded



## CITY OF HOLLAND, MICHIGAN

### Ratios of Net General Bonded Debt Outstanding

For the Last Ten Fiscal Years

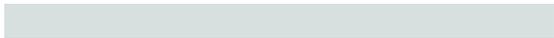
Fiscal Year	General Bonded Debt Outstanding					Total	Less: Amounts Restricted to Repaying Principal
	General Obligation Bonds	Building Authority Bonds	Capital Improvement Bonds	Pension Obligation Bonds			
2011	\$ 377,000	\$ 20,310,000	\$ 9,400,000	\$ -	\$ 30,087,000	\$ -	
2012	-	16,891,662	8,815,000	-	25,706,662	-	
2013	-	13,917,915	8,200,000	-	22,117,915	-	
2014	-	12,239,168	7,555,000	-	19,794,168	-	
2015	-	10,470,421	6,870,000	25,000,000	17,340,421	-	
2016	-	22,119,116	6,155,000	22,725,001	50,999,117	-	
2017	-	20,154,872	4,875,000	40,315,001	65,344,873	-	
2018	-	20,154,872	4,875,000	40,315,001	65,344,873	90,015	
2019	-	17,059,314	11,476,134	37,340,001	65,875,449	529,123	
2020	-	15,007,935	10,727,559	34,310,001	60,045,495	593,900	

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

\* See Exhibit I-1 for property value data.

\*\* Population data can be found in Exhibit K-1.

Exhibit J-2 - Unaudited



Net Bonded Debt Outstanding	Percentage of Actual Taxable Value* of Property	Per Capita**
\$ 30,087,000	271%	\$ 910
25,706,662	2.39	773
22,117,915	2.34	665
19,794,168	1.93	641
17,340,421	1.67	568
50,999,117	3.80	1,234
65,344,873	5.84	1,502
65,254,858	5.84	1,958
65,346,326	5.70	1,977
59,451,595	5.01	1,808

**Direct and Overlapping Governmental Activities Debt**

As of June 30, 2020

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable*	Estimated Share of Overlapping Debt
<b>Debt repaid with property taxes</b>			
Hamilton School District	\$ 34,018,215	18.79%	6,392,023
Holland School District	70,807,952	75.44%	53,417,519
Zeeland School District	102,778,022	0.00%	-
Allegan County	40,431,055	7.86%	3,177,881
Ottawa County	160,200,535	6.64%	10,637,316
<b>Subtotal, overlapping debt</b>			73,624,739
City direct debt			<u>53,220,607</u>
<b>Total direct and overlapping debt</b>			<u><u>\$ 126,845,346</u></u>

Sources: Assessed value data used to estimate applicable percentages provided by the 2019 Allegan and 2019 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.

This page intentionally left blank.

## CITY OF HOLLAND, MICHIGAN

### Legal Debt Margin Information

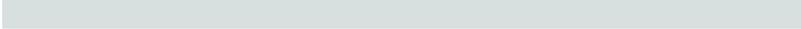
For the Last Ten Fiscal Years

#### Legal Debt Margin Calculation for Fiscal Year 2020

Assessed value	\$ 1,198,468,446
Debt limit (10% of assessed value)	119,846,845
Debt applicable to limit:	
Building authority bonds	15,007,935
Capital improvement bonds	10,727,559
Pension obligation bonds	34,310,001
Notes payable	2,029,269
Less: Amount set aside for repayment of debt	<u>(593,900)</u>
Total net debt applicable to limit	<u>61,480,864</u>
Legal debt margin	<u>\$ 58,365,981</u>

	Fiscal Year				
	2020	2019	2018	2017	2016
Debt Limit	\$ 119,846,845	\$ 115,521,045	\$ 111,958,873	\$ 109,643,622	\$ 119,348,148
Total net debt applicable to limit	<u>61,480,864</u>	<u>67,328,868</u>	<u>67,356,232</u>	<u>52,424,216</u>	<u>43,938,017</u>
Legal debt margin	<u>\$ 58,365,981</u>	<u>\$ 48,192,177</u>	<u>\$ 44,602,641</u>	<u>\$ 57,219,406</u>	<u>\$ 75,410,131</u>
Total net debt applicable to the limit as a percentage of debt limit	105.34%	139.71%	151.01%	91.62%	58.27%

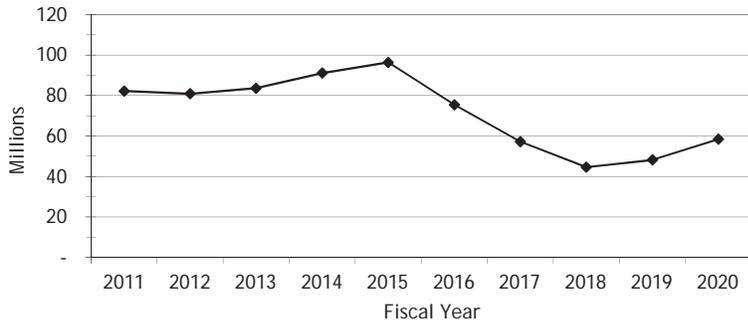
Under state finance law, the City's outstanding general obligation debt should not exceed 10% of total assessed property value.



Fiscal Year				
2015	2014	2013	2012	2011
\$ 114,436,011	\$ 111,048,237	\$ 107,192,648	\$ 107,612,788	\$ 111,202,723
18,046,699	19,965,860	23,582,232	26,760,035	28,956,240
<u>\$ 96,389,312</u>	<u>\$ 91,082,377</u>	<u>\$ 83,610,416</u>	<u>\$ 80,852,753</u>	<u>\$ 82,246,483</u>

18.72%      21.92%      28.20%      33.10%      35.21%

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	
2011	\$ 7,133,417	\$ 5,583,004	\$ 1,550,413	\$ 845,000	\$ 712,548	1.00
2012	7,346,263	5,655,211	1,691,052	11,519,500	752,472	0.14
2013	8,506,464	5,544,007	2,962,457	1,141,500	422,040	1.90
2014	8,835,889	5,779,448	3,056,441	1,175,000	641,712	1.68
2015	8,694,022	4,139,285	4,554,737	2,210,000	538,813	1.66
2016	9,338,887	4,504,679	4,834,208	1,275,000	471,412	2.77
2017	10,009,506	4,542,246	5,467,260	1,305,000	438,890	3.14
2018	10,723,043	4,445,178	6,277,865	1,410,000	260,682	3.76
2019	10,796,706	4,528,896	6,267,810	1,455,000	314,644	3.54
2020	10,831,789	5,304,060	5,527,729	1,510,000	279,829	3.09

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements. Operating expenses include depreciation but exclude interest expense. The 2012 principal payment includes regularly scheduled installment payments and refunded debt.

Note: During fiscal year 2015, the City revised its methodology of determining the operating expenses. In this year, the City determined it was most appropriate to exclude the depreciation expense from this total as this amount represents noncash expenses and therefore would not impact the amount of net revenue available for making debt service payments. Prior years were not restated for this change.

**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	
2011	\$ 84,411,319	\$ 73,247,745	\$ 11,163,574	\$ -	\$ -	-
2012	88,066,208	76,132,185	11,934,023	-	-	-
2013	93,576,510	79,500,777	14,075,733	-	-	-
2014	97,539,619	82,918,644	14,620,975	-	158,781	92.08
2015	100,816,653	74,385,029	26,431,624	-	1,624,923	16.27
2016	106,199,176	72,774,003	33,425,173	-	6,621,406	5.05
2017	111,706,239	71,377,353	40,328,886	-	3,310,703	12.18
2018	109,961,111	62,785,604	47,175,507	4,600,000	9,575,406	3.33
2019	107,400,748	57,192,188	50,208,560	14,350,000	9,466,115	2.11
2020	104,674,832	55,617,426	49,057,406	-	3,100,988	15.82

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	
2011	\$ -	\$ -	\$ -	\$ -	\$ -	-
2012	-	-	-	-	-	-
2013	-	-	-	-	-	-
2014	-	-	-	-	-	-
2015	10,305,015	6,640,193	3,664,822	-	92,338	39.69
2016	10,856,173	7,631,013	3,225,160	-	252,821	12.76
2017	11,384,632	7,032,959	4,351,673	387,500	232,182	7.02
2018	11,632,142	7,545,373	4,086,769	395,000	112,564	8.05
2019	11,845,701	7,518,687	4,327,014	405,000	255,509	6.55
2020	12,436,922	8,089,669	4,347,253	417,500	214,334	6.88

**Pledged-Revenue Coverage**

For the Last Ten Fiscal Years

Fiscal Year	Special Assessment Bonds				Coverage
	Special Assessment Collections	Debt Service			
		Principal	Interest		
2011	\$ 299,684	\$ 215,464	\$ 62,711	1.08	
2012	373,960	190,463	51,956	1.54	
2013	311,974	611,723	30,360	0.49	
2014	313,731	205,000	10,182	1.46	
2015	214,415	74,000	6,345	2.67	
2016	251,297	10,000	3,036	19.28	
2017	656,785	50,000	2,530	12.50	
2018	176,644	-	-	-	
2019	204,850	-	-	-	
2020	128,701	-	-	-	

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)
2010	33,051	\$ 705,804	\$ 21,355	11.6%
2011	33,270	687,624	20,668	9.1%
2012	33,279	644,714	19,373	7.6%
2013	33,481	682,912	20,397	7.0%
2014	33,644	698,416	20,759	5.4%
2015	33,742	710,067	21,044	4.0%
2016	33,543	716,143	21,350	3.4%
2017	33,366	759,110	22,751	3.5%
2018	33,327	823,877	24,721	3.6%
2019	33,216	848,204	25,536	12.3%

Sources:

- (1) United States Census Bureau
- (2) United States Census Bureau
- (3) Michigan Department of Technology, Management and Budget

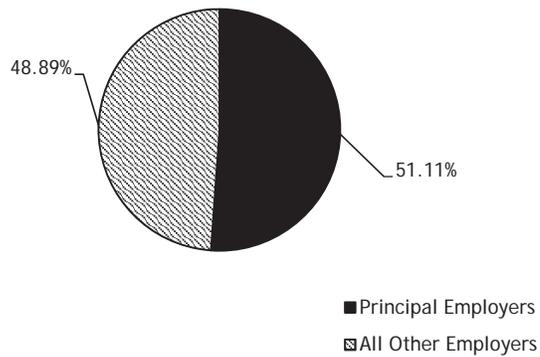
**Principal Employers**

Current Year and Nine Years Ago

Employer	2020			2011		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Haworth Inc	2,126	1	12.25 %	1,775	2	11.50 %
Holland Community Hospital	1,850	2	10.66	1,395	3	9.04
Hope College	897	3	5.17	645	5	4.18
LG Chem Michigan Inc	831	4	4.79	-	-	-
Challenge Mfg Company	703	5	4.05	730	4	4.73
Holland Public Schools	631	6	3.64	537	6	3.48
Tiara Yachts	529	7	3.05	294	9	1.90
Benteler Aluminum Systems	472	8	2.72	-	-	-
Herman Miller	467	9	2.69	303	8	1.96
City of Holland / HBPW	363	10	2.09	385	7	2.49
Johnson Controls Interiors	-	-	-	2,321	1	15.04
NOVO 1	-	-	-	291	10	1.89
	<u>8,869</u>		<u>51.11</u>	<u>8,676</u>		<u>56.21</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				
	2020	2019	2018	2017	2016
<b>General government</b>					
Management services	3.75	3.65	2.65	2.35	3.35
Fiscal services	12.15	12.90	11.90	11.90	12.90
City clerk	2.00	2.00	2.00	2.00	2.00
Human resources	2.60	2.60	2.60	1.60	1.60
Building	1.15	0.10	0.10	0.60	0.60
Cemetery	3.25	2.85	2.85	2.35	2.35
Planning	2.95	1.70	1.60	1.60	1.40
Technology	6.30	6.50	6.50	6.80	5.80
<b>Public safety</b>					
Police	63.00	63.00	63.00	62.00	65.00
Fire	22.00	22.00	21.50	21.00	21.00
Environmental health & inspections	12.95	12.45	11.65	10.65	9.65
<b>Public works</b>					
Streets	16.66	16.65	16.65	16.65	15.65
Engineering	3.35	3.35	3.35	3.35	3.35
Transit	0.00	0.00	0.00	0.00	0.00
Centralized vehicle maintenance	7.01	7.00	7.00	7.00	7.00
<b>Welfare and social services</b>					
Ourstreet / Human relations	1.75	3.00	2.90	3.95	2.90
Economic development assistance	0.10	0.10	0.10	0.10	0.10
Downtown development	2.57	2.15	2.15	3.15	3.15
<b>Parks and recreation</b>					
Recreation	6.16	4.95	5.95	4.50	4.00
Parks	11.60	14.00	14.00	14.00	13.50
Civic Center	1.20	1.00	0.00	1.45	1.45
<b>Board of Public Works Utilities</b>	<u>173.00</u>	<u>175.50</u>	<u>176.00</u>	<u>175.00</u>	<u>178.00</u>
<b>Total</b>	<u><u>355.50</u></u>	<u><u>357.45</u></u>	<u><u>354.45</u></u>	<u><u>352.00</u></u>	<u><u>354.75</u></u>

Source: City of Holland Finance Office Fiscal Year 2020 Budget (Approved Positions)

Full-time Equivalent Employees as of June 30				
2015	2014	2013	2012	2011
2.60	2.70	2.85	2.85	2.85
12.95	13.00	12.15	13.15	13.15
2.00	2.00	2.00	2.25	2.25
1.60	1.25	1.25	2.25	2.25
1.00	1.00	1.00	1.00	1.00
2.85	2.85	2.90	2.90	2.40
1.90	1.90	2.40	2.60	2.67
4.00	4.00	4.00	4.00	4.00
65.00	65.00	65.00	65.00	69.00
21.00	21.00	21.00	25.00	25.00
8.90	7.90	8.35	8.85	8.85
15.65	15.65	16.15	18.15	17.90
2.35	2.35	2.60	2.60	2.90
0.00	0.00	0.00	0.00	0.00
7.00	7.15	7.80	7.80	7.75
1.95	1.95	2.10	2.80	2.80
0.85	1.10	1.90	2.20	2.13
3.30	3.30	3.15	3.20	3.20
4.00	4.15	3.75	4.75	4.60
11.85	11.60	11.95	12.95	13.40
1.45	1.30	1.40	1.40	1.60
<u>171.00</u>	<u>178.00</u>	<u>177.00</u>	<u>179.00</u>	<u>182.00</u>
<u>343.20</u>	<u>349.15</u>	<u>350.70</u>	<u>364.70</u>	<u>371.70</u>

## CITY OF HOLLAND, MICHIGAN

### Operating Indicators by Function

For the Last Ten Fiscal Years

Function	Fiscal Year				
	2020	2019	2018	2017	2016
<b>Cemetery</b>					
Burials	245	223	189	234	270
<b>Police</b>					
Physical arrests	962	1,073	1,093	1,333	1,498
Parking violations	2,912	4,066	2,909	4,161	4,010
Traffic violations	3,437	2,636	2,600	3,034	3,209
<b>Fire</b>					
Emergency responses	3,829	3,733	3,863	3,083	3,457
Fires	80	81	85	83	105
Medical Emergencies	2,422	2,117	2,414	1,965	2,238
Inspections	210	213	130	113	224
<b>Public works</b>					
Street resurfacing (miles)	8.8	7.9	8.8	6.9	7.0
Working in the ROW permits	280	282	363	350	323
<b>Community &amp; neighborhood services</b>					
Number of construction permits:					
Industrial & commercial	109	95	120	96	69
Residential	442	514	587	427	499
Institutional & municipal	21	21	20	21	20
Value of construction permits (millions of dollars)					
Industrial & commercial	35.90	42.50	48.01	37.70	12.10
Residential	33.90	13.07	18.18	24.90	15.00
Institutional & municipal	5.06	21.39	37.02	15.10	23.70
<b>Parks and recreation</b>					
Program participants	11,188	20,054	22,938	22,931	22,285
Pool attendance	10,661	12,860	11,662	13,338	17,500
<b>Water</b>					
Service connections	13,439	13,675	13,660	13,600	13,500
Average daily consumption (thousands of gallons)	13,578	12,287	13,802	13,073	13,332
<b>Wastewater</b>					
Service connections	11,320	12,584	12,575	12,524	12,400
Average daily consumption (thousands of gallons)	5,548	7,312	7,895	8,036	9,683

Source: Various city departments

Fiscal Year				
2015	2014	2013	2012	2011
222	225	244	229	266
1,901	2,055	2,031	2,241	2,281
3,783	3,984	7,591	5,040	4,589
4,373	3,661	3,494	4,006	3,769
3,268	3,101	2,944	2,768	2,709
91	93	96	86	86
2,160	2,079	1,957	1,944	1,858
263	249	194	132	116
4.6	3.8	4.0	8.7	4.9
340	343	330	282	302
99	102	95	78	86
530	497	438	508	440
16	24	21	26	23
36.27	22.57	18.92	24.80	52.48
28.23	14.45	7.64	8.60	10.21
8.85	38.95	31.40	47.00	16.06
21,427	19,480	19,329	18,594	16,965
11,700	11,068	15,051	18,790	17,224
13,405	13,375	12,957	13,028	13,284
11,200	11,690	11,790	11,666	10,211
12,335	12,320	12,308	12,272	12,202
9,025	9,144	9,490	7,501	7,370

## CITY OF HOLLAND, MICHIGAN

### Capital Asset Statistics by Function

For the Last Ten Fiscal Years

Function	Fiscal Year				
	2020	2019	2018	2017	2016
<b>General Government</b>					
Cemeteries	2	2	2	2	2
<b>Police</b>					
Stations	1	1	1	1	1
Patrol Units	21	20	20	19	19
<b>Fire Stations</b>	3	3	3	3	3
<b>Public works</b>					
Streets (miles)	149	149	149	149	149
Streetlights	2,496	2,561	2,535	2,535	2,615
<b>Parks and recreation</b>					
Park acreage	404	404	404	403	403
Parks	23	23	23	22	22
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	14
Pickleball courts	10	10	10	10	-
Stadiums	-	-	-	-	-
Nature centers	1	1	1	1	1
Tourist attractions	1	1	1	1	1
Community centers	1	1	1	1	1
<b>Water</b>					
Water mains (miles)	252	252	250	249	252
Fire hydrants	2,441	2,400	2,400	2,395	2,395
Maximum daily capacity of plant (thousands of gallons)	38,500	38,500	38,500	38,500	38,500
<b>Wastewater</b>					
Sanitary sewers (miles)	186.61	185.73	184.30	183.55	185.00
Storm sewers (miles)	152.0	152.0	152.0	152.0	152.0
Maximum daily capacity of plant (thousands of gallons)	14,400	14,400	14,400	14,400	12,000

Source: Various city departments

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



Fiscal Year				
2015	2014	2013	2012	2011
2	2	2	2	2
1	1	1	1	1
19	19	19	19	19
3	3	3	3	3
149	149	149	149	149
2,598	2,595	2,593	2,504	2,534
403	403	403	508	508
22	22	22	23	23
10	10	10	10	10
11	10	10	10	10
1	1	1	1	1
14	14	14	14	14
-	-	-	-	-
-	-	-	1	1
1	1	1	1	1
1	1	1	1	1
1	1	1	1	1
248	248	246	241	240
2,363	2,363	2,353	2,345	2,342
38,500	38,500	38,500	38,500	38,500
183.00	182.77	182.76	182.94	183.73
151.5	151.5	159.0	159.0	155.0
12,000	12,000	12,000	12,000	12,000

This page intentionally left blank.

## **INTERNAL CONTROL AND COMPLIANCE**

This page intentionally left blank.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

December 8, 2020

Honorable Mayor  
and City Council  
City of Holland, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, 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, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 8, 2020.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Rehmann is an independent member of Nexia International.  A member of Nexia International

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Rehmann Lohorn LLC*