



Holland

MICHIGAN

Annual Comprehensive Audit
Report for Fiscal Year End
June 30, 2022

INTRODUCTORY SECTION

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CITY OF HOLLAND

HOLLAND, MICHIGAN

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2022

Prepared by:

Finance Office

Lynn McCammon

Finance Director

CITY OF HOLLAND, MICHIGAN

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CITY OF HOLLAND, MICHIGAN

ELECTED OFFICERS

As of December 8, 2022

CITY COUNCIL

Nathan Bocks
Mayor

Tim Vreeman
Ward 1
Belinda Coronado
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

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

Lynn McCammon
City Treasurer
Kathy Grimm
City Clerk

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

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

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

STAFF OFFICIALS APPOINTED BY BOARDS OR COMMISSIONS

Dave Koster
Board of Public Works (Utilities)
General Manager

Charles Warren
Board of Public Works (Utilities)
Finance Director



December 8, 2022

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

We are pleased to submit the Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2022. This report is prepared in accordance with both State Statute and Section 9.11 of the City Charter, which requires that an independent audit shall be performed at least annually. To the best of our knowledge and belief, the data as presented is complete and accurate in all material respects and reported in accordance with Generally Accepted Accounting Principles (GAAP) and audited in accordance with generally accepted auditing standards (GAAS) by an independent firm of certified public accountants.

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

The City's financial statements have been audited by Rehmann Robson LLC. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City of Holland for the fiscal year ended June 30, 2022 are free of material misstatement. The audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditor concluded that there was a reasonable basis for rendering an unmodified opinion that the City of Holland's financial statements for the year ended June 30, 2022 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

Profile of the City of Holland

The City of Holland is located 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 2021 population of 34,024.

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

Profile of the City of Holland (continued)

The annual Tulip Time Festival is an eight-day event held in May that brings thousands of tourists from around the world. The festival, celebrating the City's Dutch heritage, includes parades, Dutch dancing, tulips, fireworks, food, entertainment, shopping, a carnival, tours, and a running race. A popular Tulip Time attraction is the City owned Windmill Island Gardens which features a working Dutch windmill. After the Tulip Time cancellation due to COVID in 2020 and a limited event in 2021, the complete festival returned in 2022 with Windmill Island Gardens welcoming a record number of visitors. The festival has received many recognitions, including America's Best Small Town Festival by Reader's Digest and a Top 100 event in North America by the American Business Association (23 times).

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 over 5 miles, helps to keep the central business district vibrant and pedestrian friendly during the winter months. *Trips to Discover* recently sited Holland as one of "50 Most Magical Winter Wonderland Towns in the U.S.". A downtown outdoor fireplace and fountain are popular with pedestrians. The canopied Farmers Market offers fresh local produce and other goods two to three times weekly from May through December. The Farmers Market also offers special programs such as a chef series and children's activities. The recently renovated Civic Center Place is available to host a variety of events.

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

The quality of life in the City of Holland is further enhanced by the presence of Hope College. Hope College's centralized location, adjacent to Holland's downtown area, contributes a wide range of activities, interaction and economic benefit to the community. Enrollment at Hope College for the 2022 Fall Term included 3,170 degree seeking students. In addition to Hope College, there are three Holland satellite locations of West Michigan universities/colleges. The Holland area Grand Valley State University Meijer Campus, Grand Rapids Community College Lakeshore Campus, and Davenport University provide undergraduate and graduate level education.

City Government

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

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

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

City Government (continued)

The City employment staff includes 370 full-time positions, and 89 part-time positions at Full-Time Equivalency. The full-time workforce is composed of a base of non-union plus three organized labor bargaining units as follows:

<u>Employee Group</u>	<u>Affiliation</u>	<u>Members</u>
Utility Workers	Utility Workers Union of America AFL-CIO, Local 610	85
Police Officers	Fraternal Order of Police, Holland Police Officers Division	53
Firefighters	International Association of Firefighters, Local 759	20
Non-Union	None	<u>212</u>
Total		370

The City of Holland property millage rate is 13.7742. Holland continues to levy property taxes well under the millage rates allowed by the City Charter in conformance with the established financial policy to maintain the lowest millage rate possible.

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

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

Holland Community Energy Plan

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

City Budget

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

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

The Financial Reporting Entity

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

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

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

The requirements of *GASB Statement No. 14*, and the further amendments to this statement made by *GASB Statement No. 39 and 61*, are addressed in this report. There 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*.

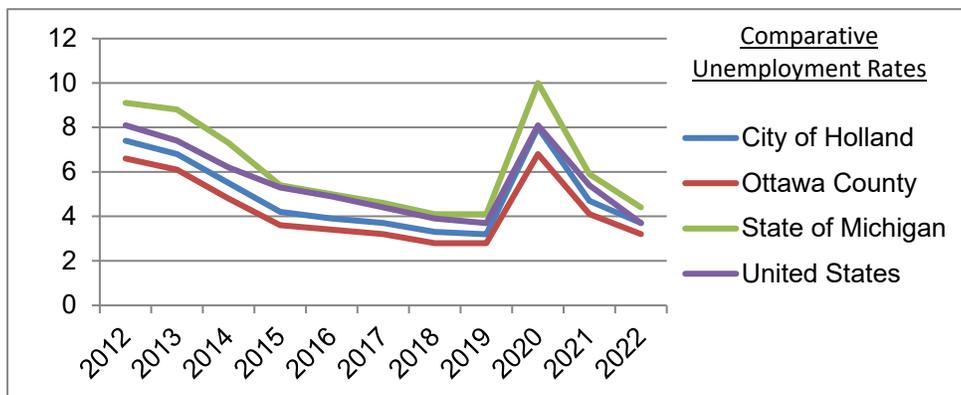
The *ACFR* for the City of Holland is prepared in conformance with the requirements delineated by *GASB Statement No. 34* which established new financial reporting requirements for state and local governments.

Local Economy

The City of Holland has a history of conservative fiscal management which has contributed to a stable level of General Fund reserves. The City continues to experience significant growth in new commercial/industrial developments and residential housing projects, with more than \$2 billion invested over the past few years. The City is monitoring rising inflation and the tight labor market for any potential impact to future budgets.

The local tax base includes a well-diversified property tax base mix of residential (54.9%), commercial (27.8%), industrial (16.4%), and all other (0.9%). The City of Holland has a diverse base of employers including automotive, furniture, boatbuilding, the food industry and new technologies. Lakeshore Advantage, which provides regional economic development services for Holland, Zeeland and Ottawa County, indicates that the West Michigan Lakeshore market share continues to grow as 83% of surveyed companies report increasing or stable sales compared to 2 years ago and 87% are introducing new product and service capabilities. Manufacturing remains a strong segment of the area economy. There continues to be challenges with 75% of companies reporting difficulty with labor shortages/recruitment and 83% reporting supply chain issues.

The 2022 unemployment rate for the City is nearing pre-pandemic levels, reflecting the continued investment in the community. 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.



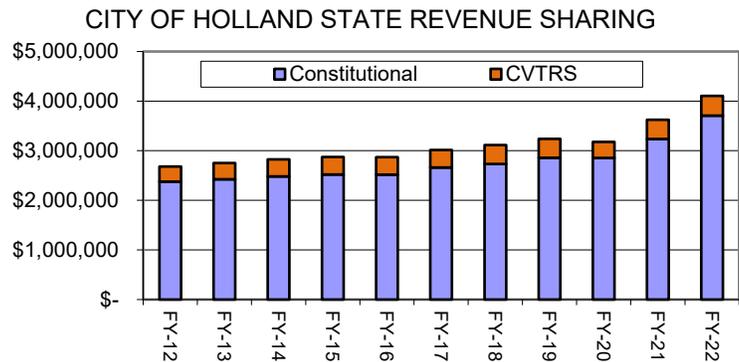
Long-range Financial Planning

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

Major Revenues

Property tax is the largest source of revenue for the General Fund, representing more than 40% of total revenues. Property values have continued to rise even during the pandemic. Development interest continues to be strong with several large industrial and commercial projects in various stages of development. In addition, the City continues to prioritize affordable housing and has several residential projects in process. Property values continue to trend upward. While taxable values are limited by Michigan law, generally to the rate of inflation, numerous property sales (not limited by inflation factors) combined with new development have pushed the growth in taxable value beyond the inflation rate.

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



In 2012, several new public acts were passed eliminating the industrial *Personal Property Tax (PPT)* over a ten-year period. 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 2022 PA198 applications processed by the City of Holland, 387 new jobs are anticipated to be created along with \$106.9 million of new related construction and machinery. For the 2022 tax period the City currently has 70 PA198 industrial facilities certificates active and 1 active PA328. In 2021, the City had 67 PA198 industrial facilities certificates and 2 PA328 certificates active.

Long-range Financial Planning (continued)

The following table identifies the 2022 PA198 industrial tax abatements issued by the City. The value of the 2022 PA198 abatement roll is \$106.9 million.

PA 198 Industrial Facilities Tax Abatements (IFT's) 2022				
Company	Description of Services		Planned Investment	Projected Job Growth
By-Pas International	Manufacturing	\$	1,362,000	4
Forged by Design	Wood and Metal Products		1,350,000	8
Hudsonville Creamery and Ice Cream	Ice Cream and Dessert Products		35,537,000	0
Hyperion Automation	Automation Systems		1,505,000	12
JR Automation - 2 abatements	Automation Systems		4,425,000	99
Koops Inc.	Automation Systems		2,351,000	35
MG88 Holland Cold Storage	Warehousing and Processing		25,114,000	55
Power Manufacturing	Manufacturing		2,353,000	6
Strategic Label	Labeling Equipment and Labels		932,000	5
Sure-loc Edging	Landscape Products		1,138,000	4
Tommy's Car Wash Systems	Car Wash Systems		29,851,000	146
Trigon Steel Components	Manufacturing		197,000	7
Western Michigan Plastics	Manufacturing		824,000	6
Total PA 198 Investment for 2022			\$ 106,939,000	387

Building related fees continued to increase, driven by large industrial/commercial developments. In line with this, the City's building permit construction values increased by 40% from fiscal year 2021 (\$126 million) to fiscal year 2022 (\$176 million). Institutional and municipal permits totaled \$13.7 million for fiscal year 2022 (\$25.4 million for fiscal year 2021). The largest permit value in fiscal year 2022 was \$27 million for a new LG Energy Solution production facility. Other large permits included Vision Quest's new industrial building totaling \$18.7 million, Hudsonville Creamery and Ice Cream office and manufacturing buildings for \$18.7 million, and a cold storage facility for Cold Link Logistics of \$18.3 million.

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

Fund Balance Governmental Funds

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

	FUND BALANCES		
	@ June 30, 2021	@ June 30, 2022	Increase (Decrease)
General Fund	\$ 5,444,359	\$ 6,720,395	\$1,276,036
Gen. Fund Budget Stabilization	1,601,787	1,680,510	78,723
Special Revenue Funds	6,543,225	6,803,683	260,458
Debt Service Funds	1,250,128	800,979	(449,149)
Capital Projects Funds	5,576,086	9,019,853	3,443,767
Permanent Trust Funds	2,444,278	2,309,237	(135,041)
Totals	\$ 22,859,863	\$27,334,657	\$4,474,794

The Combined General Fund and Budget Stabilization ending fund balance totaled \$8,400,905 at June 30, 2022. Of this amount, \$8,393,071, or 32.2% of total expenditures plus transfers out, is unassigned.

The increase in *Fund Balance of the Special Revenue Funds* in fiscal year 2022 is due to increased revenue for Personal Property Tax (PPT) tax loss from Allegan County.

The *Fund Balance of the Capital Projects Funds* increased by \$3,443,767 during Fiscal Year 2022 due a large donation received for future construction of a Recreation Center.

Capital Projects Governmental Funds

Capital Projects Funds expenditures, excluding interfund transfers, totaled \$8,047,420 for fiscal year 2022 compared to \$5,051,234 for fiscal year 2021. Projects exceeding \$50,000 during the fiscal year included:

INFRASTRUCTURE PROJECTS (Excluding Utility Fund Share)	
College Avenue; 14 th St – 24 th St Reconstruction	\$ 940,779
10 th St; Washington to Lincoln Reconstruction	2,664,169
Street Resurfacing	928,431
Pine Avenue; 9 th Street – Michigan Avenue	320,337
Country Club; 8 th Street – Legion Park Drive	910,115
MUNICIPAL CAPITAL PROJECTS	
City Hall – 3 rd Floor Renovation	\$ 506,206
Lighting Upgrade at Athletic Fields	994,020
Window on the Waterfront Nature Playground	459,808

Internal Service Funds

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

<u>Internal Service Operation</u>	<u>Working Capital June 30, 2021</u>	<u>Working Capital June 30, 2022</u>
Technology Services	\$ 262,106	\$ 176,615
Equipment Services	2,109,414	2,670,652
Insurance Services	<u>6,748,109</u>	<u>7,085,489</u>
Totals	<u>\$ 9,119,629</u>	<u>\$ 9,932,756</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.

Employee Retirement Plans

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

Defined Benefit Plan (closed)

The City participates in the *Michigan Municipal Employees' Retirement System (MERS)*, covering all full-time employees. The total employer-paid premium for fiscal year 2022 was \$3,292,397.

The most recent actuarial valuation, dated December 31, 2021, indicates that the City's valuation assets (stated at market value) provide 93.0% funding (employer portion only), based upon actuarial determined accrued liabilities of \$161,138,922, valuation assets of \$150,078,534, and unfunded accrued liabilities of \$11,060,388. The City's Defined Benefit Plan is closed to all new hires.

Defined Contribution Plan

A defined contribution plan is provided for all pension eligible employees that are not part of the defined benefit plan. There is a standard 6% City contribution with an optional 2% employee contribution along with a City match of 2% for all City and HBPW non-union employees and HBPW utility union employees. Public Safety Union employees receive a 10.5% contribution and must contribute 6% of compensation. The total contribution paid by the employer for Fiscal Year 2022 was \$1,498,542 and by employees was \$441,066.

Deferred Compensation (Voluntary)

In addition to the MERS defined benefit plan, the City also makes three deferred compensation plans available that employees may voluntarily participate in via payroll withholding up to the annual maximum of \$20,500. 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.

In accordance with accounting standards, investments are presented on the financial statement at fair value. The overall fiscal year 2022 adjustment for market was a write-down of \$1,211,373. The annualized average interest rate earned in the pool was a negative (1.244%), as compared to a positive 0.528% for the previous fiscal year. If investments had not been valued at market, the annualized average interest rate would have been a positive 0.611%. The City typically buys and holds long term investments to maturity so fiscal year end market adjustments are not actually realized.

Awards

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

Award or Accreditation	Granting Agency	Department
Outstanding Best Practice Award (2022)	Michigan Association of Planning	Community & Neighborhood Services
Redevelopment Ready Communities Certification (2022)	Michigan Economic Development Corporation	Economic Development
Gold Seal of Achievement Award (2022)	Michigan Green Communities Program	Economic Development
Peak Performance Gold Award (2022)	National Association of Clean Water Agencies	Utility Services
George W. Burke Jr. Award (2022)	Water Environmental Federation	Utility Services
Reliable Public Power Provider (2022)	American Public Power Association	Utility Services
Outstanding Achievement in Popular Annual Financial Reporting (2021)	Government Finance Officers Association	Fiscal Services
Business Consumer Content Michigan EMMY Award (2021)	National Academy of Television Arts & Sciences (NATAS)	Technology Services
Special Award for Coolest Downtown (2021)	America in Bloom	Parks & Recreation
Utility of the Future Today (2021)	Water Environmental Federation	Utility Services
Smart Energy Provider (since 2019)	American Public Power Association	Utility Services
Gold Certification – Michigan Green Communities Challenge (2019)	Michigan Municipal League Foundation	Parks & Recreation
Best Community Celebration Special Award for Tulip Time (2019)	America in Bloom	Parks & Recreation
Population Category (2019)	America in Bloom	Parks & Recreation
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 Services
Human Interest/News Single Story Regional Emmy Award (2017)	Telly Awards	Technology Services
Best of Weddings (since 2011)	The Knot	Windmill Island
Distinguished Budget Presentation Award (since Fiscal Year 2004)	Government Finance Officers Association	Fiscal Services
Certificate of Achievement for Excellence in Financial Reporting (since Fiscal Year 1992)	Government Finance Officers Association	Fiscal Services
Tree City USA Award (since 1981)	National Arbor Day Foundation	Parks & Recreation

Significant Initiatives, Events and Accomplishments

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

Economic Development and Revitalization

- > The City Council continues to identify economic development as a top priority. The City is committed to developing an area-wide approach to economic development and is working in tandem with the Lakeshore Advantage regional economic development organization and the surrounding cities, townships, counties

and Macatawa Area Coordinating Council metropolitan planning organization. The City is also collaborating with the non-profit Housing Next, to address the housing shortages in the region including affordable housing.

- > The City aggressively supported Brownfield Redevelopments with twenty-three separate projects approved for tax captures at June 30, 2022, with ten 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 2022 for new construction projects exceeding \$106 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 8th Street between River and Pine, near the Civic Center, where numerous mixed-use buildings were constructed. 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 8th Street.

Infrastructure Projects:

- > It is the City’s normal practice to complete an annual road resurfacing program. This fiscal year the City resurfaced 5.9 miles of streets at a cost of \$928,431.
- > Rehabilitation of the Paw Paw Bridge concluded, work included deck rehab, repairs to bridge beams, joint replacement, and improvements to the approaches; total project cost was \$312,662.
- > Work concluded on the College Avenue Project that included new pavement, curb and gutter storm sewer, water services and water main along with some new sidewalk; total project cost was \$2,324,475.
- > Full reconstruction of 10th St, Washington to Lincoln, concluded with replacement of most underground utilities. Snowmelt improvements were added for the block between River and Central Avenue; total project cost was \$6,614,562.
- > The Country Club, 8th Street – Legion Park Drive, project began; scheduled work includes complete road reconstruction and water main replacement along Legion Park Drive, Legion Court, and Birchwood Avenue. The project budget is \$1.6 million, with \$915,988 expended as of fiscal year end.

Electric Utility:

- > During fiscal year 2022, engineering plans were completed for a new substation to accommodate area manufacturing expansions. Acquiring a site for the substation is in progress and equipment has been ordered. The project is expected to be completed in fiscal year 2024.
- > Broadband improvement projects totaling \$200,000 for the year were completed to enhance the fiber network. Demand continued to grow with 61 new customers added. At the August 2022 election, voters approved a city-wide expansion of the high-speed broadband system, and up to \$30 million may be used.
- > A small hybrid bucket truck was acquired during the year. The truck engine may be turned off during daily work instead of idling, while a lithium-ion battery provides power to operate the bucket and other equipment. The truck battery charges from the alternator while driving or in the garage during non-operating hours. Use of this truck has resulted in lower maintenance and fuel costs, as well as reduced CO2 emissions.

Water Utility:

- > The replacement of 9,500 feet of water mains was completed at a cost of \$4.6 million.
- > Incompatible water meters were replaced for new retail water customers in Park Township. The project was completed during the year at a cost of \$1.5 million.

Significant Initiatives, Events and Accomplishments (continued)

- > The State of Michigan Lead and Copper Rule requires all utilities to replace lead service lines by the year 2041. Progress was made toward fulfilling this requirement by replacing 110 out of approximately 1,800 total service lines.
- > Twenty-year Water Supply System Revenue Bonds Series 2022A were issued during the year. The bonds will be used to pay for an additional transmission line from the water treatment plant to the City's water distribution system. The new line will increase water volume, flow dynamics, and allow for future expansion.

Wastewater Treatment Plant:

- > Sanitary sewer main and collection system projects were completed at a cost of \$2.3 million.
- > Construction of an anaerobic digester began in fiscal year 2021 and will improve the disposal of biosolids. Progress toward a fiscal year 2024 completion date continued to be made with \$19.9 million spent as of June 30, 2022. The project is expected to be completed at an estimated total cost of \$33.7 million.
- > The Water Reclamation Facility completed a Master Plan during the year which involved reviewing capacity, ability to expand, and the plan for future capital improvements.

Municipal Capital Projects:

- > Remodel of the City Hall third floor was completed, with included security upgrades, conference room additions, HVAC fixes, new office furniture and workflow improvements. Total project cost was \$700,608.
- > A lighting upgrade project was completed at Matt Urban and Riverview parks at a cost of \$994,020. The old lights were removed and replaced with new energy efficient lights that will increase the brightness on each playing field.
- > The Sally Smoly Nature Playground was constructed on Window on the Waterfront, total cost was \$459,808.

Sustainability and Energy Conservation:

- > The City continued to focus on the Community Energy Plan. The original goal was to reduce greenhouse gas emissions per capita from the baseline 24 metric tons down to no more than 10 by 2050. The City commissioned a task force to review progress on the initial plan and offer updates. The task force completed their recommendations in October 2021 and revised the overall goal for carbon reduction to be 12.25 metric tons per capita by 2030. The City will calculate its progress towards the new goal in the spring of 2023. A 2022 status update report can be viewed online at cityofholland.com/Holland-Community-Energy-Plan.
- > The Home Energy Retrofit program, launched in fiscal year 2017 to encourage deeper energy efficiency measures, resulted in 286 homes receiving incentives to date which represents an investment exceeding \$5.3 million. Since the program's launch, it has been updated to include a substantial education program known as *Home Energy 101*. The new education program was created to have a more extensive reach into our community and help residents understand their own homes' energy usage and how to make basic energy improvements to their homes. The program will supply basic energy-saving measures such as caulk, spray foam, and a 1.5 hours walk-through education at the residents' homes.
- > The On-Bill Loan program made its first loan in November 2016. By June 30, 2022, a total of 140 loans were made with an average project size of \$18,113 and average loan amount of \$16,392 at interest rates of 4.99% and 5.99% depending on term. Of these original loans, 56 have been paid off as of June 30, 2022. The program was made possible after success in securing new legislation to enable on-bill financing of deep energy retrofits.
- > The HBPW continued to pursue renewable energy sources. In calendar year 2021, 15.69% of HBPW retail sales of electricity were from renewable energy sources.
- > The HBPW offers a renewable energy program allowing customers to elect to pay for more of their energy to come from renewable resources.

Independent Audit Requirements

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

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 annual comprehensive financial report for the fiscal year ended June 30, 2021. This was the 30th 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 annual comprehensive financial report. This report must satisfy both Generally Accepted Accounting Principles and applicable legal requirements.

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

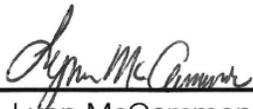
Acknowledgements

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

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

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

Respectfully submitted,



Lynn McCammon

Finance Director/Treasurer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Holland
Michigan**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

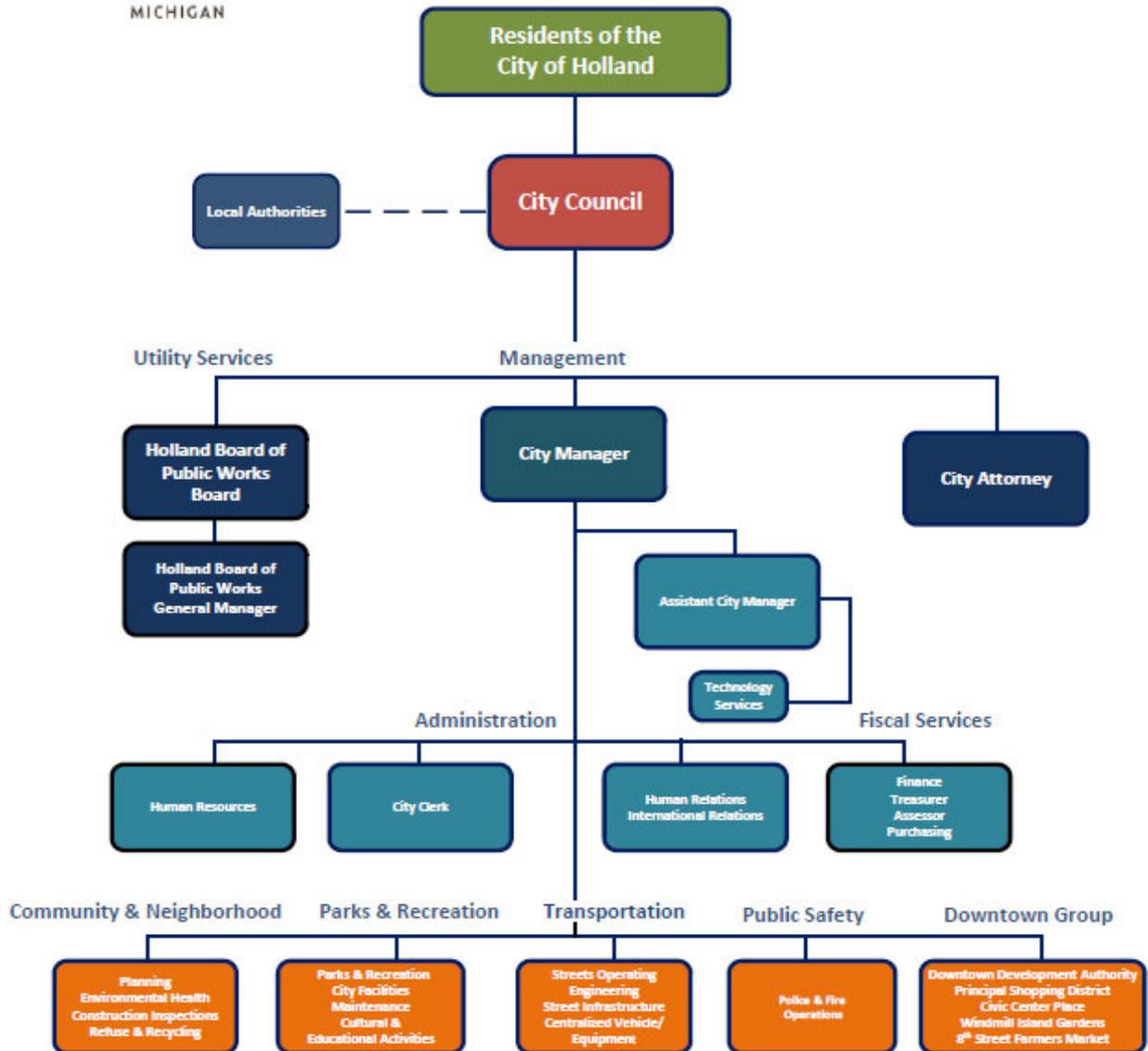
June 30, 2021

Christopher P. Morill

Executive Director/CEO



City of Holland Organizational Chart



FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

December 8, 2022

Honorable Mayor
and City Council
City of Holland, Michigan

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the **City of Holland, Michigan** (the "City"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof, and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Restatement - Change in Accounting Principle

As described in Note 23, the City implemented the provisions of GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and other AICPA Pronouncements, Paragraphs 476-500*, in the current year. This Statement provides for the deferral of expense and revenue recognition through the use of regulatory assets and liabilities in order to follow the principle of matching costs and revenues as part of the ratemaking process. Accordingly, beginning net position of business-type activities and the wastewater and water utility enterprise funds were restated. Our opinion is not modified with respect to this matter.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Independent Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued, under separate cover, our report dated December 8, 2022, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF HOLLAND, MICHIGAN

Management's Discussion and Analysis

As management of the City of Holland, Michigan (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2022. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, the financial statements and notes to the financial statements.

Financial Highlights

The City's total net position as of June 30, 2022 equaled \$630,087,456, representing an increase of \$23,962,716 from the prior year. Of this amount, \$86,360,963 was unrestricted net position and may be used to meet the City's ongoing obligations to citizens and creditors. The governmental activities net position increased by \$11,194,367, or 9.2%, while the business-type activities net position increased by \$12,768,349, or 2.6%.

As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$27,334,657, an increase of \$4,474,794 in comparison with the prior year.

The City had many capital investment projects in process including:

- Waterfront Holland redevelopment continued with staff reviewing the proposal from Geenen DeKock Properties, LLC (GDK) to assess its alignment with the vision statement and guiding principles for this project. As of June 30, 2022, \$290,000 has been spent on this project.
- Expanding snowmelt around the 7th St Parking Deck continued. As of June 30, 2022, \$504,500 has been spent, which represents 54% of the project.
- Reconstruction of Country Club Road, from 8th Street to Legion Park Drive, began. The project is focused on utility replacement but also includes new pavement, curb and gutter, storm sewer, with some new sidewalk. As of June 30, 2022, \$916,000 has been spent, which represents 57% of the project budget.
- Pine Avenue reconstruction from 9th Street to Michigan started, which includes replacement of the water main, sanitary force main, and storm sewer. Bike lanes will also be added along Pine Avenue, for a total project budget of \$2.75 million. As of June 30, 2022, \$320,300 has been spent, which represents 12% of the project.
- Electric Utility spent \$3.4 million in distribution system improvements, including replacing overhead lines with underground lines, to improve resiliency. \$800,000 was also spent on various production system improvements.
- Wastewater Utility spent \$11.9 million towards construction of an anaerobic digester with total project costs expected to be \$33.7 million. Another \$2.3 million was spent on replacements/improvements to the collection system and inspection of 370,365 feet of sewer mains and 1,393 manholes (representing 37.4% of the complete sewer system).
- Water Utility replaced 9,500 feet of water distribution mains at a cost of \$4.6 million and spent \$300,000 on various water treatment plant improvements.

At the end of the current fiscal year, unassigned fund balance for the general fund was \$8,393,071 or 32.2% of total General Fund expenditures (including transfers out).

Overview of the Financial Statements

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

CITY OF HOLLAND, MICHIGAN

Management's Discussion and Analysis

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

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

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

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

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

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

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

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

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 and American Rescue Plan Act funds, which are considered to be major funds. Data from the other nonmajor governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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

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

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

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

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

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

CITY OF HOLLAND, MICHIGAN

Management's Discussion and Analysis

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The table below represents the condensed Statement of Net Position. The City's combined net position totaled \$630,087,456 as of June 30, 2022, representing an increase of \$23,962,716, or 4.0% from the prior year.

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 50,622,628	\$ 41,559,878	\$ 163,511,436	\$ 150,057,236	\$ 214,134,064	\$ 191,617,114
Capital assets, net	151,241,236	150,251,660	445,809,205	428,968,998	597,050,441	579,220,658
Total assets	201,863,864	191,811,538	609,320,641	579,026,234	811,184,505	770,837,772
Deferred outflows of resources	3,909,553	2,613,457	632,163	1,192,789	4,541,716	3,806,246
Long-term debt	45,889,254	50,606,329	60,232,003	62,756,640	106,121,257	113,362,969
Other liabilities	18,251,215	17,372,961	25,781,364	15,128,718	44,032,579	32,501,679
Total liabilities	64,140,469	67,979,290	86,013,367	77,885,358	150,153,836	145,864,648
Deferred inflows of resources	9,247,468	5,254,592	26,237,461	3,366,980	35,484,929	8,621,572
Net position:						
Net investment in capital assets	129,246,420	125,338,987	394,720,658	375,415,497	523,967,078	500,754,484
Restricted	8,827,705	9,326,937	10,931,710	11,067,495	19,759,415	20,394,432
Unrestricted (deficit)	(5,688,645)	(13,474,811)	92,049,608	112,483,693	86,360,963	99,008,882
Total net position	\$ 132,385,480	\$ 121,191,113	\$ 497,701,976	\$ 498,966,685	\$ 630,087,456	\$ 620,157,798

A substantial portion of the City's net position, \$523,967,078 (83.2%), reflects its investment in capital assets (e.g., land, buildings, vehicles, equipment and infrastructure), less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position of \$19,759,415 (3.1%) 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 \$86,360,963 (13.7%) 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

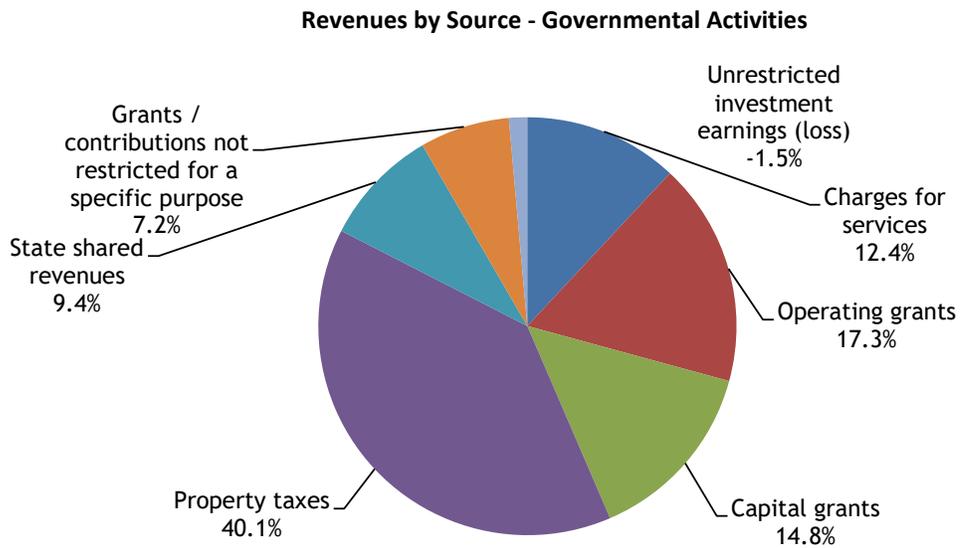
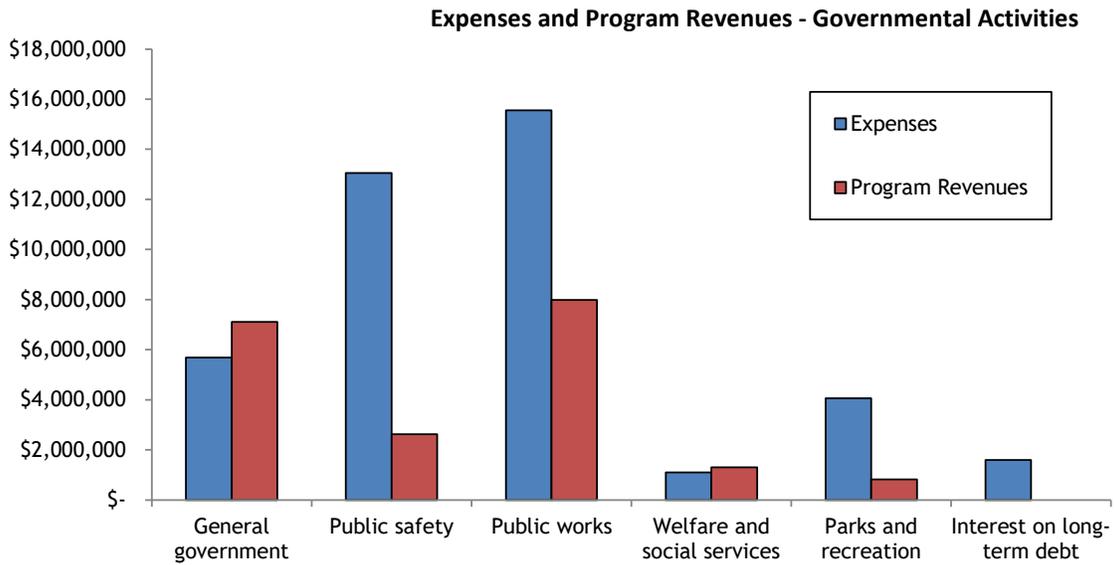
	Change in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues						
Program revenues:						
Charges for services	\$ 5,428,154	\$ 5,089,438	\$ 129,631,400	\$ 136,491,126	\$ 135,059,554	\$ 141,580,564
Operating grants	7,874,622	9,283,735	(1,233,299)	650,593	6,641,323	9,934,328
Capital grants	6,515,282	1,694,559	1,485,568	7,437,958	8,000,850	9,132,517
General revenues:						
Property taxes	17,750,575	16,859,353	115,397	111,104	17,865,972	16,970,457
State shared revenues	4,138,420	3,655,096	-	-	4,138,420	3,655,096
Grant and contributions not restricted to specific programs	3,160,308	3,319,261	-	-	3,160,308	3,319,261
Unrestricted investment earnings (loss)	(648,361)	217,450	-	-	(648,361)	217,450
Gain on sale of capital assets	21,899	-	-	-	21,899	-
Total revenues	44,240,899	40,118,892	129,999,066	144,690,781	174,239,965	184,809,673
Expenses						
General government	5,687,293	5,413,608	-	-	5,687,293	5,413,608
Public safety	13,045,393	14,475,186	-	-	13,045,393	14,475,186
Public works	15,557,452	9,462,061	-	-	15,557,452	9,462,061
Welfare and social services	1,099,101	1,288,600	-	-	1,099,101	1,288,600
Parks and recreation	4,060,045	4,568,078	-	-	4,060,045	4,568,078
Interest on long-term debt	1,593,768	1,723,038	-	-	1,593,768	1,723,038
Electric utility	-	-	83,439,530	76,315,214	83,439,530	76,315,214
Wastewater utility	-	-	12,545,127	11,610,812	12,545,127	11,610,812
Water utility	-	-	8,677,612	7,952,801	8,677,612	7,952,801
Other enterprise activities	-	-	4,571,928	4,637,042	4,571,928	4,637,042
Total expenses	41,043,052	36,930,571	109,234,197	100,515,869	150,277,249	137,446,440
Change in net position, before transfers	3,197,847	3,188,321	20,764,869	44,174,912	23,962,716	47,363,233
Transfers	7,996,520	7,370,760	(7,996,520)	(7,370,760)	-	-
Change in net position	11,194,367	10,559,081	12,768,349	36,804,152	23,962,716	47,363,233
Net position:						
Beginning of year	121,191,113	110,632,032	498,966,685	462,162,533	620,157,798	572,794,565
Restatement for implementation of GASB 62	-	-	(14,033,058)	-	(14,033,058)	-
Net position, end of year	\$ 132,385,480	\$ 121,191,113	\$ 497,701,976	\$ 498,966,685	\$ 630,087,456	\$ 620,157,798

CITY OF HOLLAND, MICHIGAN

Management's Discussion and Analysis

Governmental Activities. Governmental activities increased the City's net position by \$11,194,367. Total revenues increased by \$4,122,007, or 10.3% from the prior year. The primary reason for the increase was the increase in donation (capital grant) revenue of \$4,820,723 for construction of a new recreation center. This was offset in part by a reduction in operating grants of \$1,409,113, as a result of investment accounting practice of stating investments at market value. The City holds all investments to maturity, so this loss is not anticipated to be realized.

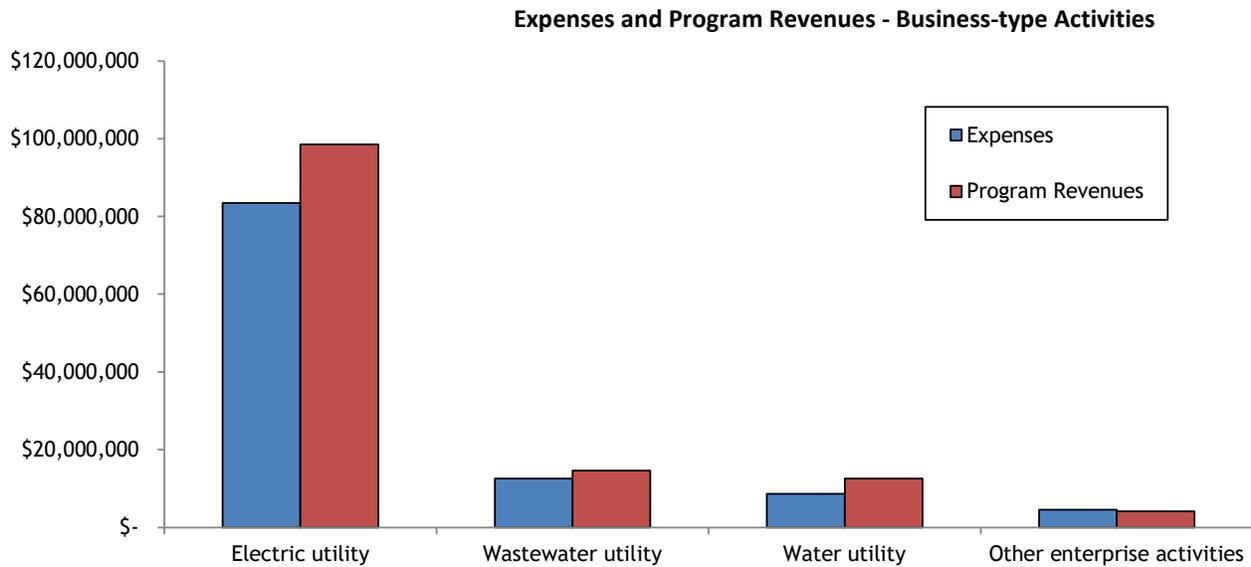
Expenses overall increased from the prior year by \$4,112,481 or 11.1%, primarily due to increased costs related to municipal and street capital projects that did not meet the criteria for capitalization.



CITY OF HOLLAND, MICHIGAN

Management's Discussion and Analysis

Business-type Activities. The City's business-type activities net position increased by \$12,768,349, mainly due to the operating income from the Electric, Wastewater and Water Utilities. Overall revenues decreased by \$14,691,715 due to lower charges for services in the Electric Utility Fund, investment losses during the year, and a reduction in capital grants connected to the implementation of GASB 62, which provides for the deferral of expense and revenue recognition through the use of regulatory assets and liabilities to follow the ratemaking principle of matching costs and revenues as part of the ratemaking process. The overall increase in expenses of \$8,718,328 was primarily due to inflation and commodity price increases impacting Electric, Wastewater and Water Utility Funds. Windmill Island Gardens had a \$714,177 increase in net position as the City was able to host Tulip Time festival following a modified version of this event in the prior year.



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 \$1,354,759 mainly due to higher revenue from permits issued, COVID-19 federal grants and reduced expenditures for the public safety and parks and recreation functions.

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

CITY OF HOLLAND, MICHIGAN

Management's Discussion and Analysis

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

Total enterprise funds reported net increases in net position during the year. The Electric Utility Fund increased by \$6,482,555. The Wastewater Utility Fund had a \$2,072,239 increase in net position and the Water Utility Fund net position increased by \$3,905,018. Discussion for the reasons for these changes in net position have previously been discussed with Business-type Activities above. The nonmajor enterprise funds reported an increase of \$308,537 in net position.

General Fund Budgetary Highlights

The original revenue budget was \$20,279,742 and as amended was \$21,522,170 which represents an increase of \$1,242,428. The original expenditure budget was \$25,680,119 and as amended was \$25,819,767 which represents an increase of \$139,648. The increase in revenue budget reflects higher than anticipated permit revenue associated with development activity in the City and additional state revenue sharing driven primarily by increased consumer spending. The increase in the expenditure budget was due to an additional pension payment made towards the defined benefit plan unfunded liability.

Actual expenditures came in \$794,483 less than the amended budget. Causes for variances are as follows:

- Expenditures for wages paid to employees had a positive variance of \$259,960 due to delays in filling vacancies following retirements and resignations. Vacancies in the parks and recreation function account for 54% of this variance.
- Fringe benefit and mandatory employer expenditures had a positive variance of \$122,619 due to the vacant positions.
- Contractual services expenditures had a positive variance of \$108,500 across all functions. General government functions accounted for \$34,331 of this variance, parks and recreation for \$9,592, and welfare and social services for \$50,481. A reduction in fees charged for consultation services resulted in the largest variance for contractual expenditures.
- Education, training, and travel also had a positive variance of \$70,292.

Overall, the fund balance increased by \$1,354,759, or \$743,400 more than budgeted. The ending fund balance represents 32.2% of General Fund expenditures and transfers out.

CITY OF HOLLAND, MICHIGAN

Management's Discussion and Analysis

Capital Asset and Debt Administration

Capital Assets. The City's capital assets for its governmental and business-type activities as of June 30, 2022 amounted to \$597,050,441 (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 0.7% increase for governmental activities and a 3.9% increase for business-type activities.

	Capital Assets (Net of Depreciation)					
	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 16,507,356	\$ 16,507,356	\$ 29,931,094	\$ 29,931,094	\$ 46,438,450	\$ 46,438,450
Construction in progress	2,672,592	3,914,173	37,517,156	15,081,483	40,189,748	18,995,656
Buildings, equipment and infrastructure, net	132,061,288	129,830,131	378,360,955	383,956,421	510,422,243	513,786,552
Total capital assets, net	\$ 151,241,236	\$ 150,251,660	\$ 445,809,205	\$ 428,968,998	\$ 597,050,441	\$ 579,220,658

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

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

Long-term Debt

	Long-term Debt					
	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Bonds payable	\$ 40,587,210	\$ 46,698,210	\$ 49,919,770	\$ 53,174,507	\$ 90,506,980	\$ 99,872,717
Installment sales agreement	-	-	7,030,000	7,467,500	7,030,000	7,467,500
Notes payable	3,169,406	1,715,098	-	-	3,169,406	1,715,098
Unamortized premium on bonds payable	185,410	235,540	1,247,685	-	1,433,095	235,540
Landfill liability	-	-	649,880	687,301	649,880	687,301
Compensated absences	1,947,228	1,957,481	1,384,668	1,427,332	3,331,896	3,384,813
Total long-term debt	\$ 45,889,254	\$ 50,606,329	\$ 60,232,003	\$ 62,756,640	\$ 106,121,257	\$ 113,362,969

The decrease in the governmental activities and business-type long-term debt was the result of expected principal payments, offset in part by the issuance of long-term debt during the year ended June 30, 2022.

CITY OF HOLLAND, MICHIGAN

Management's Discussion and Analysis

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

State statutes limit the amount of general obligation debt a governmental entity may issue to 10% of the State Equalized Value. The current debt limitation for the City is \$132,656,169.

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 FY 2022 budget emphasized continued caution and long-term investment. The City's history of conservative management of finances and commitment to long term planning continued to help guide the response to the pandemic. During FY 2022, many operations and events that were modified or cancelled due to the pandemic were reopening. The property tax base remained strong with the total assessment roll increasing 5.49% for 2022. Supply chain issues and rising inflation began to present challenges in the last half of the fiscal year and the City continued to take steps to monitor any impacts from actuarial assumption changes and investment returns on the closed defined benefit plan unfunded liability.

The City was awarded \$8.5 million in State and Local Fiscal Recovery Funds (SLFRF), a part of the American Rescue Plan Act. The City designated a portion of the funding to be used for three additional fire fighters and other personnel costs in the FY 2023 budget and designated another \$4.2 million for the City's broadband initiative. The remaining amount is reserved as the City assesses the lingering impacts of the pandemic and related supply chain challenges on City budgets.

The City has seen strong interest in economic development projects in the City and continues work on the Waterfront Holland project. Recent investments in both commercial/industrial and housing total more than \$2 billion and include the recently announced LG Energy Solutions in the Waverly Road area. In addition, voters approved a bond issuance for a city-wide broadband initiative in August 2022 and work has begun on the design phase of the project.

The Electric Utility anticipates spending \$10 million on a new electric distribution substation to accommodate industrial customer growth, including the LG Energy Solution expansion. In August 2022 City of Holland voters approved a millage to provide up to \$30 million to expand the high-speed broadband system throughout the City, which is part of the electric utility for reporting purposes. Construction of a \$33.7 million anaerobic digester began in FY2021 and is expected to be complete by mid FY 2024, spending through the end of FY 2022 was \$19.9 million.

As in prior budgets, the goal of the FY 2023 budget is to provide the citizens of the City with the best possible programs and services while building a foundation for long-term financial health. The City remains cautiously optimistic about future growth and the budget reflects the City Council's strategic goals as outlined in the City of Holland Strategic and Business Plan.

Requests for Information

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

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BASIC FINANCIAL STATEMENTS

CITY OF HOLLAND, MICHIGAN

Statement of Net Position

June 30, 2022

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and pooled investments	\$ 45,960,618	\$ 36,881,394	\$ 82,842,012	\$ 3,389,509
Investments	-	58,941,867	58,941,867	407,778
Beneficial interest in assets held by others	2,066,302	-	2,066,302	110,208
Receivables, net	3,929,484	30,862,838	34,792,322	89,862
Internal balances	(2,234,709)	2,234,709	-	-
Inventory	738,748	7,151,586	7,890,334	5,064
Prepaid items	162,185	3,279,193	3,441,378	7,536
Restricted assets:				
Cash and pooled investments	-	7,653,998	7,653,998	-
Investments	-	15,953,963	15,953,963	-
Accrued interest	-	17,245	17,245	-
Regulatory cost for future recovery	-	534,643	534,643	-
Capital assets:				
Land	16,507,356	29,931,094	46,438,450	20,000
Construction in progress	2,672,592	37,517,156	40,189,748	-
Being depreciated, net of depreciation	132,061,288	378,360,955	510,422,243	928,847
Total assets	201,863,864	609,320,641	811,184,505	4,958,804
Deferred outflows of resources				
Deferred pension amounts	3,342,480	616,014	3,958,494	-
Deferred other postemployment benefit amounts	567,073	16,149	583,222	-
Total deferred outflows of resources	3,909,553	632,163	4,541,716	-
Liabilities				
Payables	2,744,797	22,143,084	24,887,881	141,558
Unearned revenue	8,718,692	-	8,718,692	11,229
Deposits	14,415	1,158,222	1,172,637	-
Lines of credit	-	-	-	105,000
Long-term debt:				
Due within one year	4,861,481	3,716,527	8,578,008	-
Due in more than one year from restricted assets	-	2,490,000	2,490,000	-
Due in more than one year	41,027,773	54,025,476	95,053,249	-
Net pension liability (due in more than one year)	3,526,241	2,267,240	5,793,481	-
Net other postemployment benefit liability (due in more than one year)	3,247,070	212,818	3,459,888	-
Total liabilities	64,140,469	86,013,367	150,153,836	257,787
Deferred inflows of resources				
Deferred charge on bond refunding	-	196,642	196,642	-
Regulatory credits	-	21,007,198	21,007,198	-
Deferred pension amounts	6,619,992	4,480,260	11,100,252	-
Deferred other postemployment benefit amounts	2,627,476	553,361	3,180,837	-
Total deferred inflows of resources	9,247,468	26,237,461	35,484,929	-
Net position				
Net investment in capital assets	129,246,420	394,720,658	523,967,078	948,847
Restricted:				
Cemetery maintenance	71,435	-	71,435	-
Debt service	502,095	739,500	1,241,595	-
Street construction and maintenance	4,148,181	-	4,148,181	-
Grant programs	71,492	-	71,492	-
Capital projects and by agreement	1,796,700	10,192,210	11,988,910	449,117
Cemetery endowment corpus (nonexpendable)	2,237,802	-	2,237,802	-
Unrestricted (deficit)	(5,688,645)	92,049,608	86,360,963	3,303,053
Total net position	\$ 132,385,480	\$ 497,701,976	\$ 630,087,456	\$ 4,701,017

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

CITY OF HOLLAND, MICHIGAN

Statement of Activities

For the Year Ended June 30, 2022

Functions / Programs	Expenses	Program Revenues			Net (Expenses) Revenues
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government					
Governmental activities:					
General government	\$ 5,687,293	\$ 1,559,285	\$ 85,710	\$ 5,455,524	\$ 1,413,226
Public safety	13,045,393	1,998,409	617,715	-	(10,429,269)
Public works	15,557,452	1,046,374	6,146,649	788,686	(7,575,743)
Welfare and social services	1,099,101	99,781	933,110	271,072	204,862
Parks and recreation	4,060,045	724,305	91,438	-	(3,244,302)
Interest on long-term debt	1,593,768	-	-	-	(1,593,768)
Total governmental activities	41,043,052	5,428,154	7,874,622	6,515,282	(21,224,994)
Business-type activities:					
Electric utility	83,439,530	99,596,066	(1,078,597)	-	15,077,939
Wastewater utility	12,545,127	13,403,130	(67,426)	1,281,662	2,072,239
Water utility	8,677,612	12,468,325	(86,707)	201,012	3,905,018
Refuse and recycling pickup	2,493,137	2,437,671	(14,819)	-	(70,285)
Windmill Island	1,019,900	1,716,806	14,377	2,894	714,177
Airport facilities and management system	426,996	-	-	-	(426,996)
Other enterprise activities	631,895	9,402	(127)	-	(622,620)
Total business-type activities	109,234,197	129,631,400	(1,233,299)	1,485,568	20,649,472
Total primary government	\$ 150,277,249	\$ 135,059,554	\$ 6,641,323	\$ 8,000,850	\$ (575,522)
Component units					
Downtown Development Authority	\$ 287,808	\$ 18,345	\$ 13,720	\$ -	\$ (255,743)
Holland Historical Trust	895,105	101,720	631,135	-	(162,250)
Brownfield Redevelopment Authority	1,314,625	-	(47,414)	-	(1,362,039)
SmartZone	147,836	-	332,033	-	184,197
Total component units	\$ 2,645,374	\$ 120,065	\$ 929,474	\$ -	\$ (1,595,835)

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CITY OF HOLLAND, MICHIGAN

Statement of Activities

For the Year Ended June 30, 2022

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Change in net position				
Net revenues (expenses)	\$ (21,224,994)	\$ 20,649,472	\$ (575,522)	\$ (1,595,835)
General revenues:				
Property taxes	17,750,575	115,397	17,865,972	2,491,018
State shared revenues	4,138,420	-	4,138,420	-
Grants and contributions not restricted to specific programs	3,160,308	-	3,160,308	4,629
Unrestricted investment earnings (loss)	(648,361)	-	(648,361)	-
Gain on sale of capital assets	21,899	-	21,899	-
Transfers	7,996,520	(7,996,520)	-	-
Total general revenues and transfers	32,419,361	(7,881,123)	24,538,238	2,495,647
Change in net position	11,194,367	12,768,349	23,962,716	899,812
Net position, beginning of year, as restated	121,191,113	484,933,627	606,124,740	3,801,205
Net position, end of year	<u>\$ 132,385,480</u>	<u>\$ 497,701,976</u>	<u>\$ 630,087,456</u>	<u>\$ 4,701,017</u>

concluded

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

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CITY OF HOLLAND, MICHIGAN

Balance Sheet

Governmental Funds

June 30, 2022

	General Fund	American Rescue Plan Act Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and pooled investments	\$ 9,053,012	\$ 8,453,519	\$ 17,422,992	\$ 34,929,523
Beneficial interest in assets held by others	-	-	2,066,302	2,066,302
Receivables:				
Accounts	107,209	-	385,330	492,539
Taxes and special assessments	282	-	366,316	366,598
Interest	57,078	-	-	57,078
Notes	-	-	1,081,192	1,081,192
Due from other governmental units	740,369	-	968,907	1,709,276
Due from other funds	116	-	371,957	372,073
Prepaid items	7,834	-	11,702	19,536
Total assets	\$ 9,965,900	\$ 8,453,519	\$ 22,674,698	\$ 41,094,117
Liabilities				
Accounts payable	\$ 459,731	\$ -	\$ 788,708	\$ 1,248,439
Accrued payroll and benefits	532,794	-	56,250	589,044
Due to other governmental units	255,684	-	-	255,684
Due to other funds	151,123	-	2,415,847	2,566,970
Deposits	14,415	-	-	14,415
Unearned revenue	151,248	8,453,519	113,925	8,718,692
Total liabilities	1,564,995	8,453,519	3,374,730	13,393,244
Deferred inflows of resources				
Unavailable revenue:				
Special assessments receivable	-	-	366,216	366,216
Fund balances				
Nonspendable	7,834	-	2,249,504	2,257,338
Restricted	-	-	6,510,869	6,510,869
Committed	-	-	10,173,379	10,173,379
Unassigned	8,393,071	-	-	8,393,071
Total fund balances	8,400,905	-	18,933,752	27,334,657
Total liabilities, deferred inflows of resources and fund balances	\$ 9,965,900	\$ 8,453,519	\$ 22,674,698	\$ 41,094,117

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

CITY OF HOLLAND, MICHIGAN

Reconciliation

Fund Balances of Governmental Funds
to Net Position of Governmental Activities
June 30, 2022

Fund balances - total governmental funds \$ 27,334,657

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

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

Land	16,507,356
Construction in progress	2,672,592
Capital assets being depreciated, net	132,061,288
Less capital assets accounted for in the internal service funds	(6,513,250)

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	16,308,757
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The focus of governmental funds is on short-term financing. Accordingly, some assets will not be available to pay for current-period expenditures. Those assets (such as certain receivables) are offset by deferred inflows of resources in the governmental funds, and thus are not included in fund balance.

Deferred inflows from special assessments receivable	366,216
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Certain liabilities, such as bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

Bonds and notes payable	(43,756,616)
Unamortized premium on bonds payable	(185,410)
Accrued interest on bonds payable	(298,884)

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	(3,526,241)
Deferred outflows related to the net pension liability	3,342,480
Deferred inflows related to the net pension liability	(6,619,992)
Net other postemployment benefit liability	(3,247,070)
Deferred outflows related to the total other postemployment benefit liability	567,073
Deferred inflows related to the total other postemployment benefit liability	(2,627,476)

Net position of governmental activities \$ 132,385,480

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, 2022

	General Fund	American Rescue Plan Act Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Taxes	\$ 11,406,455	\$ -	\$ 6,344,120	\$ 17,750,575
Special assessments	-	-	911,305	911,305
Licenses and permits	1,375,622	-	-	1,375,622
Intergovernmental	6,495,140	-	8,629,394	15,124,534
Charges for services	1,844,996	-	256,948	2,101,944
Fines and fees	164,325	-	447,201	611,526
Contributions from private sector	-	-	5,813,773	5,813,773
Interest and rents	(1,003)	-	(428,742)	(429,745)
Miscellaneous	97,244	-	624,409	721,653
Total revenues	21,382,779	-	22,598,408	43,981,187
Expenditures				
Current:				
General government	4,106,733	-	441,177	4,547,910
Public safety	14,205,338	-	277,152	14,482,490
Public works	1,374,276	-	6,535,952	7,910,228
Welfare and social services	639,134	-	470,720	1,109,854
Parks and recreation	3,911,720	-	262,436	4,174,156
Other	770,083	-	-	770,083
Debt service:				
Principal retirement	18,000	-	4,638,692	4,656,692
Interest and fiscal charges	-	-	1,586,270	1,586,270
Bond issuance cost	-	-	33,156	33,156
Capital outlay	-	-	8,094,070	8,094,070
Total expenditures	25,025,284	-	22,339,625	47,364,909
Revenues over (under) expenditures	(3,642,505)	-	258,783	(3,383,722)
Other financing sources (uses)				
Issuance of refunding bonds	-	-	1,955,000	1,955,000
Payments to refunded bond escrow agent	-	-	(1,993,004)	(1,993,004)
Transfers in	6,063,670	-	7,217,542	13,281,212
Transfers out	(1,066,406)	-	(4,318,286)	(5,384,692)
Total other financing sources (uses)	4,997,264	-	2,861,252	7,858,516
Net changes in fund balances	1,354,759	-	3,120,035	4,474,794
Fund balances, beginning of year	7,046,146	-	15,813,717	22,859,863
Fund balances, end of year	\$ 8,400,905	\$ -	\$ 18,933,752	\$ 27,334,657

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, 2022

Net changes in fund balances - total governmental funds \$ 4,474,794

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	8,759,638
Depreciation expense	(7,297,253)
Loss on disposal of capital assets	(11,823)

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	4,656,692
Issuance of refunding bonds	(1,955,000)
Payments to refunded bond escrow agent	1,993,004

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	348,890
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, but rather are deferred to the following fiscal year.

Net change in special assessments receivable	(58,959)
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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	(12,965)
Amortization of premium on long-term debt	12,126
Change in accrued interest on bonds payable	26,497
Change in the net pension liability and related deferred amounts	263,190
Change in the net other postemployment benefit liability and related deferred amounts	(4,464)

Change in net position of governmental activities \$ 11,194,367

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, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ 11,372,225	\$ 11,402,400	\$ 11,406,455	\$ 4,055
Licenses and permits	898,400	1,390,750	1,375,622	(15,128)
Intergovernmental	5,622,600	6,289,500	6,495,140	205,640
Charges for services	1,770,407	1,818,637	1,844,996	26,359
Fines and fees	150,950	135,800	164,325	28,525
Interest and rents	421,000	414,000	(1,003)	(415,003)
Miscellaneous	44,160	71,083	97,244	26,161
Total revenues	<u>20,279,742</u>	<u>21,522,170</u>	<u>21,382,779</u>	<u>(139,391)</u>
Expenditures				
Current:				
General government	4,378,627	4,246,996	4,106,733	(140,263)
Public safety	14,006,695	14,329,410	14,205,338	(124,072)
Public works	1,602,029	1,449,465	1,374,276	(75,189)
Welfare and social services	957,817	800,232	639,134	(161,098)
Parks and recreation	3,991,783	4,132,691	3,911,720	(220,971)
Other	725,168	842,973	770,083	(72,890)
Debt service:				
Principal retirement	18,000	18,000	18,000	-
Total expenditures	<u>25,680,119</u>	<u>25,819,767</u>	<u>25,025,284</u>	<u>(794,483)</u>
Revenues over (under) expenditures	<u>(5,400,377)</u>	<u>(4,297,597)</u>	<u>(3,642,505)</u>	<u>655,092</u>
Other financing sources (uses)				
Transfers in	6,101,500	6,076,000	6,063,670	(12,330)
Transfers out	(932,207)	(1,167,044)	(1,066,406)	(100,638)
Total other financing sources (uses)	<u>5,169,293</u>	<u>4,908,956</u>	<u>4,997,264</u>	<u>(88,308)</u>
Net changes in fund balance	<u>(231,084)</u>	<u>611,359</u>	<u>1,354,759</u>	<u>743,400</u>
Fund balance, beginning of year	<u>7,046,146</u>	<u>7,046,146</u>	<u>7,046,146</u>	<u>-</u>
Fund balance, end of year	<u>\$ 6,815,062</u>	<u>\$ 7,657,505</u>	<u>\$ 8,400,905</u>	<u>\$ 743,400</u>

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

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CITY OF HOLLAND, MICHIGAN

Statement of Net Position

Proprietary Funds

June 30, 2022

	Business-type Activities - Enterprise Funds		
	Electric Utility	Wastewater Utility	Water Utility
Assets			
Current assets:			
Cash and pooled investments	\$ 19,332,451	\$ 8,485,995	\$ 6,240,473
Investments	32,688,425	3,643,024	4,838,683
Receivables:			
Accounts	14,921,503	1,957,678	2,285,345
Taxes and special assessments	-	26,957	22,898
Interest	80,700	6,896	-
Due from other funds	1,082,395	3,355	1,225,776
Inventories	6,581,080	16,045	554,461
Prepaid items	3,170,880	57,403	49,960
Total current assets	<u>77,857,434</u>	<u>14,197,353</u>	<u>15,217,596</u>
Noncurrent assets:			
Restricted assets:			
Cash and pooled investments	-	4,608,296	3,045,702
Investments	5,823,914	-	10,130,049
Accrued interest	-	-	17,245
Long-term investments	15,047,696	1,205,159	1,518,880
Due from local units	-	9,291,149	1,900,097
Regulatory cost for future recovery	534,643	-	-
Capital assets:			
Land	21,047,820	260,673	2,178,242
Construction in progress	5,012,676	20,332,476	12,172,004
Machinery and equipment	490,672,093	115,424,326	87,167,016
Accumulated depreciation	(227,769,756)	(54,795,416)	(36,556,568)
Total noncurrent assets	<u>310,369,086</u>	<u>96,326,663</u>	<u>81,572,667</u>
Total assets	<u>388,226,520</u>	<u>110,524,016</u>	<u>96,790,263</u>
Deferred outflows of resources			
Deferred pension amounts	406,571	117,042	92,401
Deferred OPEB amounts	11,453	2,655	2,041
Total deferred outflows of resources	<u>418,024</u>	<u>119,697</u>	<u>94,442</u>

Business-type Activities - Enterprise Funds		Governmental Activities
Nonmajor Enterprise Funds	Total	Internal Service Funds
\$ 2,822,475	\$ 36,881,394	\$ 11,031,095
-	41,170,132	-
369,602	19,534,128	222,801
13	49,868	-
-	87,596	-
211,704	2,523,230	23,572
-	7,151,586	738,748
950	3,279,193	142,649
<u>3,404,744</u>	<u>110,677,127</u>	<u>12,158,865</u>
-	7,653,998	-
-	15,953,963	-
-	17,245	-
-	17,771,735	-
-	11,191,246	-
-	534,643	-
6,444,359	29,931,094	-
-	37,517,156	134,332
20,646,704	713,910,139	15,826,017
(16,427,444)	(335,549,184)	(9,447,099)
<u>10,663,619</u>	<u>498,932,035</u>	<u>6,513,250</u>
<u>14,068,363</u>	<u>609,609,162</u>	<u>18,672,115</u>
-	616,014	-
-	16,149	-
-	632,163	-

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CITY OF HOLLAND, MICHIGAN

Statement of Net Position

Proprietary Funds

June 30, 2022

	Business-type Activities - Enterprise Funds		
	Electric Utility	Wastewater Utility	Water Utility
Liabilities			
Current liabilities:			
Accounts payable	\$ 8,447,259	\$ 4,813,969	\$ 7,610,543
Claims payable	-	-	-
Accrued payroll and benefits	411,801	118,436	101,931
Accrued interest payable	10,643	52,732	168,148
Due to other funds	265,988	2,886	14,597
Deposits	1,098,929	110	19,370
Current portion of long-term debt	2,016,367	881,004	776,488
Total current liabilities	<u>12,250,987</u>	<u>5,869,137</u>	<u>8,691,077</u>
Noncurrent liabilities:			
Long-term debt payable from restricted assets	-	-	2,490,000
Long-term debt, net of current portion	16,461,944	17,406,993	20,156,539
Net pension liability	1,496,380	430,774	340,086
Net other postemployment benefit liability	150,931	34,987	26,900
Total noncurrent liabilities	<u>18,109,255</u>	<u>17,872,754</u>	<u>23,013,525</u>
Total liabilities	<u>30,360,242</u>	<u>23,741,891</u>	<u>31,704,602</u>
Deferred inflows of resources			
Deferred charge on refunding	196,642	-	-
Regulatory credits	-	20,559,081	448,117
Deferred pension amounts	2,956,972	851,249	672,039
Deferred other postemployment benefit amounts	392,443	90,973	69,945
Total deferred inflows of resources	<u>3,546,057</u>	<u>21,501,303</u>	<u>1,190,101</u>
Net position			
Net investment in capital assets	275,735,722	59,715,154	48,606,163
Restricted for:			
Debt service	-	240,000	499,500
Capital projects and by agreement	5,823,914	4,368,296	-
Unrestricted	73,178,609	1,077,069	14,884,339
Total net position	<u>\$ 354,738,245</u>	<u>\$ 65,400,519</u>	<u>\$ 63,990,002</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
\$ 376,639	\$ 21,248,410	\$ 194,656
-	-	118,878
30,983	663,151	39,212
-	231,523	-
5,050	288,521	63,384
39,813	1,158,222	-
42,668	3,716,527	1,519,000
<u>495,153</u>	<u>27,306,354</u>	<u>1,935,130</u>
-	2,490,000	-
-	54,025,476	428,228
-	2,267,240	-
-	212,818	-
<u>-</u>	<u>58,995,534</u>	<u>428,228</u>
<u>495,153</u>	<u>86,301,888</u>	<u>2,363,358</u>
-	196,642	-
-	21,007,198	-
-	4,480,260	-
<u>-</u>	<u>553,361</u>	<u>-</u>
<u>-</u>	<u>26,237,461</u>	<u>-</u>
10,663,619	394,720,658	6,513,250
-	739,500	-
-	10,192,210	-
<u>2,909,591</u>	<u>92,049,608</u>	<u>9,795,507</u>
<u>\$ 13,573,210</u>	<u>\$ 497,701,976</u>	<u>\$ 16,308,757</u>

concluded

CITY OF HOLLAND, MICHIGAN

Statement of Revenues, Expenses and Change in Fund Net Position

Proprietary Funds

For the Year Ended June 30, 2022

	Business-type Activities - Enterprise Funds		
	Electric Utility	Wastewater Utility	Water Utility
Operating revenues			
Usage fees and charges for services	\$ 99,596,066	\$ 13,403,130	\$ 12,468,325
Premiums	-	-	-
Admissions and fares	-	-	-
Rentals	-	-	-
Miscellaneous	-	-	-
Total operating revenues	<u>99,596,066</u>	<u>13,403,130</u>	<u>12,468,325</u>
Operating expenses			
Personnel services	9,044,529	2,553,238	2,312,020
Other current expenses	60,877,880	6,844,729	3,465,652
Depreciation and amortization	13,467,474	2,912,406	2,226,964
Total operating expenses	<u>83,389,883</u>	<u>12,310,373</u>	<u>8,004,636</u>
Operating income (loss)	<u>16,206,183</u>	<u>1,092,757</u>	<u>4,463,689</u>
Nonoperating revenues (expenses)			
Property taxes	-	-	-
Other private donations	-	-	-
Investment loss	(1,246,319)	(67,426)	(69,047)
Interest expense	(69,278)	(250,959)	(477,819)
Other income (expense), net	167,722	-	(17,660)
Insurance recovery	-	-	-
Gain (loss) on sale of capital assets	19,631	16,205	(195,157)
Total nonoperating revenues (expenses)	<u>(1,128,244)</u>	<u>(302,180)</u>	<u>(759,683)</u>
Income (loss) before contributions and transfers	<u>15,077,939</u>	<u>790,577</u>	<u>3,704,006</u>
Contributions and transfers			
Capital contributions	-	493,094	201,012
Contributions from other local units	-	7,337,801	-
Regulatory credits	-	(7,251,015)	-
Federal and/or state capital grants	-	701,782	-
Transfers in	-	-	-
Transfers out	(8,595,384)	-	-
Net contributions and transfers	<u>(8,595,384)</u>	<u>1,281,662</u>	<u>201,012</u>
Change in net position	<u>6,482,555</u>	<u>2,072,239</u>	<u>3,905,018</u>
Net position, beginning of year, as restated	<u>348,255,690</u>	<u>63,328,280</u>	<u>60,084,984</u>
Net position, end of year	<u>\$ 354,738,245</u>	<u>\$ 65,400,519</u>	<u>\$ 63,990,002</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
\$ 2,583,093	\$ 128,050,614	\$ 3,664,061
-	-	6,336,924
1,526,510	1,526,510	-
54,276	54,276	2,440,966
-	-	7,232
<u>4,163,879</u>	<u>129,631,400</u>	<u>12,449,183</u>
703,218	14,613,005	2,635,111
3,377,218	74,565,479	9,031,602
490,942	19,097,786	852,251
<u>4,571,378</u>	<u>108,276,270</u>	<u>12,518,964</u>
<u>(407,499)</u>	<u>21,355,130</u>	<u>(69,781)</u>
115,397	115,397	-
49,003	49,003	-
(49,572)	(1,432,364)	(144,770)
-	(798,056)	-
-	150,062	-
-	-	441,542
<u>(550)</u>	<u>(159,871)</u>	<u>21,899</u>
<u>114,278</u>	<u>(2,075,829)</u>	<u>318,671</u>
<u>(293,221)</u>	<u>19,279,301</u>	<u>248,890</u>
2,894	697,000	-
-	7,337,801	-
-	(7,251,015)	-
-	701,782	-
598,864	598,864	113,680
-	(8,595,384)	(13,680)
<u>601,758</u>	<u>(6,510,952)</u>	<u>100,000</u>
308,537	12,768,349	348,890
<u>13,264,673</u>	<u>484,933,627</u>	<u>15,959,867</u>
<u>\$ 13,573,210</u>	<u>\$ 497,701,976</u>	<u>\$ 16,308,757</u>

CITY OF HOLLAND, MICHIGAN

Statement of Cash Flows

Proprietary Funds

For the Year Ended June 30, 2022

	Business-type Activities - Enterprise Funds		
	Electric Utility	Wastewater Utility	Water Utility
Cash flows from operating activities			
Receipts from customers and users	\$ 98,637,740	\$ 13,124,329	\$ 11,288,164
Receipts from interfund services provided	-	-	-
Payments to suppliers	(60,526,416)	(8,646,320)	(4,344,874)
Payments to employees	(8,483,529)	(2,378,971)	(2,174,228)
Net cash provided by operating activities	<u>29,627,795</u>	<u>2,099,038</u>	<u>4,769,062</u>
Cash flows from noncapital financing activities			
Property taxes	-	-	-
Private donations	-	-	-
Insurance refunds	-	-	-
Other income (expense)	167,722	-	(17,660)
Intergovernmental receipts	-	-	-
Intragovernmental receipts	-	-	-
Intragovernmental payments	(8,595,384)	-	-
Principal paid on pension bonds	(929,939)	(267,710)	(211,350)
Interest paid on pension bonds	(163,468)	(47,059)	(37,152)
Net cash provided by (used in) noncapital financing activities	<u>(9,521,069)</u>	<u>(314,769)</u>	<u>(266,162)</u>
Cash flows from capital and related financing activities			
Principal paid on capital related debt	(20,000,000)	(437,500)	(2,795,000)
Interest paid on capital related debt	(115,178)	(191,170)	(347,584)
Proceeds from Clean Water State Revolving Fund bonds	-	5,614,262	-
Issuance of capital related debt	-	-	15,335,000
Premium on issuance of bonds	-	-	1,282,287
Capital grant - Clean Water State Revolving Fund	-	701,782	-
Capital contributions	-	1,920,269	381,012
Proceeds from sale of capital assets	68,167	-	-
Regulatory cost for future recovery	(541,084)	-	-
Purchase/construction of capital assets	(7,308,593)	(11,179,640)	(6,643,729)
Net cash provided by (used in) capital and related financing activities	<u>(27,896,688)</u>	<u>(3,571,997)</u>	<u>7,211,986</u>
Cash flows from investing activities			
Proceeds from sales of investments	49,843,042	4,925,075	6,458,393
Purchase of investments	(54,862,746)	(5,032,297)	(16,690,928)
Investment income (loss)	350,953	21,827	39,791
Net cash used in investing activities	<u>(4,668,751)</u>	<u>(85,395)</u>	<u>(10,192,744)</u>
Net increase (decrease) in cash and pooled investments	<u>(2,927,912)</u>	<u>(957,728)</u>	<u>1,522,142</u>
Cash and pooled investments, beginning of year	<u>31,791,164</u>	<u>14,967,414</u>	<u>7,764,033</u>
Cash and pooled investments, end of year	<u>\$ 19,332,451</u>	<u>\$ 13,094,291</u>	<u>\$ 9,286,175</u>

Business-type Activities - Enterprise Funds		Governmental Activities
Nonmajor Enterprise Funds	Total	Internal Service Funds
\$ 4,264,675	\$ 127,314,908	\$ -
-	-	10,980,500
(3,287,267)	(76,804,877)	(9,399,930)
(694,752)	(13,731,480)	(1,187,568)
<u>282,656</u>	<u>36,778,551</u>	<u>393,002</u>
115,390	115,390	-
49,003	49,003	-
-	-	441,542
-	150,062	-
241,989	241,989	-
583,147	583,147	113,680
(39,727)	(8,635,111)	(13,680)
-	(1,408,999)	-
-	(247,679)	-
<u>949,802</u>	<u>(9,152,198)</u>	<u>541,542</u>
-	(23,232,500)	-
-	(653,932)	-
-	5,614,262	-
-	15,335,000	-
-	1,282,287	-
-	701,782	-
2,894	2,304,175	-
-	68,167	48,192
-	(541,084)	-
(49,221)	(25,181,183)	(417,558)
<u>(46,327)</u>	<u>(24,303,026)</u>	<u>(369,366)</u>
-	61,226,510	-
-	(76,585,971)	-
(49,572)	362,999	(144,768)
<u>(49,572)</u>	<u>(14,996,462)</u>	<u>(144,768)</u>
1,136,559	(11,673,135)	420,410
<u>1,685,916</u>	<u>56,208,527</u>	<u>10,610,685</u>
<u>\$ 2,822,475</u>	<u>\$ 44,535,392</u>	<u>\$ 11,031,095</u>

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CITY OF HOLLAND, MICHIGAN

Statement of Cash Flows

Proprietary Funds

For the Year Ended June 30, 2022

	Business-type Activities - Enterprise Funds		
	Electric Utility	Wastewater Utility	Water Utility
Classified on the statement of net position as			
Cash and pooled investments	\$ 19,332,451	\$ 8,485,995	\$ 6,240,473
Restricted cash and pooled investments	-	4,608,296	3,045,702
	<u>\$ 19,332,451</u>	<u>\$ 13,094,291</u>	<u>\$ 9,286,175</u>
Cash flows from operating activities			
Operating income (loss)	\$ 16,206,183	\$ 1,092,757	\$ 4,463,689
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation and amortization	13,461,033	2,912,406	2,226,964
Amortization of regulatory credits	6,441	-	-
Change in:			
Accounts receivable	(1,113,158)	(279,355)	(152,659)
Due from other funds	98,006	474	(1,175,260)
Inventories	(1,554,600)	(6,284)	(147,652)
Prepaid items	(123,115)	(26,854)	(31,511)
Due from the City of Wyoming	-	-	148,438
Accounts payable	2,045,783	(1,768,798)	329,917
Claims payable	-	-	-
Accrued payroll and benefits	63,428	8,339	18,123
Due to other funds	20,817	345	(1,029,976)
Unearned revenue	-	-	-
Accrued compensated absences	(40,967)	5,724	(8,516)
Deposits	56,826	80	(680)
Landfill postclosure liability	(37,421)	-	-
Net pension liability	(1,146,245)	(329,980)	(260,510)
Deferred outflows of resources related to the net pension liability	380,672	109,587	86,516
Deferred inflows of resources related to the net pension liability	1,402,419	403,726	318,732
Net other postemployment benefit liability	(40,479)	(9,488)	(6,921)
Deferred outflows of resources related to the total other postemployment benefit liability	(11,453)	(2,655)	(2,041)
Deferred inflows of resources related to the total other postemployment benefit liability	(46,375)	(10,986)	(7,591)
Net cash provided by operating activities	<u>\$ 29,627,795</u>	<u>\$ 2,099,038</u>	<u>\$ 4,769,062</u>

Non cash-transaction:

The City had purchases/construction of property, plant and equipment through accounts payable for the fiscal year ended June 30, 2022 of \$270,469 for the electric fund, \$4,528,536 for the wastewater fund, and \$6,661,732 for the water fund.

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
\$ 2,822,475	\$ 36,881,394	\$ 11,031,095
-	7,653,998	-
<u>\$ 2,822,475</u>	<u>\$ 44,535,392</u>	<u>\$ 11,031,095</u>
\$ (407,499)	\$ 21,355,130	\$ (69,781)
490,942	19,091,345	852,251
-	6,441	-
93,383	(1,451,789)	(19,056)
-	(1,076,780)	(14,390)
-	(1,708,536)	(153,573)
(950)	(182,430)	(85,324)
-	148,438	-
90,352	697,254	(14,965)
-	-	(114,466)
7,920	97,810	7,644
-	(1,008,814)	14,915
7,413	7,413	-
1,095	(42,664)	(10,253)
-	56,226	-
-	(37,421)	-
-	(1,736,735)	-
-	576,775	-
-	2,124,877	-
-	(56,888)	-
-	(16,149)	-
-	(64,952)	-
<u>\$ 282,656</u>	<u>\$ 36,778,551</u>	<u>\$ 393,002</u>

concluded

CITY OF HOLLAND, MICHIGAN

Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2022

	OPEB Trust Fund	Custodial Fund
Assets		
Cash and pooled investments	\$ -	\$ 1,280,803
MERS total market portfolio	384,195	-
Total assets	<u>384,195</u>	<u>1,280,803</u>
Liabilities		
Undistributed receipts	-	2,581
Net position restricted for		
Other postemployment benefits	384,195	-
Other government units	-	1,278,222
Total restricted net position	<u>\$ 384,195</u>	<u>\$ 1,278,222</u>

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

CITY OF HOLLAND, MICHIGAN

Statement of Change in Fiduciary Fund Net Position

Fiduciary Funds

For the Year Ended June 30, 2022

	OPEB Trust Fund	Custodial Fund
Additions		
Employer contributions	\$ 119,881	\$ -
Investment loss	(37,000)	-
Contributions/benefit from general operating funds	32,937	-
Airport collections	-	785,058
Registration fees collected	-	6,396
Property tax collected	-	43,510,222
	<hr/>	<hr/>
Total additions	115,818	44,301,676
	<hr/>	<hr/>
Deductions		
Benefit payments, including refunds of employee contributions	32,937	-
Administrative expenses	654	-
Airport distributions	-	649,592
Registration fees distributed	-	6,396
Property tax distributed	-	43,510,222
	<hr/>	<hr/>
Total deductions	33,591	44,166,210
	<hr/>	<hr/>
Change in net position	82,227	135,466
	<hr/>	<hr/>
Net position, beginning of year	301,968	1,142,756
	<hr/>	<hr/>
Net position, end of year	\$ 384,195	\$ 1,278,222
	<hr/> <hr/>	<hr/> <hr/>

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

CITY OF HOLLAND, MICHIGAN

Combining Statement of Net Position

Discretely Presented Component Units

June 30, 2022

	Downtown Development Authority	Holland Historical Trust	Brownfield Redevelopment Authority	SmartZone	Total
Assets					
Cash and pooled investments	\$ 294,530	\$ 27,567	\$ 2,514,098	\$ 553,314	\$ 3,389,509
Investments	-	407,778	-	-	407,778
Beneficial interest in assets held by others	-	110,208	-	-	110,208
Receivables, net	8,002	81,860	-	-	89,862
Inventory	-	5,064	-	-	5,064
Prepaid items	200	7,336	-	-	7,536
Capital assets:					
Land	-	20,000	-	-	20,000
Being depreciated, net of depreciation	107,315	821,532	-	-	928,847
Total assets	410,047	1,481,345	2,514,098	553,314	4,958,804
Liabilities					
Accounts payable	4,949	15,250	-	49,324	69,523
Accrued payroll and benefits	2,500	30,323	-	-	32,823
Due to other governmental units	-	-	39,212	-	39,212
Unearned revenue	-	11,229	-	-	11,229
Lines of credit	-	105,000	-	-	105,000
Total liabilities	7,449	161,802	39,212	49,324	257,787
Net position					
Investment in capital assets	107,315	841,532	-	-	948,847
Restricted	-	449,117	-	-	449,117
Unrestricted	295,283	28,894	2,474,886	503,990	3,303,053
Total net position	\$ 402,598	\$ 1,319,543	\$ 2,474,886	\$ 503,990	\$ 4,701,017

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, 2022

	Downtown Development Authority	Holland Historical Trust	Brownfield Redevelopment Authority	SmartZone	Total
Expenses					
Downtown Development Authority	\$ 287,808	\$ -	\$ -	\$ -	\$ 287,808
Holland Historical Trust	-	895,105	-	-	895,105
Brownfield Redevelopment Authority	-	-	1,314,625	-	1,314,625
SmartZone	-	-	-	147,836	147,836
Total expenses	287,808	895,105	1,314,625	147,836	2,645,374
Program revenues					
Charges for services	18,345	101,720	-	-	120,065
Operating grants and contributions	13,720	631,135	(47,414)	332,033	929,474
Total program revenues	32,065	732,855	(47,414)	332,033	1,049,539
Net expenses (revenues)	(255,743)	(162,250)	(1,362,039)	184,197	(1,595,835)
General revenues					
Property taxes	228,872	-	2,262,146	-	2,491,018
Unrestricted grants and contributions	-	-	4,629	-	4,629
Total general revenues	228,872	-	2,266,775	-	2,495,647
Change in net position	(26,871)	(162,250)	904,736	184,197	899,812
Net position, beginning of year	429,469	1,481,793	1,570,150	319,793	3,801,205
Net position, end of year	\$ 402,598	\$ 1,319,543	\$ 2,474,886	\$ 503,990	\$ 4,701,017

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

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NOTES TO FINANCIAL STATEMENTS

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The Reporting Entity

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

Blended Component Units

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

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

Discretely Presented Component Units

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

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

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

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

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

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

Fiduciary Component Unit

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

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

Government-wide and Fund Financial Statements

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

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

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

The City reports the following major governmental fund:

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

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

The City reports the following major enterprise funds:

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

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

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

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

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

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

Additionally, the City reports the following fund types:

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

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

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

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

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

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

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

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

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

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

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

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

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

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

Cash and Pooled Investments

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

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

State statutes authorize the City to invest in:

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

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

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

Beneficial Interest in Assets Held by Others

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

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

Receivables

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

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.

Due From Local Units

In fiscal year 2021, the Board entered into a long term agreement with Park Township to provide retail water services to approximately 3,800 residential and commercial customers. To facilitate these services, the Board agreed to replace existing customer water meters with units compatible with the Board's automated meter reading system, at an estimated cost of \$1.6 million. Park Township agreed to fund \$0.9 million of the cost, ratably over 5 years. At June 30, 2022, Park Township had paid \$0.4 million, leaving a balance due of \$0.5 million.

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

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

The Northern service area is represented by Holland Charter Township ("HCT"). Total project costs (net of a proportionate share of the principal forgiveness described above) incurred as of fiscal year 2022 were \$21.0 million, resulting in an accrued amount due from HCT of \$9.3 million.

The Board entered into a cost sharing agreement with the City of Wyoming to finance and construct the Wyoming Interconnect Water Project to be financed by a State Drinking Water Revolving fund bond issue. Upon completion, an estimated 15% of the related debt is scheduled to be forgiven by the grantor agency. Completion of the construction project and repayment of the associated bonds will be the responsibility of the Board. Under the cost sharing agreement, 47.54% of the assets constructed have been transferred to the City of Wyoming, along with an equal proportion of the related debt payments to be paid to the Board by the City of Wyoming, based on the installment payments on the related debt. The balance of this receivable at June 30, 2022 is equal to 47.54% of the assets completed and capitalized at that date, less a ratable share of the estimated debt forgiveness and principal payments made by the City of Wyoming.

Prepaid Items

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

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.

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

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 exist. Donated capital assets are valued at their estimated acquisition cost as of the date of donation. The amount reported for infrastructure includes easements added since 1980 and other infrastructure dating back to 1959.

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

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

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

Restricted Assets

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

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

Deferred Outflows of Resources

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

Bond Premiums and Discounts

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources.

Unearned Revenue

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

	Governmental Activities	Component Units
Grant drawdowns in excess of amounts expended:		
Culture and community improvement	\$ 46,205	\$ -
Infrastructure projects	83,536	-
General government	8,453,519	-
Fees collected in excess of amounts earned	<u>135,432</u>	<u>11,229</u>
Total unearned revenue	<u><u>\$ 8,718,692</u></u>	<u><u>\$ 11,229</u></u>

Pensions and Other Postemployment Benefits

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

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

Property Taxes

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

The taxable value at December 31, 2021 was \$1,326,561,691 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	8.7312		
Street development and improvement	1.2000		
Sidewalk development and improvement	0.1500		
Municipal capital projects	0.2530		
Debt service general obligation	3.4400		
	13.7742	14.9903	1
		17.5000	City Charter
West Michigan Airport Authority	0.0950	0.1000	1 & 2

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

Interfund Transactions

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

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

Electric Utility Fund Transfers

The City Charter authorizes an annual transfer from the Electric Utility Fund to the general purposes of the City. The current formula for determining this transfer is based upon 6.25% of Electric Utility Fund budgeted revenues of the same fiscal year. Based on this formula, a \$6,000,000 transfer was made to the General Fund, and a \$491,380 transfer was made to the Municipal Facilities/Land Improvements Projects Fund. Additionally, the City receives a portion of the electric wholesale sales designated for the capital improvement fund. The total for fiscal year 2022 was \$2,104,004 allocated to the Municipal Facilities/Land Improvements Projects Fund. For fiscal year 2022, total transfers of \$8,595,384 were made.

Compensated Absences

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

Vacation hours are credited to each public safety bargaining unit employee on the anniversary date of hire. The number of hours is dependent upon years of service. Sick leave hours are credited to each employee as earned during a calendar year up to a maximum of 104 hours for police bargaining union and 145.60 for fire bargaining union. Police bargaining employees are compensated for 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, 2022. Fire bargaining employees receive no pay out upon termination for accumulated sick leave hours.

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

Deferred Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The governmental funds report unavailable revenues, which arises only under a modified accrual basis of accounting, from special assessments receivable. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The City also reports a deferred inflow of resources for its deferred charge on refunding, which results from the difference in the carrying value of refunded debt and its reacquisition price and is amortized over the shorter of the life of the refunded or refunding debt. In addition, the City reports deferred inflows of resources related to its pension and other postemployment benefits plans.

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

Additionally, as authorized by City resolution, the City has adopted the provisions for regulatory accounting as promulgated by GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and other AICPA Pronouncements*. This Statement provides for the deferral of expense and revenue recognition through the use of regulatory assets and liabilities in order to follow the principle of matching costs and revenues as part of the ratemaking process. Adoption of GASB 62 required a restatement of prior years' financial statements for certain transactions. See Note 23 Restatement - Change in Accounting Principle and Note 22 Regulatory Accounting for details.

Fund Equity

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

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

Use of Estimates

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

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

2. BUDGETARY INFORMATION

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

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

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

3. BUDGETARY COMPLIANCE

For the year ended June 30, 2022, expenditures exceeded appropriations at the legal level of budgetary control in the following funds:

	Total Appropriations	Amount of Expenditure	Budget Variance
General Fund			
General government:			
City assessor	\$ 464,312	\$ 473,813	\$ 9,501
Legal services	237,500	241,476	3,976
Public works:			
Transportation management/engineering	237,145	237,867	722
Budget stabilization:			
General government:			
Other services and charges	10,000	10,287	287
Nonmajor Governmental Funds			
Snowmelt Operating System Fund			
Public works - other services and charges	207,957	216,987	9,030
Revolving Cash Assistance Fund			
Transfers out	395,896	400,477	4,581

4. DEPOSITS AND INVESTMENTS

The City's reporting entity deposits and investments as of June 30, 2022 are included in the financial statements under the following classifications:

	Statement of Net Position			Statement of Fiduciary Net Position	Total
	Governmental Activities	Business-type Activities	Component Units	Fiduciary Funds	
Cash and pooled investments	\$ 45,960,618	\$ 36,881,394	\$ 3,389,509	\$ 1,280,803	\$ 87,512,324
Investments	-	58,941,867	407,778	-	59,349,645
Restricted assets:					
Cash and pooled investments					
investments	-	7,653,998	-	-	7,653,998
Investments	-	15,953,963	-	-	15,953,963
MERS total market portfolio					
	-	-	-	384,195	384,195
Total	\$ 45,960,618	\$ 119,431,222	\$ 3,797,287	\$ 1,664,998	\$ 170,854,125

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

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

Petty cash	\$ 15,257
Deposits (checking/savings accounts)	57,337,101
Certificate of deposit (due within one year)	1,516,777
Certificate of deposit (due within one to five years)	3,063,815
Investments:	
Primary government	108,129,202
Component units	407,778
Fiduciary funds	384,195
	<u>\$ 170,854,125</u>

Investment and Deposit Risk

Primary Government and Fiduciary Funds

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

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
U.S. government securities	\$ -	\$ 6,082,564	\$ 24,929,644	\$ -	\$ 31,012,208
Treasury notes	-	7,291,441	4,237,710	-	11,529,151
Government bonds	-	2,567,578	4,456,371	888,370	7,912,319
Municipal bonds	-	2,070,738	4,178,221	452,070	6,701,029
Commercial paper	-	20,589,424	-	-	20,589,424
Money market funds	12,108,510	-	-	-	12,108,510
Michigan CLASS government investment pool	14,078,471	-	-	-	14,078,471
MPPA investments	4,198,090	-	-	-	4,198,090
MERS total market portfolio	384,195	-	-	-	384,195
	<u>\$ 30,769,266</u>	<u>\$ 38,601,745</u>	<u>\$ 37,801,946</u>	<u>\$ 1,340,440</u>	<u>\$ 108,513,397</u>

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

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

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

S&P AAA	\$ 40,315,138
S&P AAAm	14,078,471
S&P AA+	11,390,352
S&P AA	5,418,446
S&P AA1	4,658,974
S&P A-1+	3,992,996
S&P A-1	16,596,428
S&P AA-	1,076,390
Moody's AAA	8,446,499
Moody's Aa1	2,155,508
Not subject to credit risk	<u>384,195</u>
	<u>\$ 108,513,397</u>

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned. State law does not require and the City's investment policy does not have specific limits in excess of state law pertaining to custodial credit risk. As of year-end, \$58,974,366 of the bank balance of \$62,403,123 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.

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

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.

The City has the following recurring fair value measurements as of June 30, 2022:

	Level 1	Level 2	Level 3	Total
U.S. government securities	\$ -	\$ 31,012,208	\$ -	\$ 31,012,208
Treasury notes	-	11,529,151	-	11,529,151
Government bonds	-	7,912,319	-	7,912,319
Municipal bonds	-	6,701,029	-	6,701,029
Commercial paper	-	20,589,424	-	20,589,424
Michigan Public Power Agency	-	-	4,198,090	4,198,090
MERS total market portfolio	384,195	-	-	384,195
	<u>\$ 384,195</u>	<u>\$ 77,744,131</u>	<u>\$ 4,198,090</u>	82,326,416
Assets carried at amortized cost:				
Money market funds				12,108,510
Assets carried at net asset value:				
Michigan CLASS government investment pool				<u>14,078,471</u>
Total investments				<u>\$ 108,513,397</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 \$14,078,471. 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.

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

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

City trunkage	\$ 3,539,543
System expansion and decommissioning	30,592,305
Future debt payments	17,447,583
Maintenance	7,457,424
Operating	8,130,190
Insurance/risk retention	<u>7,167,579</u>
	<u>\$ 74,334,624</u>

Component Unit - Holland Historical Trust

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

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

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the HHT's deposits may not be returned. The HHT's investment policy does not have specific limits pertaining to custodial credit risk. As of year-end, none of the bank balance of \$33,935 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	\$ 118,760	n/a	n/a	Various
Equity mutual funds	225,586	n/a	n/a	n/a
Corporate equities, domestic	50,403	n/a	n/a	n/a
Real estate mutual funds	<u>13,029</u>	n/a	n/a	n/a
	<u>\$ 407,778</u>			

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

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.

5. RECEIVABLES

Receivables are comprised of the following at year-end:

	Governmental Activities	Business-type Activities	Component Units
Accounts	\$ 875,156	\$ 19,716,373	\$ 89,845
Allowance for uncollectible accounts receivable	(159,816)	(182,245)	-
Taxes and special assessments	371,196	49,889	80
Allowance for uncollectible taxes and special assessments	(4,598)	(21)	(63)
Notes	1,111,192	-	-
Allowance for notes receivable	(30,000)	-	-
Interest	57,078	87,596	-
Due from other governmental units	1,709,276	-	-
Due from local units	-	11,191,246	-
	<u>\$ 3,929,484</u>	<u>\$ 30,862,838</u>	<u>\$ 89,862</u>

Of the governmental activities amounts reported for receivables above, special assessments and notes receivable in the amount of \$270,131 and \$1,019,615 are not expected to be collected within one year. Of the business-type activities amounts reported for receivables above, due from local units in the amount of \$11,191,246 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, 2022, was as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Governmental activities					
Capital assets, not being depreciated:					
Land	\$ 16,507,356	\$ -	\$ -	\$ -	\$ 16,507,356
Construction in progress	3,914,173	1,789,446	-	(3,031,027)	2,672,592
	<u>20,421,529</u>	<u>1,789,446</u>	<u>-</u>	<u>(3,031,027)</u>	<u>19,179,948</u>
Capital assets, being depreciated:					
Land improvements	31,382,229	1,453,829	-	-	32,836,058
Buildings	53,129,709	543,617	-	18,395	53,691,721
Machinery and equipment	10,234,951	628,776	(240,524)	28,075	10,651,278
Vehicles	10,415,657	1,071,712	(107,884)	288,432	11,667,917
Infrastructure	133,595,288	3,689,816	(453,160)	2,696,125	139,528,069
	<u>238,757,834</u>	<u>7,387,750</u>	<u>(801,568)</u>	<u>3,031,027</u>	<u>248,375,043</u>
Less accumulated depreciation for:					
Land improvements	(17,190,701)	(1,235,104)	-	-	(18,425,805)
Buildings	(21,458,139)	(1,520,902)	-	-	(22,979,041)
Machinery and equipment	(6,718,719)	(433,080)	225,019	-	(6,926,780)
Vehicles	(5,880,149)	(610,636)	97,096	-	(6,393,689)
Infrastructure	(57,679,995)	(4,349,782)	441,337	-	(61,588,440)
	<u>(108,927,703)</u>	<u>(8,149,504)</u>	<u>763,452</u>	<u>-</u>	<u>(116,313,755)</u>
Total capital assets being depreciated, net	<u>129,830,131</u>	<u>(761,754)</u>	<u>(38,116)</u>	<u>3,031,027</u>	<u>132,061,288</u>
Governmental activities capital assets, net	<u>\$ 150,251,660</u>	<u>\$ 1,027,692</u>	<u>\$ (38,116)</u>	<u>\$ -</u>	<u>\$ 151,241,236</u>

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Business-type activities					
Capital assets, not being depreciated:					
Land	\$ 29,931,094	\$ -	\$ -	\$ -	\$ 29,931,094
Construction in progress	15,081,483	36,592,699	-	(14,157,026)	37,517,156
	<u>45,012,577</u>	<u>36,592,699</u>	<u>-</u>	<u>(14,157,026)</u>	<u>67,448,250</u>
Capital assets, being depreciated:					
Land improvements	15,669,723	-	-	-	15,669,723
Buildings	3,944,219	-	-	-	3,944,219
Machinery and equipment	676,225,269	49,221	(1,208,725)	14,068,213	689,133,978
Vehicles	5,104,535	-	(31,129)	88,813	5,162,219
	<u>700,943,746</u>	<u>49,221</u>	<u>(1,239,854)</u>	<u>14,157,026</u>	<u>713,910,139</u>
Less accumulated depreciation for:					
Land improvements	(12,428,745)	(416,263)	-	-	(12,845,008)
Buildings	(2,642,731)	(67,384)	-	-	(2,710,115)
Machinery and equipment	(298,721,232)	(18,661,194)	980,687	-	(316,401,739)
Vehicles	(3,194,617)	(428,834)	31,129	-	(3,592,322)
	<u>(316,987,325)</u>	<u>(19,573,675)</u>	<u>1,011,816</u>	<u>-</u>	<u>(335,549,184)</u>
Total capital assets being depreciated, net	<u>383,956,421</u>	<u>(19,524,454)</u>	<u>(228,038)</u>	<u>14,157,026</u>	<u>378,360,955</u>
Business-type activities capital assets, net	<u>\$ 428,968,998</u>	<u>\$ 17,068,245</u>	<u>\$ (228,038)</u>	<u>\$ -</u>	<u>\$ 445,809,205</u>

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

Depreciation of governmental activities by function

General government	\$ 244,741
Public safety	560,263
Public works	4,732,667
Parks and recreation	1,733,529
Welfare and social services	26,053
Internal service funds	852,251
	<u>\$ 8,149,504</u>

Depreciation of business-type activities by function

Electric Utility	\$ 13,467,474
Wastewater Utility	2,912,406
Water Utility	2,226,964
Nonmajor enterprise funds	490,942
Amortization (see note below)	475,889
	<u>\$ 19,573,675</u>

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

Depreciation and amortization expense as noted on the Statement of Revenues, Expenses, and Changes in Fund Net Position includes \$(6,441) of current year amortization expense related to regulatory cost for future recovery and \$482,330 of current year amortization expense related to regulatory credits, see Note 22 Regulatory Accounting, that off-sets the depreciation of \$19,573,675 as noted above.

Discretely presented component units

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Component Unit -					
Downtown Development Authority					
Capital assets, being depreciated:					
Land improvements	\$ 427,257	\$ -	\$ -	\$ -	\$ 427,257
Less accumulated depreciation for:					
Land improvements	(308,040)	(11,902)	-	-	(319,942)
Downtown Development Authority capital assets, net	\$ 119,217	\$ (11,902)	\$ -	\$ -	\$ 107,315
Component Unit -					
Holland Historical Trust					
Capital assets, not being depreciated:					
Land	\$ 20,000	\$ -	\$ -	\$ -	\$ 20,000
Capital assets, being depreciated:					
Buildings and improvements	2,932,022	72,741	-	-	3,004,763
Furniture and equipment	56,105	-	-	-	56,105
	<u>2,988,127</u>	<u>72,741</u>	<u>-</u>	<u>-</u>	<u>3,060,868</u>
Less accumulated depreciation for:					
Buildings and improvements	(2,080,610)	(111,942)	-	-	(2,192,552)
Furniture and equipment	(44,469)	(2,315)	-	-	(46,784)
	<u>(2,125,079)</u>	<u>(114,257)</u>	<u>-</u>	<u>-</u>	<u>(2,239,336)</u>
Total capital assets being depreciated, net	<u>863,048</u>	<u>(41,516)</u>	<u>-</u>	<u>-</u>	<u>821,532</u>
Holland Historical Trust capital assets, net	\$ 883,048	\$ (41,516)	\$ -	\$ -	\$ 841,532

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	\$ 1,443,095	\$ 21,248,410	\$ 69,523
Accrued payroll and benefits	628,256	663,151	32,823
Claims payable	118,878	-	-
Accrued interest payable	298,884	231,523	-
Due to other governmental units	255,684	-	39,212
	<u>\$ 2,744,797</u>	<u>\$ 22,143,084</u>	<u>\$ 141,558</u>

8. LONG-TERM DEBT

Long-term debt at June 30, 2022, is comprised of the following individual bond issues, notes payable and installment sales agreement:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Governmental activities					
General obligation bonds	\$ 22,975,000	\$ -	\$ (4,335,000)	\$ 18,640,000	\$ 975,000
Pension bonds	23,723,210	-	(1,776,000)	21,947,210	1,826,548
Bonds and notes from direct borrowings and direct placements	1,715,098	1,955,000	(500,692)	3,169,406	507,358
Total installment debt	48,413,308	1,955,000	(6,611,692)	43,756,616	3,308,906
Premium on bonds payable	235,540	-	(50,130)	185,410	33,575
Compensated absences	1,957,481	1,508,924	(1,519,177)	1,947,228	1,519,000
Totals governmental activities	<u>\$ 50,606,329</u>	<u>\$ 3,463,924</u>	<u>\$ (8,180,999)</u>	<u>\$ 45,889,254</u>	<u>\$ 4,861,481</u>

General obligation bonds

\$9,835,000 2016B Limited Tax General Obligation Bonds, due in annual installments of \$175,000 to \$750,000, plus interest ranging from 1.18 to 4.36%, payable semi-annually, through August 1, 2036. \$ 8,760,000

\$3,475,000 2016A Limited Tax General Obligation Bonds, due in annual installments of \$195,000 to \$635,000, plus interest ranging from 2.25 to 4.00%, payable semi-annually, through August 1, 2026. 3,080,000

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

General obligation bonds (concluded)

\$7,000,000 2018 Capital Improvement Bonds, due in annual installments of \$100,000 to \$500,000, plus interest ranging from 3.25 to 3.625% payable semi-annually, through November 1, 2042. \$ 6,800,000

Total general obligation bonds \$ 18,640,000

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. \$ 4,702,210

\$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. 17,245,000

Total pension bonds \$ 21,947,210

Bonds and notes from direct borrowings and direct placements

\$1,955,000 2022 Refunding Bonds, due in annual installments of \$180,000 to \$260,000 plus interest at 1.72%, payable semi-annually, through May 1, 2030. \$ 1,775,000

\$3,000,000 2016 note payable, due in semi-annual installments of \$134,991 to \$166,023 plus interest at a rate of 2.19%, payable semi-annually, through June 1, 2026. 1,278,906

\$180,000 2018 note payable, due in monthly installments of \$1,500 interest free through November 1, 2028. 115,500

Total bonds and notes from direct borrowings and direct placements \$ 3,169,406

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Business-type activities					
Direct placement revenue					
bonds	\$ 37,755,000	\$ -	\$ (22,505,000)	\$ 15,250,000	\$ -
Revenue bonds	7,937,717	20,949,262	(290,000)	28,596,979	295,000
Pension bonds	7,481,790	-	(1,408,999)	6,072,791	1,448,452
Installment sales agreement	7,467,500	-	(437,500)	7,030,000	450,000
Total installment debt	60,642,007	20,949,262	(24,641,499)	56,949,770	2,193,452
Premium on bonds payable	-	1,282,287	(34,602)	1,247,685	138,407
Landfill liability	687,301	-	(37,421)	649,880	-
Compensated absences	1,427,332	1,376,939	(1,419,603)	1,384,668	1,384,668
Total business-type activities	\$ 62,756,640	\$ 23,608,488	\$ (26,133,125)	\$ 60,232,003	\$ 3,716,527

Direct Placement Revenue bonds

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

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

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

Revenue bonds

\$5,935,110 2011A Drinking Water Revolving Bonds, due in annual installments of \$236,500 to \$368,610 plus interest at 2.5%, payable semi-annually, through April 1, 2032. \$ 3,313,610

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

\$30,000,000 2021 Wastewater Revenue Bonds, \$6,000,000 expected to be forgiven, \$5,417,634 drawn as of June 30, 2022, net of \$2,487,092 forgiveness, due in annual installments of \$990,000 to \$1,440,000 plus interest at 2.0%, payable semi-annually, through April 1, 2043. 9,948,369

Total revenue bonds \$ 28,596,979

Pension bonds

\$14,090,000 2016 Pension Bonds (Board portion), due in annual installments of \$1,282,190 to \$1,592,170 plus interest ranging from 0.76 to 3.42%, payable semi-annually, through December 1, 2025. \$ 6,072,791

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

Installment sales agreement

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

\$ 7,030,000

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

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

The annual requirements to pay principal and interest on general obligation, pension and revenue bonds debt outstanding at June 30, 2022 are as follows:

Year Ended June 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2023	\$ 2,801,548	\$ 1,418,408	\$ 1,743,452	\$ 1,337,937
2024	2,869,278	1,334,031	2,785,722	1,308,817
2025	2,958,554	1,240,560	2,856,446	1,232,927
2026	3,122,830	1,136,954	3,367,171	1,152,648
2027	1,970,000	1,048,258	1,825,000	1,075,422
2028-2032	9,500,000	4,240,405	9,938,610	4,565,764
2033-2037	10,855,000	2,310,886	11,500,000	2,997,460
2038-2042	6,010,000	521,860	13,265,000	1,235,052
2043	500,000	9,063	1,440,000	28,800
	<u>\$ 40,587,210</u>	<u>\$ 13,260,425</u>	48,721,401	<u>\$ 14,934,827</u>
Less amounts not yet drawn			<u>(14,051,631)</u>	
			<u>\$ 34,669,770</u>	

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

The annual requirements to maturity on installment sales agreement outstanding as of June 30, 2022 are as follows:

Year Ended June 30,	Business-type Activities	
	Principal	Interest
2023	\$ 450,000	\$ 198,865
2024	462,500	189,640
2025	472,500	179,465
2026	485,000	168,598
2027	500,000	156,957
2028-2032	2,755,000	572,412
2033-2035	1,905,000	128,881
	<u>\$ 7,030,000</u>	<u>\$ 1,594,818</u>

The annual requirements to pay principal and interest notes from direct borrowings and direct placements outstanding at June 30, 2022 are as follows:

Year Ended June 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2023	\$ 507,358	\$ 56,854	\$ -	\$ 24,882
2024	524,170	46,946	14,000,000	49,284
2025	541,132	36,716	1,250,000	12,250
2026	563,246	26,156	-	-
2027	248,000	17,028	-	-
2028-2030	785,500	26,402	-	-
	<u>\$ 3,169,406</u>	<u>\$ 210,102</u>	<u>\$ 15,250,000</u>	<u>\$ 86,416</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.

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

Pledged Revenues

Electric. The Board has pledged future electric customer revenues, net of specified operating expenses, to repay \$32.76 million in electric utility system revenue refunding bonds issued in June 2021. Proceeds from the initial bonds provided financing for the construction of the Holland Energy Park. The bonds are payable solely from electric customer net revenues and are payable through 2023. Annual principal and interest payments on the bonds are expected to require less than 29% of net revenues. The total principal and interest paid for the current year and total customer net revenues were \$20,138,411 and \$29,673,657, respectively.

Wastewater. The Board has pledged future wastewater customer revenues, net of specified operating expenses, to repay \$9.50 million (50% of \$19 million) in Ottawa County sewage disposal bonds issued in April 2015. Proceeds from the bonds provided financing for the construction to the Holland area sewage disposal system. The bonds are payable solely from wastewater customer net revenues and are payable through 2035. Annual principal and interest payments on the bonds are expected to require less than 20% of net revenues. The total principal and interest paid for the current year and total customer net revenues were \$644,459 and \$4,005,163, respectively.

The Board has pledged future wastewater customer revenues, net of specified operating expenses, to repay \$24.0 million (\$30 million loan amount less \$6 million forgiveness) in Wastewater revenue bonds issued in September 2020. Proceeds from the bonds provided financing for an anaerobic digestion process and associated facilities and equipment to treat biosolids and utilize biogas. The bonds are payable solely from wastewater customer net revenues and are payable through 2043. Annual principal and interest payments on the bonds are expected to require less than 12% of net revenues. The total principal and interest paid for the current year and total customer net revenues were \$7,562 and \$4,005,163, respectively.

Water. The Board has pledged future water customer revenues, net of specified operating expenses, to repay \$5.00 million in water supply revenue refunding bonds issued in February 2021. Proceeds from the initial bonds provided financing for the construction for various water infrastructure projects. The bonds are payable solely from water customer net revenues and are payable through 2024. Annual principal and interest payments on the bonds are expected to require less than 27% of net revenues. The total principal and interest paid for the current year and total customer net revenues were \$2,557,267 and \$6,690,653, respectively.

The Board has pledged future water customer revenues, net of specified operating expenses, to repay \$15.335 million in Water supply system revenue bonds issued in March 2022. Proceeds from the bonds provided financing for transmission main projects. The bonds are payable solely from water customer net revenues and are payable through 2042. Annual principal and interest payments on the bonds are expected to require less than 12% of net revenues. The total principal and interest paid for the current year and total customer net revenues were \$0 and \$6,690,653, respectively.

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

The Board has pledged future water customer revenues, net of specified operating expenses, to repay \$5.94 million in drinking water program bonds issued in September 2011. Proceeds from the bonds provided financing for the construction of the Holland/Wyoming Interconnect. The bonds are payable solely from water customer net revenues and are payable through 2032. Annual principal and interest payments on the bonds are expected to require less than 7% of net revenues. The total principal and interest paid for the current year and total customer net revenues were \$380,090 and \$6,690,653, respectively.

Refunded and Defeased Debt

The City issued \$1,955,000 of 2022 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 of \$1,955,000 of 2008 Capital Improvement Parking Bonds. As a result, the bonds are considered defeased and the liability has been removed from the statement of net position. The refunding resulted in a savings of \$209,057 and an economic gain of \$189,191.

Landfill Liability

State and federal laws and regulations require the Board to place a final cover on its fly ash and wastewater treatment bio solids landfill when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The Board has received a letter from the Department of Environment, Great Lakes and Energy (EGLE) acknowledging the landfill closed effective July 10, 2020. The remaining liability is for the estimated cost for postclosure care for the next 28 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, 2022, the closure and postclosure costs have been assured by a \$100,000 letter of credit and \$18,913 held in trust.

Compensated Absences

The compensated absences liability attributable to the governmental activities will be liquidated by the General Fund, the Public Parking System, Principal Shopping District and CATV special revenue funds. As the balance of earned compensated absences at June 30, 2022 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. LINES OF CREDIT

HHT has available two \$100,000 lines of credit. One of the lines of credit has variable interest based on 0.50% plus lender's prime commercial rate (effective rate of 5.25% at June 30, 2022). The line expires on December 2, 2022 and is secured by HHT's assets. For the year ended June 30, 2022, interest expense on borrowings was \$2,485.

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

The other line of credit also has variable interest based on lender's prime commercial rate (effective rate of 4.75% at June 30, 2022). The line expires on June 17, 2023 and is guaranteed by the Community Foundation of the Holland/Zeeland Area. For the year ended June 30, 2022, interest expense on borrowings was \$608.

	Beginning Balance	Additions	Deductions	Ending Balance
Total lines of credit	\$ -	\$ 150,000	\$ (45,000)	\$ 105,000

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 18.61% ownership in Detroit Edison's Belle River, which became operational in August 1984, 26.35% of MPPA's 4.8% ownership in Consumers Energy's Campbell Unit No. 3, which became operational in September 1980, and 13.35% of PPA's 5.16% ownership in the AMP Fremont Energy Center (AFEC), which became operational in June 2012. The contracts required the Board to purchase approximately 38 and 11 megawatts of power, respectively, in 1995 and thereafter for the Belle River and Campbell projects. The contracts relating to the Fremont project requires the Board to purchase approximately 5 megawatts of power in 2013 and thereafter.

For the year ended June 30, 2022, the Board recognized expenses totaling \$10,072,362 under the terms of the contracts which represented \$347,861 for fixed operating costs, \$846,131 for debt service and \$8,878,370 for the purchase of power. Accounts payable to MPPA totaled net \$100,950 at June 30, 2022. Under the terms of its contracts, the Board must make minimum annual payments equal to its share of debt service and its share of the fixed operating costs of Consumers Energy's Campbell Unit No. 3 and 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.

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

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

Year Ended June 30,	Debt Service	Fixed Operating	Total
2023	\$ 357,625	\$ 280,749	\$ 638,374
2024	358,135	286,364	644,499
2025	357,892	292,091	649,983
2026	357,576	297,933	655,509
2027	357,854	303,892	661,746
2028-2032	<u>1,788,533</u>	<u>1,613,094</u>	<u>3,401,627</u>
	<u>\$ 3,577,615</u>	<u>\$ 3,074,123</u>	<u>\$ 6,651,738</u>

Debt service requirements for the Belle River project expired in 2018. Debt service requirements for the Campbell project expired in 2022. Debt service requirements for the Fremont project expire in 2032. At June 30, 2022, the total debt service for Fremont was \$3,577,615, ending June 30, 2032. The above amounts include estimated fixed operating costs for the same period as the debt service. The contracts for the Board's commitment for fixed operating costs to extend beyond these dates is dependent upon the use of the facilities. The joint venture is a result of an ongoing financial responsibility. The Board did not have an initial equity interest and does not participate in net income or losses.

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

11. INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2022, was as follows:

	Due from Other Funds							Total
	General Fund	Nonmajor Govern-mental Funds	Electric Utility	Wastewater Utility	Water Utility	Nonmajor Enterprise Funds	Internal Service Funds	
Due to other funds								
General Fund	\$ -	\$ -	\$ 70,765	\$ 219	\$ 80,139	\$ -	\$ -	\$ 151,123
Nonmajor Governmental Funds	-	259,273	1,009,834	3,136	1,143,604	-	-	2,415,847
Electric Utility	116	45,107	-	-	-	198,647	22,118	265,988
Wastewater Utility	-	490	-	-	-	2,156	240	2,886
Water Utility	-	2,482	-	-	-	10,901	1,214	14,597
Nonmajor Enterprise Funds	-	2,317	1,281	-	1,452	-	-	5,050
Internal Service Funds	-	62,288	515	-	581	-	-	63,384
	<u>\$ 116</u>	<u>\$ 371,957</u>	<u>\$ 1,082,395</u>	<u>\$ 3,355</u>	<u>\$ 1,225,776</u>	<u>\$ 211,704</u>	<u>\$ 23,572</u>	<u>\$ 2,918,875</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, 2022, interfund transfers consisted of the following:

	Transfers in				Total
	General Fund	Nonmajor Govern-mental Funds	Nonmajor Enterprise Funds	Internal Service Funds	
Transfers out					
General Fund	\$ -	\$ 467,542	\$ 598,864	\$ -	\$ 1,066,406
Nonmajor Governmental Funds	63,670	4,154,616	-	100,000	4,318,286
Electric Utility	6,000,000	2,595,384	-	-	8,595,384
Internal Service Funds	-	-	-	13,680	13,680
	<u>\$ 6,063,670</u>	<u>\$ 7,217,542</u>	<u>\$ 598,864</u>	<u>\$ 113,680</u>	<u>\$ 13,993,756</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, 2022, was as follows:

	Governmental Activities	Business-type Activities	Component Units
Capital assets:			
Land	\$ 16,507,356	\$ 29,931,094	\$ 20,000
Construction in progress	2,672,592	37,517,156	-
Capital assets being depreciated, net	<u>132,061,288</u>	<u>378,360,955</u>	<u>928,847</u>
	<u>151,241,236</u>	<u>445,809,205</u>	<u>948,847</u>
Related debt:			
Total installment debt	43,756,616	56,949,770	-
Less: bonds payable related to pension obligations	(21,947,210)	(6,072,791)	-
Net bond premium	185,410	1,247,685	-
Deferred charge on bond refundings	-	196,642	-
Unspent bond proceeds	-	(12,693,496)	-
Accounts payable related to capital purchases	-	11,460,737	-
	<u>21,994,816</u>	<u>51,088,547</u>	<u>-</u>
Net investment in capital assets	<u><u>\$ 129,246,420</u></u>	<u><u>\$ 394,720,658</u></u>	<u><u>\$ 948,847</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
Nonspendable			
Prepaid items	\$ 7,834	\$ 11,702	\$ 19,536
Cemetery endowment corpus	-	2,237,802	2,237,802
	<u>7,834</u>	<u>2,249,504</u>	<u>2,257,338</u>
Restricted			
Street construction and maintenance	-	4,148,181	4,148,181
Cemetery maintenance and improvements	-	71,435	71,435
Parking system and maintenance	-	227,236	227,236
Downtown promotion	-	183,071	183,071
Grant and support programs	-	70,942	70,942
Specified donations	-	593,910	593,910
Assistance programs	-	415,115	415,115
Debt service	-	800,979	800,979
	<u>-</u>	<u>6,510,869</u>	<u>6,510,869</u>
Committed			
Parking system and maintenance	-	95,533	95,533
Public access television	-	281,025	281,025
Grant and support programs	-	129	129
Capital improvements	-	9,019,853	9,019,853
Energy conservation	-	776,839	776,839
	<u>-</u>	<u>10,173,379</u>	<u>10,173,379</u>
Unassigned	<u>8,393,071</u>	<u>-</u>	<u>8,393,071</u>
Total fund balances - governmental funds	<u>\$ 8,400,905</u>	<u>\$ 18,933,752</u>	<u>\$ 27,334,657</u>

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.

Benefits Provided. Pension benefits vary by division/bargaining unit and are calculated as final average compensation (based on a 3 or 5 year period) and multipliers at 2.25%. Participants are considered to be fully vested in the plan after 10 years. Normal retirement age is 60 with early retirement at age 50 with 25 years of service, or age 55 with 15 years of service, depending on division/bargaining unit.

Employees Covered by Benefit Terms. At the December 31, 2021 valuation date, plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits	370
Inactive employees entitled to but not yet receiving benefits	49
Active employees	<u>127</u>
Total membership	<u><u>546</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, 2022:

Division/Bargaining Unit	Employer Contribution	Employee Contribution	Status
01 - Gen. NonUnion	\$48,759/month	3.00%	Closed
02 - Public Safety Command	\$13,841/month	3.00%	Closed
11 - PubWks Local 586	\$56,898/month	3.00%	Closed
13 - PubWks-NonUnion	\$41,444/month	3.00%	Closed
14 - Clerical	\$4,327/month	3.00%	Closed
20 - Police FOP	\$46,223/month	6.00%	Closed
50 - Fire Local 759	\$19,863/month	6.65%	Closed

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

Net Pension Liability. The City's net pension liability was measured as of December 31, 2021, 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, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

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

The actuarial assumptions used in the December 31, 2021 valuation were based on the results of the most recent actuarial experience study of 2014-2018.

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

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

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

Discount Rate. The discount rate used to measure the total pension liability as of December 31, 2021 was 7.25% (down from 7.60% at December 31, 2020). The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

Changes in Net Pension Liability

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

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at December 31, 2020	\$ 148,766,713	\$ 139,706,354	\$ 9,060,359
Changes for the year:			
Service cost	1,077,831	-	1,077,831
Interest	10,970,359	-	10,970,359
Differences between expected and actual experience	974,146	-	974,146
Changes in assumptions	5,294,071	-	5,294,071
Employer contributions	-	2,754,448	(2,754,448)
Employee contributions	-	558,437	(558,437)
Net investment income	-	18,489,966	(18,489,966)
Benefit payments, including refunds of employee contributions	(9,917,610)	(9,917,610)	-
Administrative expense	-	(219,566)	219,566
Net changes	<u>8,398,797</u>	<u>11,665,675</u>	<u>(3,266,878)</u>
Balances at December 31, 2021	<u><u>\$ 157,165,510</u></u>	<u><u>\$ 151,372,029</u></u>	<u><u>\$ 5,793,481</u></u>

The statement of net position presents a net pension liability of \$3,526,241 and \$2,267,240 for governmental and business-type activities, respectively.

Changes in assumptions. In 2022, amounts reported as changes of assumptions resulted from a decrease in the assumed rate of return from 7.35% to 7.00%.

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net pension liability (asset)	\$ 22,744,491	\$ 5,793,481	\$ (8,570,071)

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

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

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

For the year ended June 30, 2022, the City recognized pension expense of \$3,994,127. 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	\$ 476,960	\$ -	\$ 476,960
Changes in assumptions	1,593,429	-	1,593,429
Net difference between projected and actual earnings on pension plan investments	-	11,100,252	(11,100,252)
	<u>2,070,389</u>	<u>11,100,252</u>	<u>(9,029,863)</u>
Contributions subsequent to the measurement date	1,888,105	-	1,888,105
	<u>1,888,105</u>	<u>-</u>	<u>1,888,105</u>
Total	<u>\$ 3,958,494</u>	<u>\$ 11,100,252</u>	<u>\$ (7,141,758)</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, 2023. 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
2023	\$ 401,198
2024	(4,570,504)
2025	(3,234,234)
2026	<u>(1,626,323)</u>
Total	<u>\$ (9,029,863)</u>

Payable to the Pension Plan. At June 30, 2022, the City reported a payable of \$257,566 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2022.

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 \$1,498,542 and employees contributed \$441,066 to the defined contribution plan for the year ended June 30, 2022.

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 \$408,280 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.

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

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

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.

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

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

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

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

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

Investment Policy. The OPEB Plan's policy in regard to the allocation of invested assets is established and may be amended by the City Council. The investment policy has been formulated based on consideration of a wide range of policies and describes the prudent investment process that the City Council deems appropriate. The OPEB Plan's asset allocation policy as of June 30, 2022 is summarized in the table below.

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

Rate of Return. For the year ended June 30, 2022, the actual annual money-weighted rate of return on investments, net of investment expense, was -8.23 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

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

Discount Rate – City. The discount rate used to measure the total OPEB liability for the portion of the net OPEB liability allocated to funds of the City other than the Holland Board of Public Works as of June 30, 2022 was 4.09%. Because this portion of the net OPEB liability does not have a dedicated trust, there are no assets projected to be sufficient to make projected future benefit payments of current plan members. Projected benefits were discounted at a discount rate reflecting a 20-year AA/Aa tax-exempt municipal bond yield. A single equivalent discount rate that yields the same present value of benefits is calculated. This discount rate is used to determine the total OPEB liability.

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

Discount Rate – Board of Public Works. In connection with the amount of the net OPEB liability allocated to the Holland Board of Public Works, the discount rate used to measure the total OPEB liability as of June 30, 2022 was 7.00% (down from 7.35% as of June 30, 2021). The projection of cash flows used to determine the discount rate assumes that the Board will fully fund the OPEB Plan by contributing the actuarially determined contribution. Based on these assumptions, the OPEB Plan’s fiduciary net position was projected to be available to pay all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB Plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Changes in the Net OPEB Liability

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

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2021	\$ 5,231,140	\$ 301,968	\$ 4,929,172
Changes for the year:			
Service cost	191,749	-	191,749
Interest	148,007	-	148,007
Differences between expected and actual experience	(1,134,546)	-	(1,134,546)
Changes in assumptions	(559,330)	-	(559,330)
Employer contributions	-	119,881	(119,881)
Contributions/benefit from general operating funds	-	32,937	(32,937)
Net investment loss	-	(37,000)	37,000
Benefit payments, including refunds of employee contributions	(32,937)	(32,937)	-
Administrative expense	-	(654)	654
Net changes	<u>(1,387,057)</u>	<u>82,227</u>	<u>(1,469,284)</u>
Balances at June 30, 2022	<u>\$ 3,844,083</u>	<u>\$ 384,195</u>	<u>\$ 3,459,888</u>

The statement of net position presents a net OPEB liability of \$3,247,070 and \$212,818 for governmental and business-type activities, respectively.

Changes in Assumptions. Amounts reported as changes in assumptions resulted from a decrease in the discount rate from 7.35% to 7.00%, and the mortality improvement scale updated from MP-2020 to MP-2021.

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate. The following presents the net OPEB liability of the City, calculated using the discount rate of 4.09% for the City and 7.00% for the Board of Public Works, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1% lower (3.09% / 6.00%) or 1% higher (5.09% / 8.00%) than the current rate:

	1% Decrease (3.09% / 6.00%)	Current Discount Rate (4.09% / 7.00%)	1% Increase (5.09% / 8.00%)
Net OPEB liability	\$ 3,804,376	\$ 3,459,888	\$ 3,145,428

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

	1% Decrease (6.25% trending to 3.5%)	Current Healthcare Cost Trend Rate (7.25% trending to 4.5%)	1% Increase (8.25% trending to 5.5%)
Net OPEB liability	\$ 3,177,395	\$ 3,459,888	\$ 3,770,054

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

For the year ended June 30, 2022, the City recognized OPEB expense of \$19,291. 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	\$ 200,215	\$ 2,140,704	\$ (1,940,489)
Changes of assumptions	366,858	1,040,133	(673,275)
Net difference between projected and actual earnings on OPEB plan investments	16,149	-	16,149
Total	\$ 583,222	\$ 3,180,837	\$ (2,597,615)

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

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

Year Ended June 30,	Amount
2023	\$ (316,737)
2024	(316,737)
2025	(316,735)
2026	(311,082)
2027	(539,574)
Thereafter	<u>(796,750)</u>
Total	<u>\$ (2,597,615)</u>

Payable to the OPEB Plan. At June 30, 2022, 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	Income Protection	Total
Estimated liability, June 30, 2020	\$ 166,682	\$ -	\$ -	\$ -	\$ 166,682
Estimated claims incurred	5,098,976	151,897	155,486	32,099	5,438,458
Claim payments	(5,032,739)	(151,897)	(155,061)	(32,099)	(5,371,796)
Estimated liability, June 30, 2021	232,919	-	425	-	233,344
Estimated claims incurred	5,660,199	60,868	236,867	45,827	6,003,761
Claim payments	(5,774,240)	(60,868)	(237,292)	(45,827)	(6,118,227)
Estimated liability, June 30, 2022	\$ 118,878	\$ -	\$ -	\$ -	\$ 118,878

The City has in place a risk management program that encompasses annual retention levels, depending upon the specific coverage. Employee health and dental coverage assumes risk up to \$130,000 for each contract. Vehicle liability insurance provides first-dollar coverage on all claims. The City assumes total unlimited risk for damage to its vehicles, except fire vehicles, with small deductibles for damages. Damages to all other forms of property are established with a \$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, 2022, the City had the following outstanding commitments:

- \$3,697,000 for road construction and related infrastructure projects
- \$17,910,000 for various electric utility projects
- \$21,773,000 for various water utility projects
- \$12,550,000 for various wastewater utility projects

19. TAX ABATEMENTS

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

The seven tax incentive programs provided by the City as of December 31, 2021, and the amount of taxes abated for each of the programs for the year ended June 30, 2022 were as follows:

Industrial Facility Tax Exemption (IFT)	\$	193,566
Payment in Lieu of Taxes (PILOT)		176,120
New Personal Property Exemption		11,762
Commercial Rehabilitation Act		6,132
Michigan Renaissance Zone		597,028
Neighborhood Enterprise Zone Act (NEZ)		69,746
Brownfield Redevelopment Financing Act		<u>588,326</u>
	\$	<u>1,642,680</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, 2022 are as follows:

Balance, beginning of year	\$ 2,270,709
Interest and dividends	31,932
Realized gains	188,202
Unrealized gains	(404,805)
Administrative fees	<u>(19,736)</u>
Balance, end of year	<u>\$ 2,066,302</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 \$2,066,302 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. While the pandemic has resulted in an increase in the demands on the City to provide services to its patrons, the Federal Government has also provided significant resources to help mitigate the impacts of COVID-19. Over the past two years, the City has been awarded funds from various sources to be used to respond to the impacts of the COVID-19 pandemic. Of the amount awarded, approximately \$159,000 was expended and recognized as revenue during the current fiscal year. With these additional Federal resources, at this time management does not believe that the negative financial impact of the pandemic, if any, would be material to the City.

22. REGULATORY ACCOUNTING

Regulatory assets - Regulatory cost for future recovery

Holland Energy Park Natural Gas Pipeline Inspection - \$541,095 was expended in fiscal year 2022 to inspect the natural gas pipeline serving the Holland Energy Park. These inspections are required every 7 years. The inspection in fiscal year 2022 was completed in May 2022. The regulatory asset established for these costs will be amortized over 84 months beginning June 2022. The regulatory asset amortization recognized in fiscal year 2022 was \$6,441 resulting in a balance of \$534,643 at June 30, 2022. Such treatment provides more consistent and comparable financial information, in addition to aligning expenses with rates.

Regulatory credits - Deferred inflows of resources

Wastewater Contributions in Aid of Construction (CAIC)

Biosolids Improvement Project – This asset was placed in service in April 2018 at a cost of \$21,609,872. The Northern Service Area contributed \$9,447,600 toward the project, recognized as contributed capital (CAIC) in the fiscal years received. This revenue was restated as a regulatory credit in fiscal year 2022, resulting in a net deferred inflow of resources of \$6,613,320 as of June 30, 2022. The Board will amortize this credit over the life of the asset, recognizing the revenue as an offset to depreciation expense.

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

Anaerobic Digester – Construction started in fiscal year 2021 with completion expected in fiscal year 2024. Contributed capital (CAIC) toward the project from the Northern Service Area of \$3,968,835 was recognized in fiscal year 2021, which was restated as a regulatory credit in fiscal year 2022. An additional \$6,549,233 was recognized as a regulatory credit in fiscal year 2022, reflecting the Northern Service Area's contribution (CAIC) for fiscal year 2022 construction costs. This resulted in deferred inflow of resources of \$10,518,076 as of June 30, 2022. Additional contributions will be recognized as regulatory credits as construction continues. Amortization of the regulatory credit will begin at the time the digester is placed in service (currently scheduled for June 2023) and will be recognized as revenue over the life of the asset as an offset to depreciation expense.

Capacity and Operations Contract – Pursuant to this agreement, the Northern Service Area (NSA) makes annual payments to the Board to be used for the acquisition of new or replacement capital equipment. The funds related to these payments are placed into a restricted replacement cash fund until expended for these capital items. The funds received for the Replacement Fund have historically been recorded as operating revenues. Under GASB 62, the amounts received for the replacement fund will be classified as a regulatory credit. As the funds are expended, they will be recognized as contributed capital on the Statement of Revenues, Expenses, and Changes in Net Position. The replacement fund deferred credit was \$2,184,147 at June 30, 2022.

Wastewater Grant

Anaerobic Digester – A loan from the Clean Water State Revolving Fund (CWSRF) was used to finance \$30,000,000 of the estimated \$33,525,000 in project costs for the digester. The project also qualified for a grant, in the form of debt principal forgiveness, under the CWSRF Green Project Reserve. The total grant award is \$6,000,000 (20% of the CWSRF loan). Grant income of \$1,083,527 (20% of fiscal year 2021 loan draws) was awarded in fiscal year 2021. The Board allocates grant income to the NSA due to its capacity interest. Therefore, \$541,763 was recognized as grant income in fiscal year 2021. This has been restated as a regulatory credit in fiscal year 2022. A regulatory credit of \$701,783 was recognized for the fiscal year 2022 forgiveness. This has resulted in deferred inflow of resources of \$1,243,546 as of June 30, 2022. Additional loan forgiveness under the grant will be recognized as regulatory credits as future loan draws are made. Amortization of the regulatory credit will begin at the time the digester is placed in service and will be recognized as revenue over the life of the asset as an offset to depreciation expense.

Water Grant

Wyoming Water Interconnect Project – Financial assistance from the CWSRF was used to finance \$6,638,648 of project costs for the Interconnect. The project also qualified for a grant, in the form of debt principal forgiveness, under the CWSRF Green Project Reserve. The grant amount was \$995,797 (15% of the CWSRF loan). The Board has a 50% interest in the project, and recognized \$497,899 as grant income in fiscal year 2017. This has been restated as regulatory credit in fiscal year 2022, thus resulted in a net deferred inflow of resources of \$448,109 as of June 30, 2022. The Board will amortize this credit over the life of the asset recognizing the revenue as an offset to depreciation expense.

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

23. RESTATEMENT - CHANGE IN ACCOUNTING PRINCIPLE

At the May 18, 2022 meeting, the Holland City Council adopted a resolution authorizing the Board to apply the standards of GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and other AICPA Pronouncements, Paragraphs 476-500*. The Board has applied these standards to certain transactions that occurred prior to fiscal year 2022, as such treatment provides more consistent and comparable financial information, in addition to aligning expenses with rates. The effect of this change in account principal is summarized below:

	Wastewater Utility	Water Utility	Total
Net position as reported at June 30, 2021	\$ 76,903,271	\$ 60,543,051	\$ 137,446,322
Regulatory credit - Biosolids Improvement	(7,081,919)	-	(7,081,919)
Regulatory credit - Anaerobic Digester	(4,510,599)	-	(4,510,599)
Regulatory credit - Capacity & Operations	(2,234,477)	-	(2,234,477)
Regulatory credit - Wyoming Interconnect	-	(458,067)	(458,067)
Due from local units	252,004	-	252,004
	<u>252,004</u>	<u>-</u>	<u>252,004</u>
Net position as restated at June 30, 2021	<u>\$ 63,328,280</u>	<u>\$ 60,084,984</u>	<u>\$ 123,413,264</u>

24. SUBSEQUENT EVENT

In September 2022, the City issued 2022 capital improvement bonds in the amount of \$17,270,000 for fire station renovations. The bonds bear interest at 5% and are payable through May 1, 2047.



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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,			
	2022	2021	2020	2019
Total pension liability				
Service cost	\$ 1,077,831	\$ 1,213,447	\$ 1,318,778	\$ 1,333,190
Interest	10,970,359	10,630,795	10,591,696	10,403,124
Changes in benefit terms	-	-	-	7,165
Differences between expected and actual experience	974,146	(1,212,317)	414,602	(559,110)
Changes of assumptions	5,294,071	3,608,442	4,468,033	-
Benefit payments, including refunds of employee contributions	(9,917,610)	(9,491,615)	(9,023,916)	(8,616,101)
Net change in total pension liability	<u>8,398,797</u>	<u>4,748,752</u>	<u>7,769,193</u>	<u>2,568,268</u>
Total pension liability, beginning of year	<u>148,766,713</u>	<u>144,017,961</u>	<u>136,248,768</u>	<u>133,680,500</u>
Total pension liability, end of year	<u>157,165,510</u>	<u>148,766,713</u>	<u>144,017,961</u>	<u>136,248,768</u>
Plan fiduciary net position				
Employer contributions	2,754,448	2,581,911	1,852,924	21,016,269
Employee contributions	558,437	492,738	764,175	603,517
Net investment income (loss)	18,489,966	17,575,093	15,974,927	(5,051,853)
Benefit payments, including refunds of employee contributions	(9,917,610)	(9,491,615)	(9,023,916)	(8,616,101)
Administrative expense	(219,566)	(255,384)	(275,124)	(246,616)
Net change in plan fiduciary net position	<u>11,665,675</u>	<u>10,902,743</u>	<u>9,292,986</u>	<u>7,705,216</u>
Plan fiduciary net position, beginning of year	<u>139,706,354</u>	<u>128,803,611</u>	<u>119,510,625</u>	<u>111,805,409</u>
Plan fiduciary net position, end of year	<u>151,372,029</u>	<u>139,706,354</u>	<u>128,803,611</u>	<u>119,510,625</u>
City's net pension liability	<u>\$ 5,793,481</u>	<u>\$ 9,060,359</u>	<u>\$ 15,214,350</u>	<u>\$ 16,738,143</u>
Plan fiduciary net position as a percentage of total pension liability	96.3%	93.9%	89.4%	87.7%
Covered payroll	\$ 10,398,594	\$ 10,642,964	\$ 11,549,838	\$ 11,648,336
City's net pension liability as a percentage of covered payroll	55.7%	85.1%	131.7%	143.7%

See notes to required supplementary information.



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

83.6% 79.5% 75.6% 63.8%

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

172.0% 217.2% 244.8% 329.6%

CITY OF HOLLAND, MICHIGAN

Required Supplementary Information

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

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

See notes to required supplementary information.

CITY OF HOLLAND, MICHIGAN

Required Supplementary Information

Other Postemployment Benefits Plan

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

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

See notes to required supplementary information.

CITY OF HOLLAND, MICHIGAN

Required Supplementary Information

Other Postemployment Benefits Plan Schedule of Contributions

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

For the year ended June 30, 2022, the actuarially determined contribution for the Holland Board of Public Works was \$49,881 and for the remaining funds of the City \$704,996. Contributions in relation to the actuarially determined contribution for the Holland Board of Public Works were \$125,474 and for the remaining funds of the City \$27,344.

See notes to required supplementary information.

CITY OF HOLLAND, MICHIGAN

Required Supplementary Information

Other Postemployment Benefits Plan
Schedule of Investment Returns

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

See notes to required supplementary information.

CITY OF HOLLAND, MICHIGAN

Notes to Required Supplementary Information

MERS Agent Multiple-Employer Defined Benefit Pension Plan

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.

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%.

In 2021, amounts reported as changes in assumptions related to updated demographic assumptions, including adjustments to the following actuarial assumptions: mortality, retirement, disability, and termination rates.

In 2022, amounts reported as changes of assumptions resulted from a decrease in the assumed rate of return from 7.35% to 7.00%.

Notes to Schedule of Contributions

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

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 (2022, based on the 12/31/2019 actuarial valuation):

Actuarial cost method	Entry-age normal
Amortization method	Level percent of payroll, open
Remaining amortization period	4-19 years, depending on division
Asset valuation method	5-year smooth market
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
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

Notes to Required Supplementary Information

Other Postemployment Benefits Plan

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

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

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

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

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

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

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

Notes to Schedule of Contributions

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

Valuation Date June 30, 2022

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-age normal
Amortization method	Level percent of payroll, open
Remaining amortization period	12 years
Asset valuation method	Market value of assets
Inflation	2.5%
Salary increases	2.0%
Investment rate of return	7.00%, including inflation
Mortality	Public General 2010 Employee and Healthy Retiree, Headcount weighted, MP-2021
Healthcare cost trend rates	7.25% graded down by 0.25% per year to an ultimate rate of 4.50%

CITY OF HOLLAND, MICHIGAN

Notes to Required Supplementary Information

Notes to the Schedule of Investment Returns

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

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

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

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CITY OF HOLLAND, MICHIGAN

General Fund

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

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

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

Budget Stabilization (Rainy Day) Fund

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

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

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

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

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

CITY OF HOLLAND, MICHIGAN

Combining Balance Sheet

General Fund - By Activity
June 30, 2022

	General	Budget Stabilization	Total General Fund
Assets			
Cash and pooled investments	\$ 7,372,476	\$ 1,680,536	\$ 9,053,012
Receivables:			
Accounts	107,209	-	107,209
Taxes	282	-	282
Interest	57,078	-	57,078
Due from other governmental units	740,369	-	740,369
Due from other funds	116	-	116
Prepaid items	7,834	-	7,834
Total assets	<u>\$ 8,285,364</u>	<u>\$ 1,680,536</u>	<u>\$ 9,965,900</u>
Liabilities			
Accounts payable	\$ 459,705	\$ 26	\$ 459,731
Accrued payroll and benefits	532,794	-	532,794
Due to other governmental units	255,684	-	255,684
Due to other funds	151,123	-	151,123
Deposits	14,415	-	14,415
Unearned revenue	151,248	-	151,248
Total liabilities	<u>1,564,969</u>	<u>26</u>	<u>1,564,995</u>
Fund balances			
Nonspendable	7,834	-	7,834
Unassigned	6,712,561	1,680,510	8,393,071
Total fund balances	<u>6,720,395</u>	<u>1,680,510</u>	<u>8,400,905</u>
Total liabilities and fund balances	<u>\$ 8,285,364</u>	<u>\$ 1,680,536</u>	<u>\$ 9,965,900</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, 2022

	General	Budget Stabilization	Elimination	Total General Fund
Revenues				
Taxes	\$ 11,406,455	\$ -	\$ -	\$ 11,406,455
Licenses and permits	1,375,622	-	-	1,375,622
Intergovernmental	6,495,140	-	-	6,495,140
Charges for services	1,844,996	-	-	1,844,996
Fines and fees	164,325	-	-	164,325
Interest and rents	(1,003)	-	-	(1,003)
Miscellaneous	97,244	-	-	97,244
Total revenues	21,382,779	-	-	21,382,779
Expenditures				
Current:				
General government	4,096,446	10,287	-	4,106,733
Public safety	14,205,338	-	-	14,205,338
Public works	1,374,276	-	-	1,374,276
Welfare and social services	639,134	-	-	639,134
Parks and recreation	3,911,720	-	-	3,911,720
Other	770,083	-	-	770,083
Debt service:				
Principal retirement	18,000	-	-	18,000
Total expenditures	25,014,997	10,287	-	25,025,284
Revenue under expenditures	(3,632,218)	(10,287)	-	(3,642,505)
Other financing sources (uses)				
Transfers in	6,063,670	89,010	(89,010)	6,063,670
Transfers out	(1,155,416)	-	89,010	(1,066,406)
Total other financing sources (uses)	4,908,254	89,010	-	4,997,264
Net changes in fund balances	1,276,036	78,723	-	1,354,759
Fund balances, beginning of year	5,444,359	1,601,787	-	7,046,146
Fund balances, end of year	\$ 6,720,395	\$ 1,680,510	\$ -	\$ 8,400,905

CITY OF HOLLAND, MICHIGAN

Detailed Schedule of Revenues

Budget and Actual - General Fund
For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
<i>General Fund revenues</i>				
Taxes:				
Property	\$ 10,627,425	\$ 10,611,050	\$ 10,613,534	\$ 2,484
Penalties and interest on delinquent taxes	55,000	84,300	84,694	394
Administration fee	628,300	645,550	645,570	20
Public service charge in lieu of property tax	60,000	60,000	61,096	1,096
Other miscellaneous taxes	1,500	1,500	1,561	61
Total taxes	11,372,225	11,402,400	11,406,455	4,055
Licenses and permits:				
Business	29,200	24,050	30,416	6,366
Nonbusiness	869,200	1,366,700	1,345,206	(21,494)
Total licenses and permits	898,400	1,390,750	1,375,622	(15,128)
Intergovernmental:				
State	5,497,600	6,133,500	6,353,942	220,442
Federal	25,000	56,000	58,706	2,706
Other	100,000	100,000	82,492	(17,508)
Total intergovernmental	5,622,600	6,289,500	6,495,140	205,640
Charges for services:				
Fees	855,400	860,486	873,214	12,728
Services rendered	781,907	805,651	813,577	7,926
Sales	133,100	152,500	158,205	5,705
Total charges for services	1,770,407	1,818,637	1,844,996	26,359
Fines and fees	150,950	135,800	164,325	28,525
Interest and rents:				
Investment earnings (loss)	130,000	105,000	(330,788)	(435,788)
Rents	291,000	309,000	329,785	20,785
Total interest and rents	421,000	414,000	(1,003)	(415,003)
Miscellaneous	44,160	71,083	97,244	26,161
Total revenues	\$ 20,279,742	\$ 21,522,170	\$ 21,382,779	\$ (139,391)

CITY OF HOLLAND, MICHIGAN

Detailed Schedule of Expenditures

Budget and Actual - General Fund
For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Expenditures				
<i>General Fund expenditures</i>				
General government:				
City council	\$ 234,737	\$ 216,349	\$ 195,513	\$ (20,836)
City manager	408,595	416,741	404,962	(11,779)
Elections	114,338	60,790	50,697	(10,093)
City finance	664,060	691,203	679,380	(11,823)
Independent audit	53,600	48,500	43,624	(4,876)
City assessor	505,590	464,312	473,813	9,501
Legal services	216,000	237,500	241,476	3,976
City clerk	294,893	299,622	286,087	(13,535)
Human resources	425,063	423,746	390,583	(33,163)
City treasurer	180,372	166,489	162,555	(3,934)
City hall and grounds	206,609	218,917	218,480	(437)
Cemetery	691,198	644,696	622,626	(22,070)
Boards and commissions	8,199	7,993	7,489	(504)
Planning commission	370,373	340,138	319,161	(20,977)
Total general government	4,373,627	4,236,996	4,096,446	(140,550)
Public safety:				
Police	9,392,272	9,444,816	9,402,016	(42,800)
Fire	3,207,228	3,315,573	3,298,538	(17,035)
Environmental health/inspections	513,774	490,921	471,252	(19,669)
Construction inspections	893,421	1,078,100	1,033,532	(44,568)
Total public safety	14,006,695	14,329,410	14,205,338	(124,072)
Public works:				
Streets	1,325,948	1,212,320	1,136,409	(75,911)
Transportation management/engineering	276,081	237,145	237,867	722
Total public works	1,602,029	1,449,465	1,374,276	(75,189)
Welfare and social services:				
Housing and neighborhood	111,514	98,954	95,468	(3,486)
Economic development assistance	463,226	364,057	244,438	(119,619)
Human relations commission	328,077	282,221	244,228	(37,993)
Social services assistance	55,000	55,000	55,000	-
Total welfare and social services	957,817	800,232	639,134	(161,098)

continued...

CITY OF HOLLAND, MICHIGAN

Detailed Schedule of Expenditures

Budget and Actual - General Fund
For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Expenditures (concluded)				
<i>General Fund expenditures (concluded)</i>				
Parks and recreation:				
Parks	\$ 2,266,247	\$ 2,330,540	\$ 2,269,923	\$ (60,617)
Nature center	52,493	61,499	56,930	(4,569)
Cultural-recreational	110,200	110,500	101,423	(9,077)
Recreation	1,390,198	1,428,612	1,282,762	(145,850)
Market	172,645	201,540	200,682	(858)
Total parks and recreation	<u>3,991,783</u>	<u>4,132,691</u>	<u>3,911,720</u>	<u>(220,971)</u>
Other:				
Insurance	222,368	270,084	270,083	(1)
MERS payment	-	500,000	500,000	-
Contingencies	502,800	72,889	-	(72,889)
Total other	<u>725,168</u>	<u>842,973</u>	<u>770,083</u>	<u>(72,890)</u>
Debt service:				
Principal retirement	<u>18,000</u>	<u>18,000</u>	<u>18,000</u>	<u>-</u>
Total general fund expenditures	25,675,119	25,809,767	25,014,997	(794,770)
<i>Budget Stabilization Fund expenditures</i>				
General government:				
Other services and charges	<u>5,000</u>	<u>10,000</u>	<u>10,287</u>	<u>287</u>
Total expenditures	<u>\$ 25,680,119</u>	<u>\$ 25,819,767</u>	<u>\$ 25,025,284</u>	<u>\$ (794,483)</u>

concluded

CITY OF HOLLAND, MICHIGAN

Detailed Schedule of Transfers

Budget and Actual - General Fund
For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Transfers in				
Special Revenue Funds:				
Miscellaneous Government Functions:				
CATV - (Public Access Channels)	\$ 50,000	\$ 50,000	\$ 50,000	\$ -
Permanent Fund:				
Cemetery Perpetual Care	1,500	1,000	1,304	304
Capital Projects Funds:				
Municipal Facilities/Land Improvement	50,000	25,000	12,366	(12,634)
Enterprise Funds:				
Electric Utility	6,000,000	6,000,000	6,000,000	-
Budget Stabilization Fund	-	89,010	89,010	-
Elimination	-	(89,010)	(89,010)	-
Total transfers in	<u>\$ 6,101,500</u>	<u>\$ 6,076,000</u>	<u>\$ 6,063,670</u>	<u>\$ (12,330)</u>
Transfers out				
Special Revenue Funds:				
Miscellaneous Government Functions:				
Dangerous Structures	\$ 190	\$ 21,870	\$ 7,912	\$ (13,958)
Public Safety Grants:				
Anti-Drug Abuse Grants	-	212,187	209,630	(2,557)
Capital Projects Funds:				
Municipal Facilities/Land Improvement Projects	250,000	250,000	250,000	-
Enterprise Funds:				
Civic Center	682,017	682,987	598,864	(84,123)
Budget Stabilization Fund	226,084	-	-	-
Elimination	(226,084)	-	-	-
Total transfers out	<u>\$ 932,207</u>	<u>\$ 1,167,044</u>	<u>\$ 1,066,406</u>	<u>\$ (100,638)</u>

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CITY OF HOLLAND, MICHIGAN

Nonmajor Governmental Funds

Special Revenue Funds

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

Motor Vehicle Highway Major Street Fund

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

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

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

Motor Vehicle Highway Local Street Fund

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

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

Allegan County Road Tax Fund

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

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

CITY OF HOLLAND, MICHIGAN

Nonmajor Governmental Funds

Special Revenue Funds (Continued)

Ottawa County Road Tax Fund

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

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

Street Improvements Reserve Fund

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

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

Downtown Operations Public Parking System Fund

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

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

Downtown Operations Snowmelt Operating System Fund

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

CITY OF HOLLAND, MICHIGAN

Nonmajor Governmental Funds

Special Revenue Funds (Continued)

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

Downtown Operations Principal Shopping District Fund

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

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

CATV (Public Access Channels) Fund

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

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

Revolving Cash Assistance Fund

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

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

CITY OF HOLLAND, MICHIGAN

Nonmajor Governmental Funds

Special Revenue Funds (Continued)

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

Specified Donations Fund

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

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

Dangerous Structures Fund

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

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

Police Criminal Justice Training Fund

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

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

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

CITY OF HOLLAND, MICHIGAN

Nonmajor Governmental Funds

Special Revenue Funds (Continued)

Anti-Drug Abuse Grants Fund

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

These funds support multi-year revenues and expenditures spanning inception to completion of the grant. However, for annual financial reporting purposes, revenues and expenditures are also recognized by fiscal year. Open budget balances at June 30, 2022, 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, 2022, 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.

CITY OF HOLLAND, MICHIGAN

Nonmajor Governmental Funds

Special Revenue Funds (Continued)

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, 2022, of estimated revenues and appropriations are carried forward to the ensuing fiscal year.

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, 2022, 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, 2022, 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, 2022, 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, 2022 are carried forward to the ensuing fiscal year.

OJP Grant Fund

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

Holland Energy Fund

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

Debt Service Funds

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

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

Alternative Special Assessment Debt Service Fund

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

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, 2022, 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

- Window on Waterfront Nature Playground
- Paving at Parks Department Building and Warehouse
- Lighting Upgrades for Athletic Fields

All Other Municipal Projects & Programs

- Community and Neighborhood:
 - Snowmelt Improvements
- Planning:
 - Waterfront Redevelopment
 - Fire Station Renovation
- Facilities:
 - City Hall 3rd Floor Renovation
 - Police Building - Replace Energy Wheel

CITY OF HOLLAND, MICHIGAN

Nonmajor Governmental Funds

Capital Projects Funds (Concluded)

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

Street Development and/or Redevelopment Projects

Annual Resurfacing Program of Various Streets
6th Street Improvements
County Club, 8th Street to Legion Park Drive
College Ave., 14th to 24th Street
10th Street, Lincoln to Washington Reconstruction
Pine Ave, 9th Street to Michigan

Sidewalk Projects:

Sidewalk Repair / Replacement

Bridge Projects:

Paw Paw Drive

Permanent Fund

Cemetery Perpetual Care Fund

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



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CITY OF HOLLAND, MICHIGAN

Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2022

	Special Revenue Funds				
	Street Maintenance and Improvements				
	Major Street	Local Street	Allegan County Road Tax	Ottawa County Road Tax	Street Improvements Reserve
Assets					
Cash and pooled investments	\$ 1,524,638	\$ 921	\$ 1,392,376	\$ 187,181	\$ 485,289
Beneficial interest in assets held by others	-	-	-	-	-
Receivables:					
Accounts	4,392	2,500	-	1,471	-
Taxes and special assessments	-	-	-	-	-
Notes	-	-	-	-	-
Due from other governmental units	608,301	170,454	42,673	-	-
Due from other funds	4,005	1,125	-	-	-
Prepaid items	-	-	-	-	-
Total assets	<u>\$ 2,141,336</u>	<u>\$ 175,000</u>	<u>\$ 1,435,049</u>	<u>\$ 188,652</u>	<u>\$ 485,289</u>
Liabilities					
Accounts payable	\$ 55,575	\$ 10,719	\$ -	\$ -	\$ -
Accrued payroll and benefits	12,761	15,601	-	-	-
Due to other funds	35,809	146,680	-	-	-
Unearned revenue	-	-	-	-	-
Total liabilities	<u>104,145</u>	<u>173,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources					
Unavailable revenue:					
Special assessment receivable	-	-	-	-	-
Fund balances					
Nonspendable	-	-	-	-	-
Restricted	2,037,191	2,000	1,435,049	188,652	485,289
Committed	-	-	-	-	-
Total fund balances	<u>2,037,191</u>	<u>2,000</u>	<u>1,435,049</u>	<u>188,652</u>	<u>485,289</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,141,336</u>	<u>\$ 175,000</u>	<u>\$ 1,435,049</u>	<u>\$ 188,652</u>	<u>\$ 485,289</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
\$ 205,363	\$ 118,017	\$ 190,622	\$ 175,966	\$ 415,115	\$ 610,148	\$ 19,890
-	-	-	-	-	-	-
27,763	-	-	111,327	-	4,650	-
-	-	-	-	355,699	-	-
-	-	-	-	-	-	-
-	-	-	120	-	-	-
-	-	300	-	-	10,852	-
<u>\$ 233,126</u>	<u>\$ 118,017</u>	<u>\$ 190,922</u>	<u>\$ 287,413</u>	<u>\$ 770,814</u>	<u>\$ 625,650</u>	<u>\$ 19,890</u>
\$ 924	\$ 17	\$ 3,316	\$ 468	\$ -	\$ 20,888	\$ 19,890
2,274	-	4,235	5,920	-	-	-
2,692	22,467	-	-	-	-	-
-	-	-	-	-	-	-
<u>5,890</u>	<u>22,484</u>	<u>7,551</u>	<u>6,388</u>	<u>-</u>	<u>20,888</u>	<u>19,890</u>
-	-	-	-	355,699	-	-
-	-	300	-	-	10,852	-
227,236	-	183,071	-	415,115	593,910	-
-	95,533	-	281,025	-	-	-
<u>227,236</u>	<u>95,533</u>	<u>183,371</u>	<u>281,025</u>	<u>415,115</u>	<u>604,762</u>	<u>-</u>
<u>\$ 233,126</u>	<u>\$ 118,017</u>	<u>\$ 190,922</u>	<u>\$ 287,413</u>	<u>\$ 770,814</u>	<u>\$ 625,650</u>	<u>\$ 19,890</u>

continued...

CITY OF HOLLAND, MICHIGAN

Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2022

	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
Assets					
Cash and pooled investments	\$ 4,472	\$ 7,966	\$ -	\$ -	\$ -
Beneficial interest in assets held by others	-	-	-	-	-
Receivables:					
Accounts	-	-	-	-	-
Taxes and special assessments	-	-	-	-	-
Notes	-	-	-	-	-
Due from other governmental units	-	2,372	75	1,637	-
Due from other funds	-	-	-	-	-
Prepaid items	-	-	-	-	-
Total assets	<u>\$ 4,472</u>	<u>\$ 10,338</u>	<u>\$ 75</u>	<u>\$ 1,637</u>	<u>\$ -</u>
Liabilities					
Accounts payable	\$ 800	\$ -	\$ -	\$ 655	\$ -
Accrued payroll and benefits	-	8,192	-	-	-
Due to other funds	-	2,146	75	982	-
Unearned revenue	-	-	-	-	-
Total liabilities	<u>800</u>	<u>10,338</u>	<u>75</u>	<u>1,637</u>	<u>-</u>
Deferred inflows of resources					
Unavailable revenue:					
Special assessment receivable	-	-	-	-	-
Fund balances					
Nonspendable	-	-	-	-	-
Restricted	3,672	-	-	-	-
Committed	-	-	-	-	-
Total fund balances	<u>3,672</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 4,472</u>	<u>\$ 10,338</u>	<u>\$ 75</u>	<u>\$ 1,637</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	OJP Grant	Holland Energy
\$ 129	\$ 19,206	\$ 29,395	\$ 47,869	\$ -	\$ 585,442
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	1,081,192
-	143,395	-	-	-	-
-	-	-	-	-	42,829
-	550	-	-	-	-
<u>\$ 129</u>	<u>\$ 163,151</u>	<u>\$ 29,395</u>	<u>\$ 47,869</u>	<u>\$ -</u>	<u>\$ 1,709,463</u>
\$ -	\$ 30,712	\$ -	\$ 547	\$ -	\$ 14,834
-	2,153	-	-	-	-
-	111,081	-	-	-	915,503
-	-	-	28,102	-	2,287
-	143,946	-	28,649	-	932,624
-	-	-	-	-	-
-	550	-	-	-	-
-	18,655	29,395	19,220	-	-
129	-	-	-	-	776,839
129	19,205	29,395	19,220	-	776,839
<u>\$ 129</u>	<u>\$ 163,151</u>	<u>\$ 29,395</u>	<u>\$ 47,869</u>	<u>\$ -</u>	<u>\$ 1,709,463</u>

continued...

CITY OF HOLLAND, MICHIGAN

Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2022

	Debt Service Funds			Capital Projects Funds	
	General Obligation Debt Service	Alternative Special Assessments	Act 99 Debt Service	Infrastructure Projects	Municipal Facilities/Land Improvements Projects
Assets					
Cash and pooled investments	\$ 800,452	\$ -	\$ -	\$ 1,575,339	\$ 8,785,211
Beneficial interest in assets held by others	-	-	-	-	-
Receivables:					
Accounts	427	-	-	19,875	211,975
Taxes and special assessments	100	10,517	-	-	-
Notes	-	-	-	-	-
Due from other governmental units	-	-	-	-	-
Due from other funds	-	-	-	-	323,878
Prepaid items	-	-	-	-	-
Total assets	<u>\$ 800,979</u>	<u>\$ 10,517</u>	<u>\$ -</u>	<u>\$ 1,595,214</u>	<u>\$ 9,321,064</u>
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ 150,297	\$ 479,066
Accrued payroll and benefits	-	-	-	5,114	-
Due to other funds	-	-	-	1,178,412	-
Unearned revenue	-	-	-	83,536	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,417,359</u>	<u>479,066</u>
Deferred inflows of resources					
Unavailable revenue:					
Special assessment receivable	-	10,517	-	-	-
Fund balances					
Nonspendable	-	-	-	-	-
Restricted	800,979	-	-	-	-
Committed	-	-	-	177,855	8,841,998
Total fund balances	<u>800,979</u>	<u>-</u>	<u>-</u>	<u>177,855</u>	<u>8,841,998</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 800,979</u>	<u>\$ 10,517</u>	<u>\$ -</u>	<u>\$ 1,595,214</u>	<u>\$ 9,321,064</u>



Permanent Fund	
Cemetery Perpetual Care	Total

\$ 241,985	\$ 17,422,992
2,066,302	2,066,302
950	385,330
-	366,316
-	1,081,192
-	968,907
-	371,957
-	11,702
<u>\$ 2,309,237</u>	<u>\$ 22,674,698</u>

\$ -	\$ 788,708
-	56,250
-	2,415,847
-	113,925
<u>-</u>	<u>3,374,730</u>

-	366,216
---	---------

2,237,802	2,249,504
71,435	6,510,869
-	10,173,379
<u>2,309,237</u>	<u>18,933,752</u>

<u>\$ 2,309,237</u>	<u>\$ 22,674,698</u>
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concluded

CITY OF HOLLAND, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds
For the Year Ended June 30, 2022

	Special Revenue Funds				
	Street Maintenance and Improvements				
	Major Street	Local Street	Allegan County Road Tax	Ottawa County Road Tax	Street Improvements Reserve
Revenues					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 1,458,264
Special assessments	-	-	-	-	-
Intergovernmental	4,256,583	1,099,933	663,855	417,291	167,605
Charges for services	24,571	21,325	-	-	-
Fines and fees	-	-	-	-	-
Contributions from private sector	-	-	-	-	-
Interest and rents	(75,491)	(816)	(26,806)	(3,313)	12,568
Miscellaneous	6,573	129	3,854	-	-
Total revenues	4,212,236	1,120,571	640,903	413,978	1,638,437
Expenditures					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	4,422,588	1,361,261	-	-	-
Welfare and social services	-	-	-	-	-
Parks and recreation	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Bond issuance cost	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	4,422,588	1,361,261	-	-	-
Revenue over (under) expenditures	(210,352)	(240,690)	640,903	413,978	1,638,437
Other financing sources (uses)					
Issuance of refunding bonds	-	-	-	-	-
Payments to refunding bond escrow agent	-	-	-	-	-
Transfers in	-	240,690	331,241	-	-
Transfers out	(240,690)	-	(153,147)	(350,000)	(1,675,152)
Total other financing sources (uses)	(240,690)	240,690	178,094	(350,000)	(1,675,152)
Net changes in fund balances	(451,042)	-	818,997	63,978	(36,715)
Fund balances, beginning of year	2,488,233	2,000	616,052	124,674	522,004
Fund balances, end of year	\$ 2,037,191	\$ 2,000	\$ 1,435,049	\$ 188,652	\$ 485,289

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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
239,487	340,221	207,984	-	123,613	-	-
-	-	-	-	-	-	-
68,901	-	40,810	6,091	-	-	20,387
-	-	-	447,201	-	-	-
-	-	29,149	-	-	164,681	-
(3,384)	652	(3,311)	(2,753)	1,738	-	-
-	-	56	1,992	-	-	-
<u>305,004</u>	<u>340,873</u>	<u>274,688</u>	<u>452,531</u>	<u>125,351</u>	<u>164,681</u>	<u>20,387</u>
-	-	-	279,189	-	133,689	28,299
-	-	-	-	-	-	-
332,337	216,987	-	-	-	-	-
-	-	-	-	-	-	-
-	-	262,436	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	12,952	-	1,184	-
<u>332,337</u>	<u>216,987</u>	<u>262,436</u>	<u>292,141</u>	<u>-</u>	<u>134,873</u>	<u>28,299</u>
<u>(27,333)</u>	<u>123,886</u>	<u>12,252</u>	<u>160,390</u>	<u>125,351</u>	<u>29,808</u>	<u>(7,912)</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	20,730	-	-	-	-	7,912
<u>(10,730)</u>	<u>(142,356)</u>	<u>-</u>	<u>(150,000)</u>	<u>(400,477)</u>	<u>-</u>	<u>-</u>
<u>(10,730)</u>	<u>(121,626)</u>	<u>-</u>	<u>(150,000)</u>	<u>(400,477)</u>	<u>-</u>	<u>7,912</u>
(38,063)	2,260	12,252	10,390	(275,126)	29,808	-
<u>265,299</u>	<u>93,273</u>	<u>171,119</u>	<u>270,635</u>	<u>690,241</u>	<u>574,954</u>	<u>-</u>
<u>\$ 227,236</u>	<u>\$ 95,533</u>	<u>\$ 183,371</u>	<u>\$ 281,025</u>	<u>\$ 415,115</u>	<u>\$ 604,762</u>	<u>\$ -</u>

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CITY OF HOLLAND, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds
For the Year Ended June 30, 2022

	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
Revenues					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-
Intergovernmental	7,259	56,009	-	18,016	1,995
Charges for services	-	-	-	-	-
Fines and fees	-	-	-	-	-
Contributions from private sector	-	-	-	-	-
Interest and rents	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	<u>7,259</u>	<u>56,009</u>	<u>-</u>	<u>18,016</u>	<u>1,995</u>
Expenditures					
Current:					
General government	-	-	-	-	-
Public safety	9,518	265,639	-	-	1,995
Public works	-	-	-	-	-
Welfare and social services	-	-	-	-	-
Parks and recreation	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Bond issuance cost	-	-	-	-	-
Capital outlay	-	-	-	18,016	-
Total expenditures	<u>9,518</u>	<u>265,639</u>	<u>-</u>	<u>18,016</u>	<u>1,995</u>
Revenue over (under) expenditures	<u>(2,259)</u>	<u>(209,630)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses)					
Issuance of refunding bonds	-	-	-	-	-
Payments to refunding bond escrow agent	-	-	-	-	-
Transfers in	-	209,630	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>209,630</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	<u>(2,259)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, beginning of year	<u>5,931</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	<u>\$ 3,672</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	OJP Grant	Holland Energy
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	347,041	-	-	14,498	-
-	-	-	-	-	-
-	-	-	-	-	-
-	65,352	-	38,273	-	1,000
-	-	(485)	-	-	57,167
-	16,129	-	-	-	-
-	428,522	(485)	38,273	14,498	58,167
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	202,779
-	436,887	-	33,833	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	14,498	-
-	436,887	-	33,833	14,498	202,779
-	(8,365)	(485)	4,440	-	(144,612)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	275,000
-	-	-	-	-	-
-	-	-	-	-	275,000
-	(8,365)	(485)	4,440	-	130,388
129	27,570	29,880	14,780	-	646,451
\$ 129	\$ 19,205	\$ 29,395	\$ 19,220	\$ -	\$ 776,839

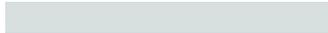
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CITY OF HOLLAND, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds
For the Year Ended June 30, 2022

	Debt Service Funds			Capital Projects Funds	
	General Obligation Debt Service	Alternative Special Assessments	Act 99 Debt Service	Infrastructure Projects	Municipal Facilities/Land Improvements Projects
Revenues					
Taxes	\$ 4,396,229	\$ -	\$ -	\$ 182,224	\$ 307,403
Special assessments	-	-	-	-	-
Intergovernmental	751,540	-	-	792,079	35,690
Charges for services	-	-	-	-	-
Fines and fees	-	-	-	-	-
Contributions from private sector	-	-	-	-	5,515,318
Interest and rents	(1,748)	-	-	(2,401)	(171,759)
Miscellaneous	558,596	-	-	19,875	17,205
Total revenues	5,704,617	-	-	991,777	5,703,857
Expenditures					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Welfare and social services	-	-	-	-	-
Parks and recreation	-	-	-	-	-
Debt service:					
Principal retirement	4,336,000	-	302,692	-	-
Interest and fiscal charges	1,553,281	-	32,989	-	-
Bond issuance cost	33,156	-	-	-	-
Capital outlay	-	-	-	3,681,671	4,365,749
Total expenditures	5,922,437	-	335,681	3,681,671	4,365,749
Revenue over (under) expenditures	(217,820)	-	(335,681)	(2,689,894)	1,338,108
Other financing sources (uses)					
Issuance of refunding bonds	1,955,000	-	-	-	-
Payments to refunding bond escrow agent	(1,993,004)	-	-	-	-
Transfers in	142,356	-	335,681	2,787,918	2,866,384
Transfers out	(335,681)	-	-	(21,000)	(837,749)
Total other financing sources (uses)	(231,329)	-	335,681	2,766,918	2,028,635
Net changes in fund balances	(449,149)	-	-	77,024	3,366,743
Fund balances, beginning of year	1,250,128	-	-	100,831	5,475,255
Fund balances, end of year	\$ 800,979	\$ -	\$ -	\$ 177,855	\$ 8,841,998



Permanent Fund	
Cemetery Perpetual Care	Total
\$ -	\$ 6,344,120
-	911,305
-	8,629,394
74,863	256,948
-	447,201
-	5,813,773
(208,600)	(428,742)
-	624,409
<u>(133,737)</u>	<u>22,598,408</u>
-	441,177
-	277,152
-	6,535,952
-	470,720
-	262,436
-	4,638,692
-	1,586,270
-	33,156
-	8,094,070
-	<u>22,339,625</u>
<u>(133,737)</u>	<u>258,783</u>
-	1,955,000
-	(1,993,004)
-	7,217,542
(1,304)	(4,318,286)
<u>(1,304)</u>	<u>2,861,252</u>
(135,041)	3,120,035
<u>2,444,278</u>	<u>15,813,717</u>
<u>\$ 2,309,237</u>	<u>\$ 18,933,752</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, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Intergovernmental	\$ 4,145,215	\$ 4,173,850	\$ 4,256,583	\$ 82,733
Charges for services	25,000	22,000	24,571	2,571
Interest and rents	10,000	18,000	(75,491)	(93,491)
Miscellaneous	-	4,601	6,573	1,972
Total revenues	<u>4,180,215</u>	<u>4,218,451</u>	<u>4,212,236</u>	<u>(6,215)</u>
Expenditures				
Current:				
Public works:				
Personnel services	702,550	675,040	637,861	(37,179)
Other services and charges	3,872,550	4,150,005	3,784,727	(365,278)
Total expenditures	<u>4,575,100</u>	<u>4,825,045</u>	<u>4,422,588</u>	<u>(402,457)</u>
Revenues over (under) expenditures	(394,885)	(606,594)	(210,352)	396,242
Other financing uses				
Transfers out	(463,500)	(470,371)	(240,690)	(229,681)
Net changes in fund balances	<u>(858,385)</u>	<u>(1,076,965)</u>	<u>(451,042)</u>	<u>625,923</u>
Fund balances, beginning of year	<u>2,488,233</u>	<u>2,488,233</u>	<u>2,488,233</u>	<u>-</u>
Fund balances, end of year	<u>\$ 1,629,848</u>	<u>\$ 1,411,268</u>	<u>\$ 2,037,191</u>	<u>\$ 625,923</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, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Intergovernmental	\$ 1,066,900	\$ 1,070,700	\$ 1,099,933	\$ 29,233
Charges for services	48,000	30,000	21,325	(8,675)
Interest and rents	500	350	(816)	(1,166)
Miscellaneous	-	19	129	110
Total revenues	<u>1,115,400</u>	<u>1,101,069</u>	<u>1,120,571</u>	<u>19,502</u>
Expenditures				
Current:				
Public works:				
Personnel services	707,100	682,740	602,018	(80,722)
Other services and charges	871,800	888,700	759,243	(129,457)
Total expenditures	<u>1,578,900</u>	<u>1,571,440</u>	<u>1,361,261</u>	<u>(210,179)</u>
Revenues over (under) expenditures	(463,500)	(470,371)	(240,690)	229,681
Other financing sources				
Transfers in	463,500	470,371	240,690	(229,681)
Net changes in fund balances	-	-	-	-
Fund balances, beginning of year	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>	<u>-</u>
Fund balances, end of year	<u>\$ 2,000</u>	<u>\$ 2,000</u>	<u>\$ 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, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Intergovernmental	\$ 390,000	\$ 390,000	\$ 663,855	\$ 273,855
Interest and rents	500	3,000	(26,806)	(29,806)
Miscellaneous	-	350	3,854	3,504
Total revenues	<u>390,500</u>	<u>393,350</u>	<u>640,903</u>	<u>247,553</u>
Other financing sources (uses)				
Transfers in	-	331,242	331,241	(1)
Transfers out	(575,000)	(484,000)	(153,147)	(330,853)
Total other financing sources (uses)	<u>(575,000)</u>	<u>(152,758)</u>	<u>178,094</u>	<u>(330,854)</u>
Net changes in fund balances	(184,500)	240,592	818,997	578,405
Fund balances, beginning of year	<u>616,052</u>	<u>616,052</u>	<u>616,052</u>	<u>-</u>
Fund balances, end of year	<u>\$ 431,552</u>	<u>\$ 856,644</u>	<u>\$ 1,435,049</u>	<u>\$ 578,405</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, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Intergovernmental	\$ 350,000	\$ 375,000	\$ 417,291	\$ 42,291
Interest and rents	200	600	(3,313)	(3,913)
Total revenues	350,200	375,600	413,978	38,378
Other financing uses				
Transfers out	(350,000)	(350,000)	(350,000)	-
Net changes in fund balances	200	25,600	63,978	38,378
Fund balances, beginning of year	124,674	124,674	124,674	-
Fund balances, end of year	<u>\$ 124,874</u>	<u>\$ 150,274</u>	<u>\$ 188,652</u>	<u>\$ 38,378</u>

CITY OF HOLLAND, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Street Improvements Reserve Fund
For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ 1,460,614	\$ 1,460,614	\$ 1,458,264	\$ (2,350)
Intergovernmental	178,510	167,605	167,605	-
Interest and rents	-	-	12,568	12,568
Miscellaneous	28,360	24,648	-	(24,648)
Total revenues	1,667,484	1,652,867	1,638,437	(14,430)
Other financing uses				
Transfers out	(2,132,000)	(2,076,150)	(1,675,152)	(400,998)
Net changes in fund balances	(464,516)	(423,283)	(36,715)	386,568
Fund balances, beginning of year	522,004	522,004	522,004	-
Fund balances, end of year	<u>\$ 57,488</u>	<u>\$ 98,721</u>	<u>\$ 485,289</u>	<u>\$ 386,568</u>

CITY OF HOLLAND, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Public Parking System Fund
For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Special assessments	\$ 239,918	\$ 239,487	\$ 239,487	\$ -
Charges for services	50,497	56,642	68,901	12,259
Interest and rents	2,000	2,000	(3,384)	(5,384)
Total revenues	<u>292,415</u>	<u>298,129</u>	<u>305,004</u>	<u>6,875</u>
Expenditures				
Current:				
Public works:				
Personnel services	105,374	111,755	107,835	(3,920)
Other services and charges	250,329	238,372	224,502	(13,870)
Total expenditures	<u>355,703</u>	<u>350,127</u>	<u>332,337</u>	<u>(17,790)</u>
Revenues over (under) expenditures	(63,288)	(51,998)	(27,333)	24,665
Other financing uses				
Transfers out	(110,730)	(35,730)	(10,730)	(25,000)
Net changes in fund balances	<u>(174,018)</u>	<u>(87,728)</u>	<u>(38,063)</u>	<u>49,665</u>
Fund balances, beginning of year	<u>265,299</u>	<u>265,299</u>	<u>265,299</u>	<u>-</u>
Fund balances, end of year	<u>\$ 91,281</u>	<u>\$ 177,571</u>	<u>\$ 227,236</u>	<u>\$ 49,665</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, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Special assessments	\$ 338,905	\$ 340,220	\$ 340,221	\$ 1
Interest and rents	1,000	-	652	652
Total revenues	339,905	340,220	340,873	653
Expenditures				
Current:				
Public works:				
Other services and charges	234,016	207,957	216,987	9,030
Revenues over (under) expenditures	105,889	132,263	123,886	(8,377)
Other financing sources (uses)				
Transfers in	20,730	20,730	20,730	-
Transfers out	(142,356)	(142,356)	(142,356)	-
Total other financing sources (uses)	(121,626)	(121,626)	(121,626)	-
Net changes in fund balances	(15,737)	10,637	2,260	(8,377)
Fund balances, beginning of year	93,273	93,273	93,273	-
Fund balances, end of year	<u>\$ 77,536</u>	<u>\$ 103,910</u>	<u>\$ 95,533</u>	<u>\$ (8,377)</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, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Special assessments	\$ 212,000	\$ 207,984	\$ 207,984	\$ -
Charges for services	33,600	40,815	40,810	(5)
Contributions from private sector	27,600	29,148	29,149	1
Interest and rents	1,000	800	(3,311)	(4,111)
Miscellaneous	-	-	56	56
Total revenues	274,200	278,747	274,688	(4,059)
Expenditures				
Current:				
Parks and recreation:				
Personnel services	150,133	132,486	130,486	(2,000)
Other services and charges	129,350	132,528	131,950	(578)
Total expenditures	279,483	265,014	262,436	(2,578)
Net changes in fund balances	(5,283)	13,733	12,252	(1,481)
Fund balances, beginning of year	171,119	171,119	171,119	-
Fund balances, end of year	\$ 165,836	\$ 184,852	\$ 183,371	\$ (1,481)

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, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Charges for services	\$ 2,000	\$ 4,500	\$ 6,091	\$ 1,591
Fines and fees	445,000	460,000	447,201	(12,799)
Interest and rents	3,000	1,000	(2,753)	(3,753)
Miscellaneous	2,500	2,500	1,992	(508)
Total revenues	<u>452,500</u>	<u>468,000</u>	<u>452,531</u>	<u>(15,469)</u>
Expenditures				
Current:				
General government:				
Personnel services	238,237	251,396	238,799	(12,597)
Other services and charges	44,962	41,087	40,390	(697)
Capital outlay	27,100	15,000	12,952	(2,048)
Total expenditures	<u>310,299</u>	<u>307,483</u>	<u>292,141</u>	<u>(15,342)</u>
Revenues over (under) expenditures	142,201	160,517	160,390	(127)
Other financing uses				
Transfers out	(150,000)	(150,000)	(150,000)	-
Net changes in fund balances	(7,799)	10,517	10,390	(127)
Fund balances, beginning of year	270,635	270,635	270,635	-
Fund balances, end of year	<u>\$ 262,836</u>	<u>\$ 281,152</u>	<u>\$ 281,025</u>	<u>\$ (127)</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, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Special assessments	\$ 85,965	\$ 124,000	\$ 123,613	\$ (387)
Interest and rents	9,615	3,150	1,738	(1,412)
Total revenues	95,580	127,150	125,351	(1,799)
Other financing uses				
Transfers out	-	(395,896)	(400,477)	4,581
Net changes in fund balances	95,580	(268,746)	(275,126)	(6,380)
Fund balances, beginning of year	690,241	690,241	690,241	-
Fund balances, end of year	<u>\$ 785,821</u>	<u>\$ 421,495</u>	<u>\$ 415,115</u>	<u>\$ (6,380)</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, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Contributions from private sector	\$ -	\$ 152,676	\$ 164,681	\$ 12,005
Expenditures				
Current:				
General government:				
Personnel services	-	99,750	-	(99,750)
Other services and charges	-	388,439	133,689	(254,750)
Capital outlay	-	121,246	1,184	(120,062)
Total expenditures	-	609,435	134,873	(474,562)
Revenues over (under) expenditures	-	(456,759)	29,808	486,567
Other financing uses				
Transfers out	-	(5,350)	-	(5,350)
Net changes in fund balances	-	(462,109)	29,808	491,917
Fund balances, beginning of year	574,954	574,954	574,954	-
Fund balances, end of year	<u>\$ 574,954</u>	<u>\$ 112,845</u>	<u>\$ 604,762</u>	<u>\$ 491,917</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, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Charges for services	\$ 10,000	\$ 20,400	\$ 20,387	\$ (13)
Expenditures				
Current:				
General government:				
Other services and charges	11,900	42,270	28,299	(13,971)
Revenues over (under) expenditures	(1,900)	(21,870)	(7,912)	13,958
Other financing sources				
Transfers in	190	21,870	7,912	(13,958)
Net changes in fund balances	(1,710)	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	<u>\$ (1,710)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Intergovernmental	\$ 11,450	\$ 11,450	\$ 7,259	\$ (4,191)
Expenditures				
Current:				
Public safety:				
Other services and charges	11,450	11,450	9,518	(1,932)
Net changes in fund balances	-	-	(2,259)	(2,259)
Fund balances, beginning of year	5,931	5,931	5,931	-
Fund balances, end of year	<u>\$ 5,931</u>	<u>\$ 5,931</u>	<u>\$ 3,672</u>	<u>\$ (2,259)</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, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Intergovernmental	\$ -	\$ 56,009	\$ 56,009	\$ -
Expenditures				
Current:				
Public safety:				
Personal services	-	273,419	265,639	(7,780)
Revenues over (under) expenditures	-	(217,410)	(209,630)	7,780
Other financing sources				
Transfers in	-	217,410	209,630	(7,780)
Net changes in fund balances	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF HOLLAND, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Law Enforcement Block Grant Fund
 For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Intergovernmental	\$ -	\$ 23,584	\$ 18,016	\$ (5,568)
Expenditures				
Capital outlay	-	23,584	18,016	(5,568)
Net changes in fund balances	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF HOLLAND, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Homeland Security Grant Fund
 For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Intergovernmental	\$ -	\$ 10,000	\$ 1,995	\$ (8,005)
Expenditures				
Current:				
Public safety:				
Other services and charges	-	10,000	1,995	(8,005)
Net changes in fund balances	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF HOLLAND, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - District Library Taxation Fund
For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ 200	\$ 165	\$ -	\$ (165)
Expenditures				
Current:				
Other services and charges	200	165	-	(165)
Net changes in fund balances	-	-	-	-
Fund balances, beginning of year	129	129	129	-
Fund balances, end of year	<u>\$ 129</u>	<u>\$ 129</u>	<u>\$ 129</u>	<u>\$ -</u>

CITY OF HOLLAND, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Community Development Block Grant Fund
For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Intergovernmental	\$ -	\$ 901,176	\$ 347,041	\$ (554,135)
Contributions from private sector	-	53,117	65,352	12,235
Miscellaneous	-	16,129	16,129	-
Total revenues	-	970,422	428,522	(541,900)
Expenditures				
Current:				
Welfare and social services:				
Personnel services	-	159,382	73,563	(85,819)
Other services and charges	-	811,040	363,324	(447,716)
Total expenditures	-	970,422	436,887	(533,535)
Net changes in fund balances	-	-	(8,365)	(8,365)
Fund balances, beginning of year	27,570	27,570	27,570	-
Fund balances, end of year	\$ 27,570	\$ 27,570	\$ 19,205	\$ (8,365)

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, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Interest and rents	\$ -	\$ -	\$ (485)	\$ (485)
Net changes in fund balances	-	-	(485)	(485)
Fund balances, beginning of year	29,880	29,880	29,880	-
Fund balances, end of year	\$ 29,880	\$ 29,880	\$ 29,395	\$ (485)

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, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Contributions from private sector	\$ -	\$ 69,292	\$ 38,273	\$ (31,019)
Expenditures				
Current:				
Welfare and social services:				
Other services and charges	-	69,292	33,833	(35,459)
Net changes in fund balances	-	-	4,440	4,440
Fund balances, beginning of year	14,780	14,780	14,780	-
Fund balances, end of year	<u>\$ 14,780</u>	<u>\$ 14,780</u>	<u>\$ 19,220</u>	<u>\$ 4,440</u>

CITY OF HOLLAND, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - OJP Grant Fund
For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Intergovernmental	\$ -	\$ 15,545	\$ 14,498	\$ (1,047)
Expenditures				
Capital outlay	-	15,545	14,498	(1,047)
Net changes in fund balances	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF HOLLAND, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Holland Energy Fund
For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Contributions from private sector	\$ -	\$ -	\$ 1,000	\$ 1,000
Interest and rents	73,800	73,800	57,167	(16,633)
Total revenues	73,800	73,800	58,167	(15,633)
Expenditures				
Current:				
Public works:				
Other services and charges	539,800	546,053	202,779	(343,274)
Revenues over (under) expenditures	(466,000)	(472,253)	(144,612)	327,641
Other financing sources				
Transfers in	325,000	325,000	275,000	(50,000)
Net changes in fund balances	(141,000)	(147,253)	130,388	277,641
Fund balances, beginning of year	646,451	646,451	646,451	-
Fund balances, end of year	<u>\$ 505,451</u>	<u>\$ 499,198</u>	<u>\$ 776,839</u>	<u>\$ 277,641</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, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Charges for services	\$ 44,000	\$ 57,000	\$ 74,863	\$ 17,863
Interest and rents	1,500	1,500	(208,600)	(210,100)
Total revenues	45,500	58,500	(133,737)	(192,237)
Other financing uses				
Transfers out	(1,500)	(1,500)	(1,304)	(196)
Net changes in fund balances	44,000	57,000	(135,041)	(192,041)
Fund balances, beginning of year	2,444,278	2,444,278	2,444,278	-
Fund balances, end of year	<u>\$ 2,488,278</u>	<u>\$ 2,501,278</u>	<u>\$ 2,309,237</u>	<u>\$ (192,041)</u>

CITY OF HOLLAND, MICHIGAN

Enterprise Funds

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

Electric Utility Fund

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

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

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

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

Wastewater Utility Fund

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

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

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

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

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

CITY OF HOLLAND, MICHIGAN

Enterprise Funds

Water Utility Fund

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

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

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

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

Refuse and Recycling Pickup Fund

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

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

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

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

Windmill Island Fund

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

CITY OF HOLLAND, MICHIGAN

Enterprise Funds

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

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

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

Depot Operations Fund

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

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

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

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

Airport Facilities and Management System Fund

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

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

CITY OF HOLLAND, MICHIGAN

Enterprise Funds

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

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

Public Transit Facilities and Management System Fund

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

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

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

Civic Center Fund

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

CITY OF HOLLAND, MICHIGAN

Enterprise Funds

Employee Benefit Fund

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

CITY OF HOLLAND, MICHIGAN

Combining Statement of Net Position

Nonmajor Enterprise Funds

June 30, 2022

	Refuse and Recycling Pickup	Windmill Island	Depot Operations	Airport Facilities and Management System
Assets				
Current assets:				
Cash and pooled investments	\$ 878,925	\$ 1,848,622	\$ 14	\$ -
Receivables:				
Accounts	289,762	29,840	-	-
Taxes and special assessments	-	-	-	13
Due from other funds	211,704	-	-	-
Prepaid items	-	950	-	-
Total current assets	1,380,391	1,879,412	14	13
Noncurrent assets:				
Capital assets:				
Land	-	99,809	291,300	6,053,250
Machinery and equipment	-	4,997,463	1,655,532	13,993,709
Accumulated depreciation	-	(2,597,818)	(1,318,797)	(12,510,829)
Total noncurrent assets	-	2,499,454	628,035	7,536,130
Total assets	1,380,391	4,378,866	628,049	7,536,143
Liabilities				
Current liabilities:				
Accounts payable	233,952	10,552	-	-
Accrued payroll and benefits	3,489	26,788	-	-
Due to other funds	-	2,385	-	2,312
Deposits	-	39,813	-	-
Current portion of long-term debt	10,670	29,154	-	-
Total liabilities (all current)	248,111	108,692	-	2,312
Net position				
Investment in capital assets	-	2,499,454	628,035	7,536,130
Unrestricted	1,132,280	1,770,720	14	(2,299)
Total net position	\$ 1,132,280	\$ 4,270,174	\$ 628,049	\$ 7,533,831

Public Transit Facilities and Management System	Civic Center	Employee Benefit Fund	Total
\$ 1,678	\$ 85,540	\$ 7,696	\$ 2,822,475
-	50,000	-	369,602
-	-	-	13
-	-	-	211,704
-	-	-	950
<u>1,678</u>	<u>135,540</u>	<u>7,696</u>	<u>3,404,744</u>
-	-	-	6,444,359
-	-	-	20,646,704
-	-	-	(16,427,444)
-	-	-	<u>10,663,619</u>
<u>1,678</u>	<u>135,540</u>	<u>7,696</u>	<u>14,068,363</u>
-	131,637	498	376,639
-	706	-	30,983
-	353	-	5,050
-	-	-	39,813
-	2,844	-	42,668
-	<u>135,540</u>	<u>498</u>	<u>495,153</u>
-	-	-	10,663,619
<u>1,678</u>	<u>-</u>	<u>7,198</u>	<u>2,909,591</u>
<u>\$ 1,678</u>	<u>\$ -</u>	<u>\$ 7,198</u>	<u>\$ 13,573,210</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, 2022

	Refuse and Recycling Pickup	Windmill Island	Depot Operations	Airport Facilities and Management System
Operating revenues				
Usage fees and charges for services	\$ 2,437,671	\$ 136,021	\$ -	\$ -
Admissions and fares	-	1,526,510	-	-
Rentals	-	54,275	1	-
Total operating revenues	<u>2,437,671</u>	<u>1,716,806</u>	<u>1</u>	<u>-</u>
Operating expenses				
Personnel services	133,544	543,780	-	-
Other current expenses	2,359,593	317,205	-	118,428
Depreciation	-	158,365	24,009	308,568
Total operating expenses	<u>2,493,137</u>	<u>1,019,350</u>	<u>24,009</u>	<u>426,996</u>
Operating income (loss)	<u>(55,466)</u>	<u>697,456</u>	<u>(24,008)</u>	<u>(426,996)</u>
Nonoperating revenues (expenses)				
Property taxes	-	-	-	115,397
Other private donations	-	49,003	-	-
Investment loss	(14,819)	(34,626)	-	-
Loss on disposal of capital assets	-	(550)	-	-
Total nonoperating revenues (expenses)	<u>(14,819)</u>	<u>13,827</u>	<u>-</u>	<u>115,397</u>
Income (loss) before contributions and transfers	<u>(70,285)</u>	<u>711,283</u>	<u>(24,008)</u>	<u>(311,599)</u>
Contributions and transfers				
Capital contributions	-	2,894	-	-
Transfers in	-	-	-	-
Total contributions and transfers	<u>-</u>	<u>2,894</u>	<u>-</u>	<u>-</u>
Change in net position	<u>(70,285)</u>	<u>714,177</u>	<u>(24,008)</u>	<u>(311,599)</u>
Net position, beginning of year	<u>1,202,565</u>	<u>3,555,997</u>	<u>652,057</u>	<u>7,845,430</u>
Net position, end of year	<u>\$ 1,132,280</u>	<u>\$ 4,270,174</u>	<u>\$ 628,049</u>	<u>\$ 7,533,831</u>

Public Transit Facilities and Management System	Civic Center	Employee Benefit Fund	Total
\$ -	\$ -	\$ 9,401	\$ 2,583,093
-	-	-	1,526,510
-	-	-	54,276
-	-	9,401	4,163,879
-	25,894	-	703,218
-	572,970	9,022	3,377,218
-	-	-	490,942
-	598,864	9,022	4,571,378
-	(598,864)	379	(407,499)
-	-	-	115,397
-	-	-	49,003
-	-	(127)	(49,572)
-	-	-	(550)
-	-	(127)	114,278
-	(598,864)	252	(293,221)
-	-	-	2,894
-	598,864	-	598,864
-	598,864	-	601,758
-	-	252	308,537
1,678	-	6,946	13,264,673
<u>\$ 1,678</u>	<u>\$ -</u>	<u>\$ 7,198</u>	<u>\$ 13,573,210</u>

CITY OF HOLLAND, MICHIGAN

Combining Statement of Cash Flows

Nonmajor Enterprise Funds

For the Year Ended June 30, 2022

	Refuse and Recycling Pickup	Windmill Island	Depot Operations	Airport Facilities and Management System
Cash flows from operating activities				
Receipts from customers and users	\$ 2,547,032	\$ 1,708,241	\$ 1	\$ -
Payments to suppliers	(2,368,792)	(321,876)	-	(118,428)
Payments to employees	(133,988)	(534,493)	-	(549)
Net cash provided by (used in) operating activities	44,252	851,872	1	(118,977)
Cash flows from noncapital financing activities				
Property taxes	-	-	-	115,390
Private donations	-	49,003	-	-
Intergovernmental receipts	241,989	-	-	-
Intragovernmental receipts	-	-	-	2,311
Intragovernmental payments	(39,626)	(101)	-	-
Net cash provided by noncapital financing activities	202,363	48,902	-	117,701
Cash flows from capital and related financing activities				
Capital contributions	-	2,894	-	-
Purchase/construction of capital assets	-	(49,221)	-	-
Net cash used in capital and related financing activities	-	(46,327)	-	-
Cash flows from investing activities				
Investment income (loss)	(14,819)	(34,626)	-	-
Net increase (decrease) in cash and pooled investments	231,796	819,821	1	(1,276)
Cash and pooled investments, beginning of year	647,129	1,028,801	13	1,276
Cash and pooled investments, end of year	\$ 878,925	\$ 1,848,622	\$ 14	\$ -
Cash flows from operating activities				
Operating income (loss)	\$ (55,466)	\$ 697,456	\$ (24,008)	\$ (426,996)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	-	158,365	24,009	308,568
Change in:				
Accounts receivable	109,361	(15,978)	-	-
Prepaid items	-	(950)	-	-
Accounts payable	(9,199)	(3,721)	-	(549)
Accrued payroll and benefits	425	7,383	-	-
Unearned revenue	-	7,413	-	-
Accrued compensated absences	(869)	1,904	-	-
Net cash provided by (used in) operating activities	\$ 44,252	\$ 851,872	\$ 1	\$ (118,977)



Public Transit Facilities and Management System	Civic Center	Employee Benefit Fund	Total
\$ -	\$ -	\$ 9,401	\$ 4,264,675
-	(469,574)	(8,597)	(3,287,267)
-	(25,722)	-	(694,752)
-	(495,296)	804	282,656
-	-	-	115,390
-	-	-	49,003
-	-	-	241,989
-	580,836	-	583,147
-	-	-	(39,727)
-	580,836	-	949,802
-	-	-	2,894
-	-	-	(49,221)
-	-	-	(46,327)
-	-	(127)	(49,572)
-	85,540	677	1,136,559
1,678	-	7,019	1,685,916
<u>\$ 1,678</u>	<u>\$ 85,540</u>	<u>\$ 7,696</u>	<u>\$ 2,822,475</u>
\$ -	\$ (598,864)	\$ 379	\$ (407,499)
-	-	-	490,942
-	-	-	93,383
-	-	-	(950)
-	103,396	425	90,352
-	112	-	7,920
-	-	-	7,413
-	60	-	1,095
<u>\$ -</u>	<u>\$ (495,296)</u>	<u>\$ 804</u>	<u>\$ 282,656</u>

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CITY OF HOLLAND, MICHIGAN

Internal Service Funds

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

Computer Services Fund

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

Basic functions of the Technology Services Department include:

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

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

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

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

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

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

CITY OF HOLLAND, MICHIGAN

Internal Service Funds

Postage Services Fund

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

Established user fee charges to departments include the following elements:

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

Telephony Services Fund

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

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

Established user fee charges to departments include the following elements:

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

Fuel Dispensing Fund

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

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

CITY OF HOLLAND, MICHIGAN

Internal Service Funds

Established user fee charges to departments include the following elements:

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

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

Centralized Vehicle/Equipment Fund

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

General Vehicle & Equipment Pool

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

Streets Vehicle & Equipment Pool

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

CITY OF HOLLAND, MICHIGAN

Internal Service Funds

Central Maintenance Activity

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

Fire Vehicle/Equipment Fund

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

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

Workers Compensation Fund

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

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

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

CITY OF HOLLAND, MICHIGAN

Internal Service Funds

Employee Disability Income Protection Fund

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

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

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

Employee & Retiree Health/Dental Fund

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

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

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

Vehicle Damage & Liability Fund

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

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

CITY OF HOLLAND, MICHIGAN

Internal Service Funds

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

Property Damage Fund

The City partially self-insures coverage for the cost of repairs or replacement to its damaged property (other than vehicles). Claims administration is handled internally, except when a claim for excess coverage would be involved. Commercial umbrella coverage is purchased for damages in excess of a \$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.

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CITY OF HOLLAND, MICHIGAN

Combining Statement of Net Position

Internal Service Funds

June 30, 2022

	Technology Services			Equipment Services		
	Computer Services	Postage Services	Telephony Services	Fuel Dispensing	Centralized Vehicle / Equipment	Fire Vehicle / Equipment
Assets						
Current assets:						
Cash and pooled investments	\$ 146,728	\$ 4,320	\$ 17,185	\$ 52,715	\$ 1,586,963	\$ 408,839
Accounts receivable	410	-	-	48,414	25,932	-
Due from other funds	-	-	-	16,150	96	-
Inventories	-	3,215	-	78,614	656,919	-
Prepaid items	30,726	450	-	-	-	-
Total current assets	177,864	7,985	17,185	195,893	2,269,910	408,839
Noncurrent assets:						
Capital assets:						
Construction in progress	-	-	-	7,360	126,972	-
Machinery and equipment	840,809	-	94,949	311,520	10,415,316	4,163,423
Accumulated depreciation	(727,476)	-	(94,103)	(98,962)	(6,607,584)	(1,918,974)
Total noncurrent assets	113,333	-	846	219,918	3,934,704	2,244,449
Total assets	291,197	7,985	18,031	415,811	6,204,614	2,653,288
Liabilities						
Current liabilities:						
Accounts payable	11,466	677	-	55,596	63,093	-
Claims payable	-	-	-	-	-	-
Accrued payroll and benefits	13,301	-	-	-	22,892	-
Due to other funds	975	-	-	62,288	121	-
Current portion of long-term debt	-	-	-	-	-	-
Total current liabilities	25,742	677	-	117,884	86,106	-
Noncurrent liabilities:						
Long-term debt, net of current portion	26,945	-	-	-	110,304	-
Total liabilities	52,687	677	-	117,884	196,410	-
Net position						
Investment in capital assets	113,333	-	846	219,918	3,934,704	2,244,449
Unrestricted	125,177	7,308	17,185	78,009	2,073,500	408,839
Total net position	\$ 238,510	\$ 7,308	\$ 18,031	\$ 297,927	\$ 6,008,204	\$ 2,653,288

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
\$ 562,258	\$ 262,218	\$ 5,414,272	\$ 313,846	\$ 388,557	\$ 63,215	\$ 1,809,979	\$ 11,031,095
-	-	148,045	-	-	-	-	222,801
-	-	-	-	-	7,326	-	23,572
-	-	-	-	-	-	-	738,748
-	-	12,678	9,000	6,300	83,495	-	142,649
<u>562,258</u>	<u>262,218</u>	<u>5,574,995</u>	<u>322,846</u>	<u>394,857</u>	<u>154,036</u>	<u>1,809,979</u>	<u>12,158,865</u>
-	-	-	-	-	-	-	134,332
-	-	-	-	-	-	-	15,826,017
-	-	-	-	-	-	-	(9,447,099)
-	-	-	-	-	-	-	<u>6,513,250</u>
<u>562,258</u>	<u>262,218</u>	<u>5,574,995</u>	<u>322,846</u>	<u>394,857</u>	<u>154,036</u>	<u>1,809,979</u>	<u>18,672,115</u>
8,072	-	47,947	-	-	7,805	-	194,656
-	-	118,878	-	-	-	-	118,878
-	3,019	-	-	-	-	-	39,212
-	-	-	-	-	-	-	63,384
-	-	-	-	-	-	1,519,000	1,519,000
<u>8,072</u>	<u>3,019</u>	<u>166,825</u>	<u>-</u>	<u>-</u>	<u>7,805</u>	<u>1,519,000</u>	<u>1,935,130</u>
-	-	-	-	-	-	290,979	428,228
<u>8,072</u>	<u>3,019</u>	<u>166,825</u>	<u>-</u>	<u>-</u>	<u>7,805</u>	<u>1,809,979</u>	<u>2,363,358</u>
-	-	-	-	-	-	-	6,513,250
<u>554,186</u>	<u>259,199</u>	<u>5,408,170</u>	<u>322,846</u>	<u>394,857</u>	<u>146,231</u>	<u>-</u>	<u>9,795,507</u>
<u>\$ 554,186</u>	<u>\$ 259,199</u>	<u>\$ 5,408,170</u>	<u>\$ 322,846</u>	<u>\$ 394,857</u>	<u>\$ 146,231</u>	<u>\$ -</u>	<u>\$ 16,308,757</u>

CITY OF HOLLAND, MICHIGAN

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

Internal Service Funds

For the Year Ended June 30, 2022

	Technology Services			Equipment Services		
	Computer Services	Postage Services	Telephony Services	Fuel Dispensing	Centralized Vehicle / Equipment	Fire Vehicle / Equipment
Operating revenues						
Charges for services	\$ 751,688	\$ 18,564	\$ 151,979	\$ 867,301	\$ 424,377	\$ -
Premiums	-	-	-	-	-	-
Rentals	-	-	-	-	2,440,966	-
Miscellaneous	205	-	-	6,424	343	-
Total operating revenues	<u>751,893</u>	<u>18,564</u>	<u>151,979</u>	<u>873,725</u>	<u>2,865,686</u>	<u>-</u>
Operating expenses						
Personnel services	433,640	-	-	7,997	741,796	-
Other current expenses	500,529	19,587	151,979	822,728	1,226,119	-
Depreciation	53,090	-	-	15,501	618,308	165,352
Total operating expenses	<u>987,259</u>	<u>19,587</u>	<u>151,979</u>	<u>846,226</u>	<u>2,586,223</u>	<u>165,352</u>
Operating income (loss)	<u>(235,366)</u>	<u>(1,023)</u>	<u>-</u>	<u>27,499</u>	<u>279,463</u>	<u>(165,352)</u>
Nonoperating revenues (expenses)						
Investment earnings (loss)	(2,661)	(34)	(283)	909	(27,221)	-
Insurance recovery	-	-	-	-	-	-
Gain (loss) on sale of capital assets	(4,865)	-	-	-	26,764	-
Total nonoperating revenues (expenses)	<u>(7,526)</u>	<u>(34)</u>	<u>(283)</u>	<u>909</u>	<u>(457)</u>	<u>-</u>
Income (loss) before contributions and transfers	<u>(242,892)</u>	<u>(1,057)</u>	<u>(283)</u>	<u>28,408</u>	<u>279,006</u>	<u>(165,352)</u>
Contributions and transfers						
Capital contributions	-	-	-	-	-	-
Transfers in	100,000	-	-	-	13,680	-
Transfers out	-	-	-	-	-	-
Net contributions and transfers	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,680</u>	<u>-</u>
Change in net position	<u>(142,892)</u>	<u>(1,057)</u>	<u>(283)</u>	<u>28,408</u>	<u>292,686</u>	<u>(165,352)</u>
Net position, beginning of year	<u>381,402</u>	<u>8,365</u>	<u>18,314</u>	<u>269,519</u>	<u>5,715,518</u>	<u>2,818,640</u>
Net position, end of year	<u>\$ 238,510</u>	<u>\$ 7,308</u>	<u>\$ 18,031</u>	<u>\$ 297,927</u>	<u>\$ 6,008,204</u>	<u>\$ 2,653,288</u>

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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,450,152	\$ 3,664,061
313,234	95,921	5,653,207	65,480	28,766	180,316	-	6,336,924
-	-	-	-	-	-	-	2,440,966
-	-	35	-	225	-	-	7,232
<u>313,234</u>	<u>95,921</u>	<u>5,653,242</u>	<u>65,480</u>	<u>28,991</u>	<u>180,316</u>	<u>1,450,152</u>	<u>12,449,183</u>
-	1,393	133	-	-	-	1,450,152	2,635,111
322,105	44,433	5,660,069	47,187	29,218	207,648	-	9,031,602
-	-	-	-	-	-	-	852,251
<u>322,105</u>	<u>45,826</u>	<u>5,660,202</u>	<u>47,187</u>	<u>29,218</u>	<u>207,648</u>	<u>1,450,152</u>	<u>12,518,964</u>
<u>(8,871)</u>	<u>50,095</u>	<u>(6,960)</u>	<u>18,293</u>	<u>(227)</u>	<u>(27,332)</u>	-	<u>(69,781)</u>
(9,521)	(4,389)	(88,315)	(5,353)	(6,532)	(1,370)	-	(144,770)
-	-	441,542	-	-	-	-	441,542
-	-	-	-	-	-	-	21,899
<u>(9,521)</u>	<u>(4,389)</u>	<u>353,227</u>	<u>(5,353)</u>	<u>(6,532)</u>	<u>(1,370)</u>	-	<u>318,671</u>
<u>(18,392)</u>	<u>45,706</u>	<u>346,267</u>	<u>12,940</u>	<u>(6,759)</u>	<u>(28,702)</u>	-	<u>248,890</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	113,680
-	-	-	(13,680)	-	-	-	(13,680)
-	-	-	(13,680)	-	-	-	100,000
<u>(18,392)</u>	<u>45,706</u>	<u>346,267</u>	<u>(740)</u>	<u>(6,759)</u>	<u>(28,702)</u>	-	<u>348,890</u>
<u>572,578</u>	<u>213,493</u>	<u>5,061,903</u>	<u>323,586</u>	<u>401,616</u>	<u>174,933</u>	-	<u>15,959,867</u>
<u>\$ 554,186</u>	<u>\$ 259,199</u>	<u>\$ 5,408,170</u>	<u>\$ 322,846</u>	<u>\$ 394,857</u>	<u>\$ 146,231</u>	<u>\$ -</u>	<u>\$ 16,308,757</u>

CITY OF HOLLAND, MICHIGAN

Combining Statement of Cash Flows

Internal Service Funds

For the Year Ended June 30, 2022

	Technology Services			Equipment Services		
	Computer Services	Postage Services	Telephony Services	Fuel Dispensing	Centralized Vehicle / Equipment	Fire Vehicle / Equipment
Cash flows from operating activities						
Receipts from interfund services provided	\$ 751,929	\$ 18,564	\$ 151,979	\$ 855,960	\$ 2,885,591	\$ -
Payments to suppliers	(515,090)	(19,392)	(151,979)	(840,214)	(1,350,116)	(2,470)
Payments to employees	(430,804)	-	-	(7,997)	(733,739)	-
Net cash provided by (used in) operating activities	<u>(193,965)</u>	<u>(828)</u>	<u>-</u>	<u>7,749</u>	<u>801,736</u>	<u>(2,470)</u>
Cash flows from noncapital financing activities						
Insurance refunds	-	-	-	-	-	-
Intergovernmental receipts	100,000	-	-	-	13,680	-
Intergovernmental payments	-	-	-	-	-	-
Net cash provided by (used in) noncapital financing activities	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,680</u>	<u>-</u>
Cash flows from capital and related financing activities						
Capital contributions	-	-	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-	48,192	-
Purchase/construction of capital assets	-	-	-	(5,286)	(412,272)	-
Net cash provided by (used in) capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,286)</u>	<u>(364,080)</u>	<u>-</u>
Cash flows from investing activities						
Investment income (loss)	(2,661)	(34)	(283)	909	(27,219)	-
Net increase (decrease) in cash and pooled investments	<u>(96,626)</u>	<u>(862)</u>	<u>(283)</u>	<u>3,372</u>	<u>424,117</u>	<u>(2,470)</u>
Cash and pooled investments, beginning of year	243,354	5,182	17,468	49,343	1,162,846	411,309
Cash and pooled investments, end of year	<u>\$ 146,728</u>	<u>\$ 4,320</u>	<u>\$ 17,185</u>	<u>\$ 52,715</u>	<u>\$ 1,586,963</u>	<u>\$ 408,839</u>
Cash flows from operating activities						
Operating income (loss)	\$ (235,366)	\$ (1,023)	\$ -	\$ 27,499	\$ 279,463	\$ (165,352)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation	53,090	-	-	15,501	618,308	165,352
Change in:						
Accounts receivable	(144)	-	-	(25,532)	20,001	-
Due from other funds	-	-	-	(6,968)	(96)	-
Inventories	-	195	-	(40,512)	(113,256)	-
Prepaid items	(11,857)	-	-	-	-	-
Accounts payable	(2,704)	-	-	23,026	(10,741)	(2,470)
Claims payable	-	-	-	-	-	-
Accrued payroll and benefits	2,050	-	-	-	5,594	-
Due to other funds	180	-	-	14,735	-	-
Accrued compensated absences	786	-	-	-	2,463	-
Net cash provided by (used in) operating activities	<u>\$ (193,965)</u>	<u>\$ (828)</u>	<u>\$ -</u>	<u>\$ 7,749</u>	<u>\$ 801,736</u>	<u>\$ (2,470)</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
\$ 313,234	\$ 95,921	\$ 5,639,861	\$ 65,480	\$ 28,991	\$ 172,990	\$ -	\$ 10,980,500
(320,268)	(42,526)	(5,812,407)	(56,187)	(35,518)	(253,763)	-	(9,399,930)
-	(1,393)	(133)	-	-	-	(13,502)	(1,187,568)
(7,034)	52,002	(172,679)	9,293	(6,527)	(80,773)	(13,502)	393,002
-	-	441,542	-	-	-	-	441,542
-	-	-	-	-	-	-	113,680
-	-	-	(13,680)	-	-	-	(13,680)
-	-	441,542	(13,680)	-	-	-	541,542
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	48,192
-	-	-	-	-	-	-	(417,558)
-	-	-	-	-	-	-	(369,366)
(9,521)	(4,389)	(88,315)	(5,353)	(6,532)	(1,370)	-	(144,768)
(16,555)	47,613	180,548	(9,740)	(13,059)	(82,143)	(13,502)	420,410
578,813	214,605	5,233,724	323,586	401,616	145,358	1,823,481	10,610,685
\$ 562,258	\$ 262,218	\$ 5,414,272	\$ 313,846	\$ 388,557	\$ 63,215	\$ 1,809,979	\$ 11,031,095
\$ (8,871)	\$ 50,095	\$ (6,960)	\$ 18,293	\$ (227)	\$ (27,332)	\$ -	\$ (69,781)
-	-	-	-	-	-	-	852,251
-	-	(13,381)	-	-	-	-	(19,056)
-	-	-	-	-	(7,326)	-	(14,390)
-	-	-	-	-	-	-	(153,573)
-	-	(6,922)	(9,000)	(6,300)	(51,245)	-	(85,324)
1,837	1,907	(31,375)	-	-	5,555	-	(14,965)
-	-	(114,041)	-	-	(425)	-	(114,466)
-	-	-	-	-	-	-	7,644
-	-	-	-	-	-	-	14,915
-	-	-	-	-	-	(13,502)	(10,253)
\$ (7,034)	\$ 52,002	\$ (172,679)	\$ 9,293	\$ (6,527)	\$ (80,773)	\$ (13,502)	\$ 393,002

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CITY OF HOLLAND, MICHIGAN

Component Units

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

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

Downtown Development Authority Fund

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

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

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

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

Brownfield Redevelopment Authority Funds

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

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

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

CITY OF HOLLAND, MICHIGAN

Component Units

As of the fiscal year ending June 30, 2022 twenty-two individual Brownfield Redevelopment Projects have been approved, with the current status of each project delineated as follows:

Brownfield Redevelopment Project Sites	TIF Capture Base Year	Brownfield Construction Activity
570 East 16th Street (former General Electric location, new Menards)	2002	Completed/TIF Done
29 East 6 th St. (former City landfill location, new residential condos)	2002	Completed/TIF Done
635 East 48 th Street (former Lifesavers location, new industrial condos)	2002	Completed/TIF Done
345 East 48 th Street (former Textron Micromatics location, new industrial condos including Hudsonville Ice Cream)	2004	Completed/TIF Done
13 West 4 th Street (current Steketee VanHuis location, new same use)	2003	Completed/TIF Done
573 Columbia Avenue (former Baker Furniture location, new residential condos, Baker Events catering and commercial/retail, NEZ)	2004	Completed
141 East 8 th St. (former muffler shop location, new Macatawa Bank)	2005	Completed/TIF Done
95 West 15 th Street (former Holland Public Schools location, new multiple commercial condos and banquet facility)	2006	Completed/TIF Done
99 East 8 th Street (former auto supply store, new office and retail)	2006	Completed/TIF Done
479 Columbia Ave (former auto repair shop, new Tic Tock Studios movie production company)	2006	Never materialized - TIF dollars returned
146 River Avenue (former manufacturing bldg., new residential condos, NEZ)	2007	Completed
95-135 East 7 th Street (formerly vacant, new parking garage)	2007	Completed
561 Crescent Drive (former marina, new residential condos and commercial space, NEZ on residential condos)	2008	Completed
1130 Lincoln Ave (former house, new convenience store)	2011	Completed/TIF Done
156 W11th St. (former Washington School), new residential development	2016	Completed

CITY OF HOLLAND, MICHIGAN

Component Units

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

CITY OF HOLLAND, MICHIGAN

Component Units

SmartZone

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

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CITY OF HOLLAND, MICHIGAN

Balance Sheet

Downtown Development Authority Component Unit

June 30, 2022

Assets

Current assets:

Cash and pooled investments	\$ 294,530
Accounts receivable	7,985
Taxes receivable	17
Prepaid items	200

Total assets

\$ 302,732

Liabilities

Current liabilities:

Accounts payable	\$ 4,949
Accrued payroll and benefits	2,500

Total liabilities

7,449

Fund balances

Nonspendable for prepaid items	200
Unassigned	295,083

Total fund balances

295,283

Total liabilities and fund balances

\$ 302,732

CITY OF HOLLAND, MICHIGAN

Reconciliation

Fund Balance of the Governmental Fund
to Net Position of Component Unit
Downtown Development Authority Component Unit
June 30, 2022

Fund balance - total governmental fund	\$ 295,283
---	------------

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>107,315</u>
---------------------	----------------

Net position of component unit	<u><u>\$ 402,598</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, 2022

Revenues

Property taxes	\$ 228,872
Charges for services	18,345
Investment loss	(4,585)
Other revenue	18,305

Total revenues

260,937

Expenditures

Current:

Economic development:

Personnel services	80,656
Current operating expenditures	195,250

Total expenditures

275,906

Net changes in fund balance

(14,969)

Fund balance, beginning of year

310,252

Fund balance, end of year

\$ 295,283

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, 2022

Net changes in fund balance - total governmental fund \$ (14,969)

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

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

Depreciation expense (11,902)

Change in net position of component unit \$ (26,871)

CITY OF HOLLAND, MICHIGAN

Balance Sheet

Brownfield Redevelopment Authority Component Unit

June 30, 2022

Assets

Current assets:

Cash and pooled investments \$ 2,514,098

Liabilities

Current liabilities:

Due to other governmental units \$ 39,212

Fund balance

Unassigned 2,474,886

Total liabilities and fund balances **\$ 2,514,098**

CITY OF HOLLAND, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balance

Brownfield Redevelopment Authority Component Unit

For the Year Ended June 30, 2022

Revenues

Property taxes	\$ 2,262,146
Intergovernmental	4,629
Investment loss	<u>(47,414)</u>

Total revenues

2,219,361

Expenditures

Current:

Economic development	<u>1,314,625</u>
----------------------	------------------

Net changes in fund balance

904,736

Fund balance, beginning of year

1,570,150

Fund balance, end of year

\$ 2,474,886

CITY OF HOLLAND, MICHIGAN

Balance Sheet

SmartZone Component Unit

June 30, 2022

Assets

Current assets:

Cash and pooled investments \$ 553,314

Liabilities

Current liabilities:

Accounts payable \$ 49,324

Fund balance

Unassigned 503,990

Total liabilities and fund balances \$ 553,314

CITY OF HOLLAND, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balance

SmartZone Component Unit

For the Year Ended June 30, 2022

Revenues

Contributions	\$ 341,130
Investment loss	<u>(9,097)</u>

Total revenues

332,033

Expenditures

Current:

Economic development	<u>147,836</u>
----------------------	----------------

Net changes in fund balance

184,197

Fund balance, beginning of year

319,793

Fund balance, end of year

\$ 503,990

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OTHER INFORMATION (UNAUDITED)

CITY OF HOLLAND, MICHIGAN

Essential Services Resource Trend (Unaudited)

Last Ten Fiscal Years

	Year Ending June 30,				
	2022	2021	2020	2019	2018
Essential services expense ⁽¹⁾					
Police	\$ 9,402,016	\$ 8,737,677	\$ 8,237,305	\$ 7,864,300	\$ 7,751,264
Fire	3,298,538	3,124,731	2,903,294	2,751,424	2,808,343
Change in government-wide liabilities attributed to the police and fire functions:					
Net other postemployment benefits obligation	-	-	-	-	-
Total other postemployment benefits liability ⁽²⁾	2,067	90,728	47,271	79,601	45,923
Total essential services expense	<u>\$ 12,702,621</u>	<u>\$ 11,953,136</u>	<u>\$ 11,187,870</u>	<u>\$ 10,695,325</u>	<u>\$ 10,605,530</u>
General fund operating property tax revenue	<u>\$ 11,406,455</u>	<u>\$ 10,327,698</u>	<u>\$ 9,744,264</u>	<u>\$ 8,940,407</u>	<u>\$ 8,367,823</u>
Percentage utilized for essential services	111.4%	115.7%	114.8%	119.6%	126.7%

⁽¹⁾ Includes funding of pensions for personnel providing services

⁽²⁾ GASB Statement No. 75 was implemented for the fiscal year ended June 30, 2018. This resulted in presentation of the City's net other postemployment benefit liability on the statement of net position. Prior years were not restated.



Year Ending June 30,

2017	2016	2015	2014	2013
-------------	-------------	-------------	-------------	-------------

\$ 7,695,093	\$ 7,754,936	\$ 7,835,153	\$ 7,658,619	\$ 7,244,857
2,820,802	2,845,200	2,698,560	2,537,967	2,460,729

94,145	36,673	136,431	113,380	123,640
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-	-	-	-	-
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<u>\$ 10,610,040</u>	<u>\$ 10,636,809</u>	<u>\$ 10,670,144</u>	<u>\$ 10,309,966</u>	<u>\$ 9,829,226</u>
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<u>\$ 9,036,247</u>	<u>\$ 10,913,743</u>	<u>\$ 10,131,445</u>	<u>\$ 10,179,160</u>	<u>\$ 10,033,821</u>
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117.4%	97.5%	105.3%	101.3%	98.0%
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STATISTICAL SECTION

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CITY OF HOLLAND, MICHIGAN

Statistical Section Table of Contents

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

		<u>Page</u>
Financial Trends	These schedules contain trend information to help the reader understand and evaluate how the City's financial condition, performance and well-being have changed over time.	234
Revenue Capacity	These schedules contain information to help the reader assess the City's ability to generate its most significant local revenue source, the property tax.	244
Debt Capacity	These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and its ability to issue additional debt in the future.	250
Demographic and Economic Information	These schedules present various demographic and economic indicators to help the reader understand the environment within which the City operates and how they affect the City's financial activities.	262
Operating Information	These schedules contain information about the City's operations and resources to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	264

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

CITY OF HOLLAND, MICHIGAN

Net Position by Component

Last Ten Fiscal Years

Primary Government Activities	Fiscal Year			
	2022	2021	2020	2019
Governmental activities				
Net investment in capital assets	\$ 129,246,420	\$ 125,338,987	\$ 121,803,108	\$ 117,526,801
Restricted	8,827,705	9,326,937	7,236,082	6,462,602
Unrestricted (deficit)	(5,688,645)	(13,474,811)	(18,407,158)	(18,768,821)
Total governmental activities net position	\$ 132,385,480	\$ 121,191,113	\$ 110,632,032	\$ 105,220,582
Business-type activities				
Net investment in capital assets	\$ 394,720,658	\$ 375,415,497	\$ 266,015,919	\$ 271,210,102
Restricted	10,931,710	11,067,495	24,769,600	25,439,897
Unrestricted	92,049,608	112,483,693	171,377,014	137,904,515
Total business-type activities net position	\$ 497,701,976	\$ 498,966,685	\$ 462,162,533	\$ 434,554,514
Primary government				
Net investment in capital assets	\$ 523,967,078	\$ 500,754,484	\$ 387,819,027	\$ 388,736,903
Restricted	19,759,415	20,394,432	32,005,682	31,902,499
Unrestricted	86,360,963	99,008,882	152,969,856	119,135,694
Total primary government net position	\$ 630,087,456	\$ 620,157,798	\$ 572,794,565	\$ 539,775,096

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

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

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

Fiscal Year					
2018	2017	2016	2015	2014	2013
\$ 110,819,862	\$ 106,647,631	\$ 107,920,320	\$ 101,785,238	\$ 101,283,878	\$ 100,986,324
4,920,535	5,552,677	3,986,636	6,339,594	7,274,432	5,290,226
(19,116,428)	(13,506,025)	(16,316,283)	(13,905,867)	13,779,260	14,722,301
<u>\$ 96,623,969</u>	<u>\$ 98,694,283</u>	<u>\$ 95,590,673</u>	<u>\$ 94,218,965</u>	<u>\$ 122,337,570</u>	<u>\$ 120,998,851</u>
\$ 260,423,184	\$ 243,038,572	\$ 227,299,822	\$ 164,628,976	\$ 109,000,184	\$ 130,923,312
43,801,278	32,305,746	26,103,060	24,300,021	23,063,654	10,299,047
98,489,792	100,980,789	93,263,171	125,351,237	174,756,386	152,548,565
<u>\$ 402,714,254</u>	<u>\$ 376,325,107</u>	<u>\$ 346,666,053</u>	<u>\$ 314,280,234</u>	<u>\$ 306,820,224</u>	<u>\$ 293,770,924</u>
\$ 371,243,046	\$ 349,686,203	\$ 335,220,142	\$ 266,414,214	\$ 210,284,062	\$ 231,909,636
48,721,813	37,858,423	30,089,696	30,639,615	30,338,086	15,589,273
79,373,364	87,474,764	76,946,888	111,445,370	188,535,646	167,270,866
<u>\$ 499,338,223</u>	<u>\$ 475,019,390</u>	<u>\$ 442,256,726</u>	<u>\$ 408,499,199</u>	<u>\$ 429,157,794</u>	<u>\$ 414,769,775</u>

CITY OF HOLLAND, MICHIGAN

Changes in Net Position

Last Ten Fiscal Years

	Fiscal Year			
	2022	2021	2020	2019
Expenses				
Governmental activities:				
General government	\$ 5,687,293	\$ 5,413,608	\$ 6,553,853	\$ 6,167,196
Public safety	13,045,393	14,475,186	13,786,896	13,238,407
Public works	15,557,452	9,462,061	11,512,480	10,550,613
Welfare and social services	1,099,101	1,288,600	917,443	967,189
Parks and recreation	4,060,045	4,568,078	4,405,764	5,764,976
Interest on debt	1,593,768	1,723,038	1,817,666	1,736,880
Total governmental activities expenses	41,043,052	36,930,571	38,994,102	38,425,261
Business-type activities:				
Electric utility	83,439,530	76,315,214	76,715,328	78,618,473
Wastewater utility	12,545,127	11,610,812	11,664,304	11,394,066
Water utility	8,677,612	7,952,801	7,576,697	6,677,972
Other enterprise activities	4,571,928	4,637,042	4,140,407	4,315,014
Total business-type activities expenses	109,234,197	100,515,869	100,096,736	101,005,525
Total primary government expenses	150,277,249	137,446,440	139,090,838	139,430,786
Program revenues				
Governmental activities:				
Charges for services:				
General government	1,559,285	1,479,766	1,521,299	1,792,680
Public safety	1,998,409	1,920,107	1,464,756	1,496,018
Parks and recreation	724,305	568,028	462,440	665,133
Other activities	1,146,155	1,121,537	992,002	1,234,051
Operating grants and contributions	7,874,622	9,283,735	7,461,978	8,762,366
Capital grants and contributions	6,515,282	1,694,559	2,047,450	4,272,296
Total governmental activities program revenues	19,818,058	16,067,732	13,949,925	18,222,544
Business-type activities:				
Charges for services:				
Electric utility	99,596,066	108,456,418	104,674,832	107,400,748
Wastewater utility	13,403,130	12,162,493	12,436,922	11,845,701
Water utility	12,468,325	12,478,970	10,831,789	10,796,706
Other enterprise activities	4,163,879	3,393,245	2,609,650	3,220,123
Operating grants and contributions	(1,233,299)	650,593	3,863,515	3,942,707
Capital grants and contributions	1,485,568	7,437,958	239,707	1,012,740
Total business-type activities program revenues	129,883,669	144,579,677	134,656,415	138,218,725
Total primary government program revenues	149,701,727	160,647,409	148,606,340	156,441,269
Net (expenses) revenues				
Governmental activities	(21,224,994)	(20,862,839)	(25,044,177)	(20,202,717)
Business-type activities	20,649,472	44,063,808	34,559,679	37,213,200
Total primary government net (expenses) revenues	(575,522)	23,200,969	9,515,502	17,010,483

Fiscal Year						
2018	2017	2016	2015	2014	2013	
\$ 5,909,809	\$ 5,908,892	\$ 4,903,394	\$ 5,465,655	\$ 5,242,181	\$ 4,820,804	
13,907,546	14,190,015	13,985,570	12,903,945	12,534,364	12,316,027	
10,875,928	10,765,351	10,443,197	9,312,839	8,172,879	8,716,017	
859,619	733,058	979,963	901,870	1,133,724	908,229	
4,047,132	4,112,906	5,289,399	5,339,569	5,048,229	5,290,515	
1,553,125	1,123,331	942,486	787,260	911,559	1,015,138	
<u>37,153,159</u>	<u>36,833,553</u>	<u>36,544,009</u>	<u>34,711,138</u>	<u>33,042,936</u>	<u>33,066,730</u>	
83,893,634	79,772,187	80,103,538	80,847,034	84,346,528	79,504,798	
10,839,049	9,857,338	9,672,514	8,773,098	8,512,074	8,419,218	
6,757,010	6,844,228	6,540,960	6,248,425	6,282,005	6,215,516	
3,541,088	2,981,978	3,124,822	3,104,234	2,805,066	4,428,481	
<u>105,030,781</u>	<u>99,455,731</u>	<u>99,441,834</u>	<u>98,972,791</u>	<u>101,945,673</u>	<u>98,568,013</u>	
142,183,940	136,289,284	135,985,843	133,683,929	134,988,609	131,634,743	
1,406,666	1,397,974	1,400,401	1,357,140	1,293,631	1,340,368	
1,664,917	1,435,896	1,156,746	1,366,794	1,331,259	1,148,691	
783,594	679,877	652,440	607,673	611,146	545,865	
957,068	1,551,928	1,181,296	783,711	752,482	880,201	
7,174,268	5,802,887	6,009,124	5,489,592	7,521,923	7,590,327	
869,568	1,756,505	2,006,264	793,387	49,739	2,427,984	
<u>12,856,081</u>	<u>12,625,067</u>	<u>12,406,271</u>	<u>10,398,297</u>	<u>11,560,180</u>	<u>13,933,436</u>	
109,961,111	111,706,239	106,199,176	100,816,653	97,539,619	93,576,510	
11,632,142	11,384,632	10,856,173	10,305,015	10,107,589	9,446,065	
10,723,043	10,009,506	9,338,887	8,694,022	8,835,889	8,506,464	
3,087,119	3,052,548	2,669,132	2,307,355	2,140,867	2,103,272	
3,414,566	1,440,753	1,977,470	1,107,948	779,632	1,534,672	
523,725	876,078	7,544,349	2,339,301	272,815	617,604	
<u>139,341,706</u>	<u>138,469,756</u>	<u>138,585,187</u>	<u>125,570,294</u>	<u>119,676,411</u>	<u>115,784,587</u>	
152,197,787	151,094,823	150,991,458	135,968,591	131,236,591	129,718,023	
(24,297,078)	(24,208,486)	(24,137,738)	(24,312,841)	(21,482,756)	(19,133,294)	
<u>34,310,925</u>	<u>39,014,025</u>	<u>39,143,353</u>	<u>26,597,503</u>	<u>17,730,738</u>	<u>17,216,574</u>	
10,013,847	14,805,539	15,005,615	2,284,662	(3,752,018)	(1,916,720)	

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CITY OF HOLLAND, MICHIGAN

Changes in Net Position

Last Ten Fiscal Years

	Fiscal Year			
	2022	2021	2020	2019
General revenues and other changes in net position				
Governmental activities:				
Property taxes	\$ 17,750,575	\$ 16,859,353	\$ 16,093,740	\$ 15,531,723
State shared revenue	4,138,420	3,655,096	3,207,996	3,276,560
Grants and contributions not restricted to specific programs	3,160,308	3,319,261	3,247,960	3,860,869
Investment earnings (loss) - unrestricted	(648,361)	217,450	800,239	652,531
Gain on sale of capital assets	21,899	-	-	-
Transfers - internal activities	7,996,520	7,370,760	7,105,692	5,477,647
Total governmental activities	32,419,361	31,421,920	30,455,627	28,799,330
Business-type activities:				
Property taxes	115,397	111,104	107,937	104,707
Investment earnings - unrestricted	-	-	-	-
Miscellaneous	-	-	-	-
Gain on sale of capital assets	-	-	46,095	-
Transfers - internal activities	(7,996,520)	(7,370,760)	(7,105,692)	(5,477,647)
Special item	-	-	-	-
Extraordinary item	-	-	-	-
Total business-type activities	(7,881,123)	(7,259,656)	(6,951,660)	(5,372,940)
Total primary government general revenues, transfers, special and extraordinary items	24,538,238	24,162,264	23,503,967	23,426,390
Change in net position				
Governmental activities	11,194,367	10,559,081	5,411,450	8,596,613
Business-type activities	12,768,349	36,804,152	27,608,019	31,840,260
Total primary government change in net position	\$ 23,962,716	\$ 47,363,233	\$ 33,019,469	\$ 27,573,252

Fiscal Year						
2018	2017	2016	2015	2014	2013	
\$ 14,954,459	\$ 15,837,255	\$ 16,862,893	\$ 15,694,176	\$ 15,531,647	\$ 15,305,039	
3,149,161	3,051,775	2,893,597	2,895,971	2,843,918	2,771,987	
417,737	2,396,125	-	-	-	-	
391,246	176,941	231,995	138,303	154,894	48,935	
-	-	-	-	-	603,794	
6,296,016	5,850,000	5,520,961	5,165,762	4,291,016	4,422,221	
<u>25,208,619</u>	<u>27,312,096</u>	<u>25,509,446</u>	<u>23,894,212</u>	<u>22,821,475</u>	<u>23,151,976</u>	
99,785	98,937	104,432	99,983	98,858	97,572	
-	-	-	-	-	26,918	
-	-	-	-	31,135	-	
152,397	-	-	-	-	-	
(6,296,016)	(5,850,000)	(5,520,961)	(5,165,762)	(4,291,016)	(4,422,221)	
-	-	(1,341,005)	-	-	-	
<u>(1,605,380)</u>	<u>(3,603,908)</u>	<u>-</u>	<u>-</u>	<u>(520,415)</u>	<u>-</u>	
<u>(7,649,214)</u>	<u>(9,354,971)</u>	<u>(6,757,534)</u>	<u>(5,065,779)</u>	<u>(4,681,438)</u>	<u>(4,297,731)</u>	
<u>17,559,405</u>	<u>17,957,125</u>	<u>18,751,912</u>	<u>18,828,433</u>	<u>18,140,037</u>	<u>18,854,245</u>	
911,541	3,103,610	1,371,708	(418,629)	1,338,719	4,018,682	
26,661,711	29,659,054	32,385,819	21,531,724	13,049,300	12,918,843	
<u>\$ 27,573,252</u>	<u>\$ 32,762,664</u>	<u>\$ 33,757,527</u>	<u>\$ 21,113,095</u>	<u>\$ 14,388,019</u>	<u>\$ 16,937,525</u>	

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CITY OF HOLLAND, MICHIGAN

Fund Balances, Governmental Funds

Last Ten Fiscal Years

	Fiscal Year			
	2022	2021	2020	2019
General fund				
Nonspendable	\$ 7,834	\$ 6,790	\$ -	\$ 3,083
Committed	-	-	5,667	5,667
Unassigned	8,393,071	7,039,356	5,085,389	5,051,676
Total general fund	<u>\$ 8,400,905</u>	<u>\$ 7,046,146</u>	<u>\$ 5,091,056</u>	<u>\$ 5,060,426</u>
All other governmental funds				
Nonspendable	\$ 2,249,504	\$ 2,377,222	\$ 1,800,198	\$ 2,132,525
Restricted	6,510,869	6,853,497	5,251,572	4,055,502
Committed	10,173,379	6,582,998	5,385,493	4,279,608
Unassigned (deficit)	-	-	-	-
Total all other governmental funds	<u>\$ 18,933,752</u>	<u>\$ 15,813,717</u>	<u>\$ 12,437,263</u>	<u>\$ 10,467,635</u>

Fiscal Year					
2018	2017	2016	2015	2014	2013
\$ 19,920	\$ 60,057	\$ 12,483	\$ 20,736	\$ 14,808	\$ 10,909
5,667	5,667	5,667	12,915	12,915	17,415
4,793,365	4,755,738	4,650,598	4,948,792	4,672,551	4,931,652
<u>\$ 4,818,952</u>	<u>\$ 4,821,462</u>	<u>\$ 4,668,748</u>	<u>\$ 4,982,443</u>	<u>\$ 4,700,274</u>	<u>\$ 4,959,976</u>
\$ 1,655,807	\$ 1,586,687	\$ 1,586,687	\$ 1,554,387	\$ 1,530,737	\$ 1,507,707
2,934,548	11,853,782	3,890,895	4,959,854	5,743,695	3,997,308
6,060,178	7,841,778	4,827,247	3,009,413	2,678,973	3,270,785
-	-	-	-	(151,746)	(365,102)
<u>\$ 10,650,533</u>	<u>\$ 21,282,247</u>	<u>\$ 10,304,829</u>	<u>\$ 9,523,654</u>	<u>\$ 9,801,659</u>	<u>\$ 8,410,698</u>

CITY OF HOLLAND, MICHIGAN

Changes in Fund Balances, Governmental Funds

For the Last Ten Fiscal Years

	Fiscal Year			
	2022	2021	2020	2019
Revenues				
Taxes	\$ 17,750,575	\$ 16,859,353	\$ 16,093,740	\$ 15,531,723
Special assessments	911,305	855,518	889,170	894,603
Licenses and permits	1,375,622	1,339,138	926,208	925,333
Intergovernmental	15,124,534	16,032,892	14,045,247	13,965,370
Charges for services	2,101,944	1,901,711	1,772,602	1,919,340
Fines and fees	611,526	588,225	572,900	634,373
Contributions from private sector	5,813,773	458,567	1,089,847	4,264,039
Interest and rents	(429,745)	1,042,372	1,073,492	945,128
Miscellaneous	721,653	737,095	550,515	1,598,149
Total revenues	43,981,187	39,814,871	37,013,721	40,678,058
Expenditures				
Current:				
General government	4,547,910	4,561,534	4,283,418	4,760,291
Public safety	14,482,490	13,625,121	12,683,646	12,024,646
Public works	7,910,228	6,784,630	6,282,476	6,281,719
Welfare and social services	1,109,854	1,266,963	885,730	920,254
Parks and recreation	4,174,156	3,662,352	3,581,567	3,965,929
Other	770,083	379,819	897,675	86,894
Debt service:				
Principal retirement	4,656,692	4,536,805	4,761,266	5,473,115
Interest and fiscal charges	1,586,270	1,721,470	1,822,499	1,705,838
Bond issuance costs	33,156	-	-	322,001
Capital outlay	8,094,070	5,075,393	6,570,878	16,508,292
Total expenditures	47,364,909	41,614,087	41,769,155	52,048,979
Revenues under expenditures	(3,383,722)	(1,799,216)	(4,755,434)	(11,370,921)
Other financing sources (uses)				
Issuance of long-term debt	-	-	-	7,180,000
Premium on issuance of long-term debt	-	-	-	71,850
Issuance of refunding bonds	1,955,000	-	-	-
Payment to refunded bond escrow agent	(1,993,004)	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Transfers in	13,281,212	12,345,983	12,739,441	11,920,999
Transfers out	(5,384,692)	(5,215,223)	(5,983,749)	(7,743,352)
Total other financing sources (uses)	7,858,516	7,130,760	6,755,692	11,429,497
Net changes in fund balances	\$ 4,474,794	\$ 5,331,544	\$ 2,000,258	\$ 58,576
Debt service as a percentage of noncapital expenditures	16.2%	18.6%	18.8%	20.2%

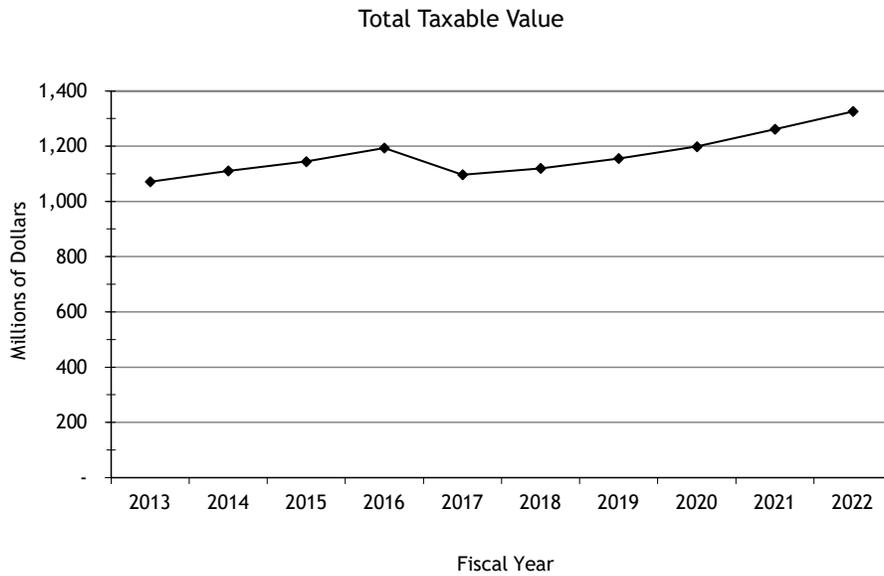
Fiscal Year						
2018	2017	2016	2015	2014	2013	
\$ 14,954,459	\$ 15,837,255	\$ 16,862,893	\$ 15,694,176	\$ 15,531,647	\$ 15,305,039	
831,764	1,287,641	773,449	747,753	773,740	738,263	
1,098,803	783,080	535,824	694,822	627,716	484,785	
9,545,504	11,622,410	8,134,798	8,019,895	8,090,257	9,190,867	
2,043,156	1,928,243	1,830,609	1,774,682	1,765,726	1,767,839	
595,113	622,228	628,994	640,851	629,639	600,565	
778,204	1,003,182	2,279,761	658,219	852,417	1,458,342	
662,260	901,379	994,305	945,998	1,005,386	916,552	
336,114	391,202	309,061	297,550	287,829	272,010	
<u>30,845,377</u>	<u>34,376,620</u>	<u>32,349,694</u>	<u>29,473,946</u>	<u>29,564,357</u>	<u>30,734,262</u>	
4,160,209	4,032,687	3,805,834	3,814,393	3,537,050	3,946,025	
11,882,548	11,857,849	11,936,561	11,819,699	11,376,342	10,904,914	
6,675,323	4,727,422	4,337,160	4,400,212	4,627,841	3,993,238	
824,813	717,689	961,655	899,556	1,142,307	895,361	
3,773,181	4,971,220	5,111,051	5,053,039	4,510,490	4,365,859	
19,970,496	87,808	11,115,067	92,809	77,581	68,572	
3,826,237	3,884,269	2,445,000	2,389,000	3,839,000	3,218,223	
1,401,951	721,854	696,684	779,254	912,384	1,010,844	
-	198,843	-	-	-	-	
<u>14,885,440</u>	<u>11,035,036</u>	<u>10,994,683</u>	<u>5,195,929</u>	<u>2,336,346</u>	<u>5,982,162</u>	
<u>67,400,198</u>	<u>42,234,677</u>	<u>51,403,695</u>	<u>34,443,891</u>	<u>32,359,341</u>	<u>34,385,198</u>	
<u>(36,554,821)</u>	<u>(7,858,057)</u>	<u>(19,054,001)</u>	<u>(4,969,945)</u>	<u>(2,794,984)</u>	<u>(3,650,936)</u>	
19,890,000	13,310,000	13,910,000	-	-	-	
-	293,266	-	-	-	-	
-	6,975,000	-	-	-	-	
-	(7,059,255)	-	-	-	-	
-	17,075	224,281	4,282	-	1,331,249	
14,283,879	13,226,579	19,322,548	11,671,851	11,473,850	9,489,765	
<u>(8,253,282)</u>	<u>(7,774,476)</u>	<u>(13,935,348)</u>	<u>(6,702,024)</u>	<u>(7,547,607)</u>	<u>(5,167,544)</u>	
<u>25,920,597</u>	<u>18,988,189</u>	<u>19,521,481</u>	<u>4,974,109</u>	<u>3,926,243</u>	<u>5,653,470</u>	
<u>\$ (10,634,224)</u>	<u>\$ 11,130,132</u>	<u>\$ 467,480</u>	<u>\$ 4,164</u>	<u>\$ 1,131,259</u>	<u>\$ 2,002,534</u>	
10.0%	15.2%	7.4%	10.4%	15.8%	14.4%	

Actual Value of Taxable Property
For the Last Ten Fiscal Years

Fiscal Year	Residential Property	Commercial Property	Industrial Property	Other Property*	Less: Tax-Exempt Property	Total Taxable Value	Total Direct Tax Rate
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
2021	695,508,595	348,821,535	221,250,239	11,109,705	15,438,176	1,261,251,898	13.8692
2022	729,869,342	367,111,714	234,287,045	11,906,410	16,612,820	1,326,561,691	13.8692

*Other property includes agricultural, developmental and utilities.

Source: City of Holland Assessor's Office



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CITY OF HOLLAND, MICHIGAN

Direct and Overlapping Property Tax Rates

For the Last Ten Fiscal Years

(Rate per \$1,000 of assessed value)

Fiscal Year	City Direct Rates						Overlapping Rates*		
	Basic Rate	General Obligation Debt Service	Capital Projects	Herrick District Library	Airport Authority	Total Direct	State of Michigan	Herrick District Library	MAX Authority
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
2021	8.3000	3.8712	1.6015	-	0.0965	13.8692	6.0000	1.4463	0.3838
2022	8.7312	3.4400	1.0603	-	0.0950	13.8692	6.0000	1.4290	0.3791

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:

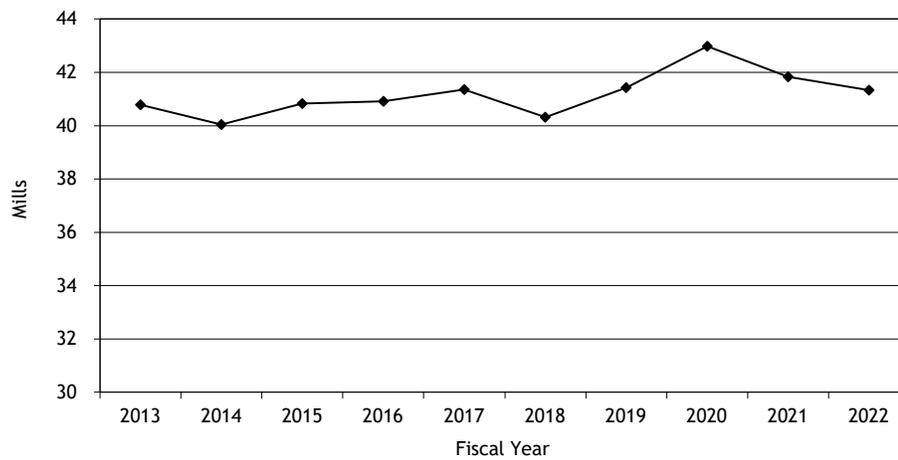
The City of Holland is located in both Ottawa and Allegan County and Holland, Hamilton and Zeeland School District. The county and school tax paid by property owners depends on the location of their property. Approximately 80% of the City of Holland is located in Ottawa County and 20% in Allegan County.

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	1.5700	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
6.2906	2.2188	5.4317	6.2341	6.1969	23.4897	4.5000	22.5000	8.8408	26.8408
6.2245	2.0858	5.4156	6.3161	5.9308	23.9308	4.3500	22.3500	8.8279	26.8279

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

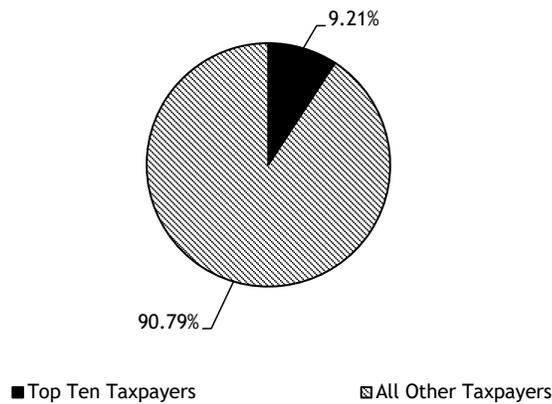
For the Current Fiscal Year and Nine Years Ago

Taxpayer	2022			2013		
	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	\$ 33,582,600	1	2.53 %	\$ 15,732,485	3	1.47 %
Haworth, Inc	19,107,985	2	1.44	29,437,791	2	2.75
Lumir LLC	12,535,430	3	0.94	11,471,629	5	1.07
Holland Waverly LLC	12,333,986	4	0.93	-----		----
Landmark Center LLC	9,199,617	5	0.69	-----		----
Hotel Holdings Holland DTW LLC	7,885,869	6	0.59	-----		----
Holland Southview LLC	7,351,190	7	0.55	-----		----
Geenen DeKock Properties LLC	7,060,114	8	0.53	-----		----
Gen 123 Properties LLC	6,994,693	9	0.53	-----		----
Challenge Mfg Company	6,363,780	10	0.48	7,531,850	9	0.70
Johnson Controls Interiors	-----		----	52,084,395	1	4.86
H.J. Heinz LP	-----		----	11,894,698	4	1.11
American Bottling Company	-----		----	7,994,016	8	0.75
Benteler & Hydro Automotive	-----		----	9,036,750	6	0.84
L & W Engineering	-----		----	8,660,600	7	0.81
Semco Energy Inc	-----		----	6,000,698	10	0.56
	<u>\$122,415,264</u>		<u>9.21 %</u>	<u>\$159,844,912</u>		<u>14.92 %</u>

Source: City of Holland Assessor's Office

2022 Total Taxable Value is \$1,326,561,691, which includes IFT's at equivalency valuation.

Concentration of 2022 Taxpayers



Property Tax Levies and Collections
For the Last Ten Fiscal Years

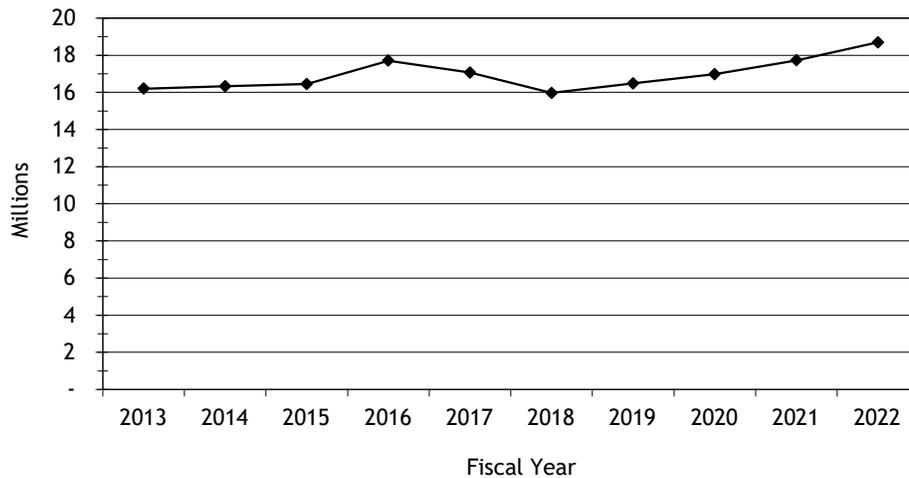
Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year*	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2013	\$ 16,211,578	\$ 16,186,627	99.85 %	\$ 14,479	\$ 16,201,106	99.94 %
2014	16,332,330	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	4,002	16,982,927	99.76
2021	17,732,947	17,722,057	99.94	1,850	17,723,907	99.95
2022	18,695,530	18,685,876	99.95	-	18,685,876	99.95

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

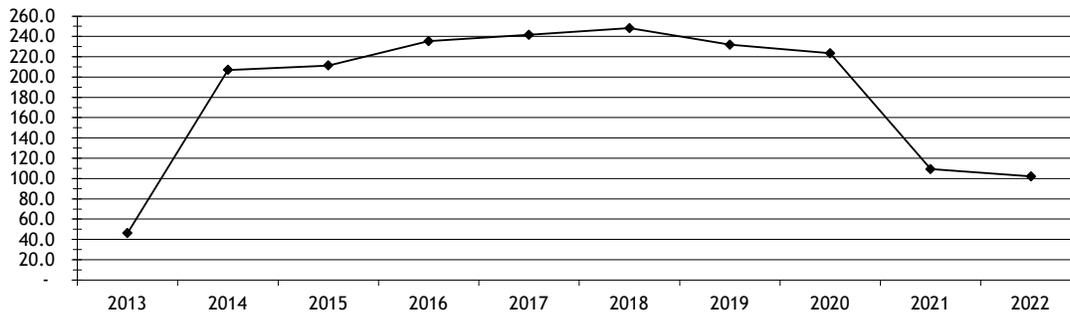
Fiscal Year	Governmental Activities						Total Governmental Activities
	General Obligation Bonds	Building Authority Bonds	Special Assessment Bonds	Capital Improvement Bonds	Pension Obligation Bonds	Notes Payable	
2013	\$ -	\$ 16,891,662	\$ 403,000	\$ 8,200,000	\$ -	\$ -	\$ 25,494,662
2014	-	13,917,915	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
2021	-	12,811,555	-	10,398,985	23,723,210	1,715,098	48,648,848
2022	-	10,535,000	-	10,065,410	21,947,210	1,394,406	43,942,026

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

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

Business-type Activities							Total Primary Government	Percentage of Personal Income**	Per Capita**
County Bonds	Water Bonds	Wastewater Bonds	Electric Bonds	Pension Obligation Bonds	Installment Sales Agreement	Total Business-type Activities			
\$ 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
-	8,598,610	4,334,107	32,760,000	7,481,790	7,467,500	60,642,007	109,290,855	11.68	3,179
-	22,386,295	9,948,369	12,760,000	6,072,791	7,030,000	58,197,455	102,139,481	10.48	3,002

PRIMARY GOVERNMENT DEBT



CITY OF HOLLAND, MICHIGAN

Ratios of Net General Bonded Debt Outstanding

For the Last Ten Fiscal Years

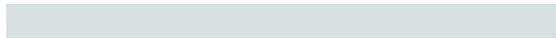
Fiscal Year	General Bonded Debt Outstanding					Total	Less: Amounts Restricted to Repaying Principal
	General Obligation Bonds	Building Authority Bonds	Capital Improvement Bonds	Pension Obligation Bonds			
2013	\$ -	\$ 13,917,915	\$ 8,200,000	\$ -	\$ 22,117,915	\$ -	
2014	-	12,239,168	7,555,000	-	19,794,168	-	
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	
2021	-	12,811,555	10,398,985	31,205,000	54,415,540	924,747	
2022	-	10,535,000	10,065,410	28,020,001	48,620,411	502,095	

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**
\$ 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
53,490,793	4.31	1,583
48,118,316	3.67	1,429

Direct and Overlapping Governmental Activities Debt

As of June 30, 2022

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable*	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Hamilton School District	\$ 29,613,547	17.45%	\$ 5,167,564
Holland School District	71,607,901	74.60%	53,419,494
Zeeland School District	112,577,703	0.00%	-
Allegan County	34,748,558	5.72%	1,987,618
Ottawa County	155,747,805	6.64%	10,341,654
Holland Area Community Swimming Pool Authority	20,815,000	74.60%	<u>15,527,990</u>
Subtotal, overlapping debt			86,444,320
City direct debt			<u>43,942,026</u>
Total direct and overlapping debt			<u><u>\$ 130,386,346</u></u>

Sources: Assessed value data used to estimate applicable percentages provided by the 2021 Allegan and 2021 Ottawa Equalization Reports. Debt outstanding data provided by each governmental unit.

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

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

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CITY OF HOLLAND, MICHIGAN

Legal Debt Margin Information

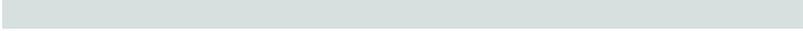
For the Last Ten Fiscal Years

Legal Debt Margin Calculation for Fiscal Year 2022

Assessed value	\$ 1,326,561,691
Debt limit (10% of assessed value)	132,656,169
Debt applicable to limit:	
Building authority bonds	10,535,000
Capital improvement bonds	10,065,410
Pension obligation bonds	28,020,001
Notes payable	1,394,406
Less: Amount set aside for repayment of debt	<u>(502,095)</u>
Total net debt applicable to limit	<u>49,512,722</u>
Legal debt margin	<u>\$ 83,143,447</u>

	Fiscal Year				
	2022	2021	2020	2019	2018
Debt Limit	\$ 132,656,169	\$ 126,125,190	\$ 119,846,845	\$ 115,521,045	\$ 111,958,873
Total net debt applicable to limit	<u>49,512,722</u>	<u>55,205,891</u>	<u>61,480,864</u>	<u>67,328,868</u>	<u>67,356,232</u>
Legal debt margin	<u>\$ 83,143,447</u>	<u>\$ 70,919,299</u>	<u>\$ 58,365,981</u>	<u>\$ 48,192,177</u>	<u>\$ 44,602,641</u>
Total net debt applicable to the limit as a percentage of debt limit	59.55%	77.84%	105.34%	139.71%	151.01%

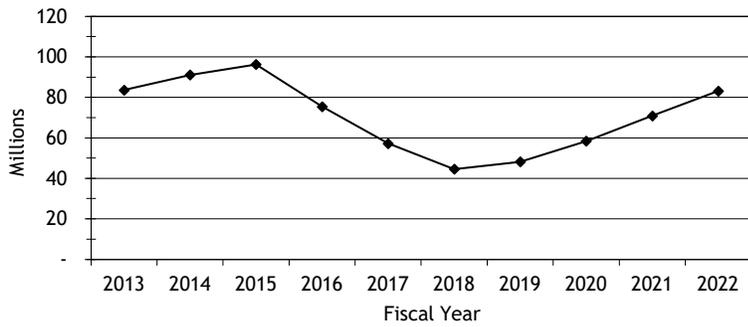
Under state finance law, the City's outstanding general obligation debt should not exceed 10% of total assessed property value.



Fiscal Year				
2017	2016	2015	2014	2013
\$ 109,643,622	\$ 119,348,148	\$ 114,436,011	\$ 111,048,237	\$ 107,192,648
52,424,216	43,938,017	18,046,699	19,965,860	23,582,232
<u>\$ 57,219,406</u>	<u>\$ 75,410,131</u>	<u>\$ 96,389,312</u>	<u>\$ 91,082,377</u>	<u>\$ 83,610,416</u>

91.62% 58.27% 18.72% 21.92% 28.20%

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	
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
2021	12,478,970	5,593,008	6,885,962	280,000	182,639	14.88
2022	12,468,325	5,777,672	6,690,653	2,795,000	347,584	2.13

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.

Note: During fiscal year 2021, the City partially refunding the electric revenue bonds and advanced paid down \$96,075,000 in outstanding bonds.

Pledged-Revenue Coverage

For the Last Ten Fiscal Years

Fiscal Year	Electric Revenue Bonds					
	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
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
2021	108,456,418	60,127,012	48,329,406	96,075,000	6,302,314	0.47
2022	99,596,066	69,922,409	29,673,657	20,000,000	115,178	1.48

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	
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
2021	12,162,493	7,983,711	4,178,782	427,500	208,245	6.57
2022	13,403,130	9,397,967	4,005,163	437,500	191,170	6.37

Pledged-Revenue Coverage
For the Last Ten Fiscal Years

Fiscal Year	Special Assessment Bonds				Coverage
	Special Assessment Collections	Debt Service			
		Principal	Interest		
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	-	-	-	
2021	123,114	-	-	-	
2022	135,744	-	-	-	

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)
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%
2020	34,378	935,941	27,225	4.9%
2021	34,024	974,345	28,637	3.8%

Sources:

(1) United States Census Bureau

(2) United States Census Bureau

(3) Michigan Department of Technology, Management and Budget

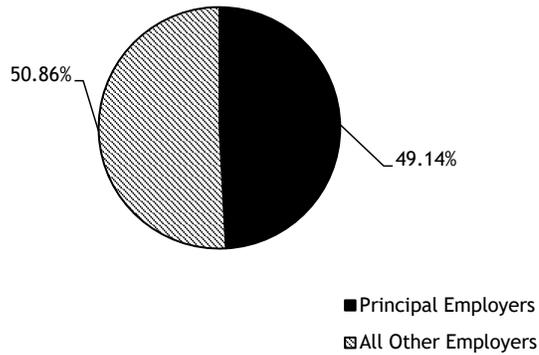
Principal Employers

Current Year and Nine Years Ago

Employer	2022			2013		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Haworth Inc	2,126	1	12.25 %	1,599	2	9.82 %
LG Chem Michigan Inc	1,225	2	7.06	-		-
Holland Community Hospital	1,166	3	6.72	1,531	3	9.40
Hope College	886	4	5.10	573	5	3.52
Challenge Mfg Company	703	5	4.05	920	4	5.65
Tiara Yachts	676	6	3.89	544	6	3.34
Holland Public Schools	624	7	3.60	-		-
Herman Miller	395	8	2.28	323	9	1.98
City of Holland / HBPW	370	9	2.13	385	8	2.36
Benteler Aluminum Systems	357	10	2.06	442	7	2.71
Johnson Controls Interiors	-		-	2,285	1	14.03
L&W Engineering	-		-	321	10	1.97
	<u>8,528</u>		<u>49.14 %</u>	<u>8,923</u>		<u>54.78 %</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				
	2022	2021	2020	2019	2018
General government					
Management services	2.75	2.75	3.75	3.65	2.65
Fiscal services	11.90	11.90	12.15	12.90	11.90
City clerk	2.00	2.00	2.00	2.00	2.00
Human resources	2.60	2.60	2.60	2.60	2.60
Building	0.15	0.15	1.15	0.10	0.10
Cemetery	3.75	3.75	3.25	2.85	2.85
Planning	2.45	2.45	2.95	1.70	1.60
Technology	6.30	6.30	6.30	6.50	6.50
Public safety					
Police	65.15	64.15	63.00	63.00	63.00
Fire	22.10	22.10	22.00	22.00	21.50
Environmental health & inspections	12.65	13.15	12.95	12.45	11.65
Public works					
Streets	16.66	16.66	16.66	16.65	16.65
Engineering	3.35	3.35	3.35	3.35	3.35
Transit	0.00	0.00	0.00	0.00	0.00
Centralized vehicle maintenance	9.01	9.01	7.01	7.00	7.00
Welfare and social services					
Ourstreet / Human relations	1.75	1.75	1.75	3.00	2.90
Economic development assistance	1.60	1.10	0.10	0.10	0.10
Downtown development	2.57	2.17	2.57	2.15	2.15
Parks and recreation					
Recreation	5.76	6.16	6.16	4.95	5.95
Parks	13.50	14.50	11.60	14.00	14.00
Civic Center	0.20	0.20	1.20	1.00	0.00
Board of Public Works Utilities	177.00	176.00	173.00	175.50	176.00
Holland Historical Trust	7.00	7.00	7.00	6.00	5.00
Total	<u>370.20</u>	<u>369.20</u>	<u>362.50</u>	<u>363.45</u>	<u>359.45</u>

Source: City of Holland Finance Office Fiscal Year 2022 Budget (Approved Positions)

Full-time Equivalent Employees as of June 30				
2017	2016	2015	2014	2013
2.35	3.35	2.60	2.70	2.85
11.90	12.90	12.95	13.00	12.15
2.00	2.00	2.00	2.00	2.00
1.60	1.60	1.60	1.25	1.25
0.60	0.60	1.00	1.00	1.00
2.35	2.35	2.85	2.85	2.90
1.60	1.40	1.90	1.90	2.40
6.80	5.80	4.00	4.00	4.00
62.00	65.00	65.00	65.00	65.00
21.00	21.00	21.00	21.00	21.00
10.65	9.65	8.90	7.90	8.35
16.65	15.65	15.65	15.65	16.15
3.35	3.35	2.35	2.35	2.60
0.00	0.00	0.00	0.00	0.00
7.00	7.00	7.00	7.15	7.80
3.95	2.90	1.95	1.95	2.10
0.10	0.10	0.85	1.10	1.90
3.15	3.15	3.30	3.30	3.15
4.50	4.00	4.00	4.15	3.75
14.00	13.50	11.85	11.60	11.95
1.45	1.45	1.45	1.30	1.40
175.00	178.00	171.00	178.00	177.00
4.00	4.00	4.00	6.00	4.00
<u>356.00</u>	<u>358.75</u>	<u>347.20</u>	<u>355.15</u>	<u>354.70</u>

CITY OF HOLLAND, MICHIGAN

Operating Indicators by Function

For the Last Ten Fiscal Years

Function	Fiscal Year				
	2022	2021	2020	2019	2018
Cemetery					
Burials	301	256	245	223	189
Police					
Physical arrests	842	706	962	1,073	1,093
Parking violations	3,488	2,696	2,912	4,066	2,909
Traffic violations	2,342	2,279	3,437	2,636	2,600
Fire					
Emergency responses	4,065	3,913	3,829	3,733	3,863
Fires	70	78	80	81	85
Medical Emergencies	2,590	2,537	2,422	2,117	2,414
Inspections	251	299	210	213	130
Public works					
Street resurfacing (miles)	5.9	7.2	8.8	7.9	8.8
Working in the ROW permits	285	315	280	282	363
Community & neighborhood services					
Number of construction permits:					
Industrial & commercial	117	110	109	95	120
Residential	642	603	442	514	587
Institutional & municipal	24	19	21	21	20
Value of construction permits (millions of dollars)					
Industrial & commercial	131.81	83.06	35.90	42.50	48.01
Residential	30.94	18.40	33.90	13.07	18.18
Institutional & municipal	13.66	25.30	5.06	21.39	37.02
Parks and recreation					
Program participants	10,719	19,622	11,188	20,054	22,938
Pool attendance	12,246	9,965	10,661	12,860	11,662
Water					
Service connections	11,181	11,134	13,439	13,675	13,660
Average daily consumption (thousands of gallons)	14,730	13,220	13,578	12,287	13,802
Wastewater					
Service connections	11,793	9,701	11,320	12,584	12,575
Average daily consumption (thousands of gallons)	5,020	4,370	5,548	7,312	7,895

Source: Various city departments

Fiscal Year				
2017	2016	2015	2014	2013
234	270	222	225	244
1,333	1,498	1,901	2,055	2,031
4,161	4,010	3,783	3,984	7,591
3,034	3,209	4,373	3,661	3,494
3,083	3,457	3,268	3,101	2,944
83	105	91	93	96
1,965	2,238	2,160	2,079	1,957
113	224	263	249	194
6.9	7.0	4.6	3.8	4.0
350	323	340	343	330
96	69	99	102	95
427	499	530	497	438
21	20	16	24	21
37.70	12.10	36.27	22.57	18.92
24.90	15.00	28.23	14.45	7.64
15.10	23.70	8.85	38.95	31.40
22,931	22,285	21,427	19,480	19,329
13,338	17,500	11,700	11,068	15,051
13,600	13,500	13,405	13,375	12,957
13,073	13,332	11,200	11,690	11,790
12,524	12,400	12,335	12,320	12,308
8,036	9,683	9,025	9,144	9,490

CITY OF HOLLAND, MICHIGAN

Capital Asset Statistics by Function

For the Last Ten Fiscal Years

Function	Fiscal Year				
	2022	2021	2020	2019	2018
General Government					
Cemeteries	2	2	2	2	2
Police					
Stations	1	1	1	1	1
Patrol Units	21	21	21	20	20
Fire Stations					
	3	3	3	3	3
Public works					
Streets (miles)	149	149	149	149	149
Streetlights	2,554	2,554	2,496	2,561	2,535
Parks and recreation					
Park acreage	404	404	404	404	404
Parks	23	23	23	23	23
Baseball/softball diamonds	10	10	10	10	10
Soccer fields	11	11	11	11	11
Swimming pools	1	1	1	1	1
Tennis courts	11	11	11	11	11
Pickleball courts	10	10	10	10	10
Nature centers	1	1	1	1	1
Tourist attractions	1	1	1	1	1
Community centers	1	1	1	1	1
Water					
Water mains (miles)	200	198	252	252	250
Fire hydrants	1,884	1,783	2,441	2,400	2,400
Maximum daily capacity of plant (thousands of gallons)	38,500	38,500	38,500	38,500	38,500
Wastewater					
Sanitary sewers (miles)	190.00	190.00	186.61	185.73	184.30
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	14,400

Source: Various city departments

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



Fiscal Year				
2017	2016	2015	2014	2013
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
2,535	2,615	2,598	2,595	2,593
403	403	403	403	403
22	22	22	22	22
10	10	10	10	10
11	11	11	10	10
1	1	1	1	1
11	14	14	14	14
10	-	-	-	-
1	1	1	1	1
1	1	1	1	1
1	1	1	1	1
249	252	248	248	246
2,395	2,395	2,363	2,363	2,353
38,500	38,500	38,500	38,500	38,500
183.55	185.00	183.00	182.77	182.76
152.0	152.0	151.5	151.5	159.0
14,400	12,000	12,000	12,000	12,000