



Holland
MICHIGAN



FISCAL YEAR 2021
POPULAR ANNUAL FINANCIAL REPORT



Welcome

We are pleased to present the City of Holland's first Popular Annual Financial Report (PAFR) for the year ended June 30, 2021. In alignment with the City's strategic goal to enhance communications with stakeholders, this report is designed to present City finances in a clear and understandable manner. The unaudited PAFR is a streamlined version of the more detailed Annual Comprehensive Financial Report, commonly known as the audit report. All financial information in this report can be found in greater detail in the complete audit report available online at www.cityofholland.com.

The purpose of the PAFR is to help citizens have a better understanding of the City's resources and how we use them. The financial information presented is consistent with Generally Accepted Accounting Principles, but in a condensed format. The primary focus is the Governmental and Proprietary Funds, excluding the discretely presented component units, internal service funds, and fiduciary funds. The report provides additional detail for the General Fund, which is the main operating fund of the City and highlights some of the major initiatives and capital projects for the City.

Thank you for taking time to read this year's report and become more familiar with your City's finances. We are proud to serve the residents of the community and hope the information presented provides you with an easy to understand overview of the City's financial outlook.

Best Regards,

Keith Van Beek

City Manager





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City Profile

The City of Holland is located in Allegan and Ottawa County and is the largest city in both counties. City limits span 17.5 square miles and was incorporated in 1867. According to the 2020 census the population was 34,378. The City of Holland is located 30 miles southwest of Grand Rapids, 186 miles northwest of Detroit and 150 miles northeast of Chicago, Illinois.

The City of Holland’s Mission Statement is simply “Maximize Livability”. This is felt throughout the City with the charming and lively downtown district, active neighborhoods, community events, celebration of diversity, safe bike infrastructure and walkability, and the well-maintained parks and open spaces. 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.



The City also hosts the annual Tulip Time Festival, which is a destination for many visitors. Approximately 550,000 tulips are planted throughout the City each year. The City owns and operates Windmill Island Garden and in 2021 welcomed 131,465 visitors, a new record.



A City owned airport facility is leased to an airport authority which includes the City of Holland, City of Zeeland and Park Township. 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 Charter Township.



City Snapshot

Population (2020 estimate)	34,378
Unemployment Rate	4.9%
Median Family Income	\$57,002
Total Housing Units	12,027
Renter Occupied	38%
Construction Permits Issued	732
Fiscal Year 2021 General Fund Budget	\$24,204,495
Total Taxable Assessed Value	\$1,261,251,898
City Full Time/Part Time Employees	367/92
City Bond Rating (Moody’s/S&P)	Aa2/AA



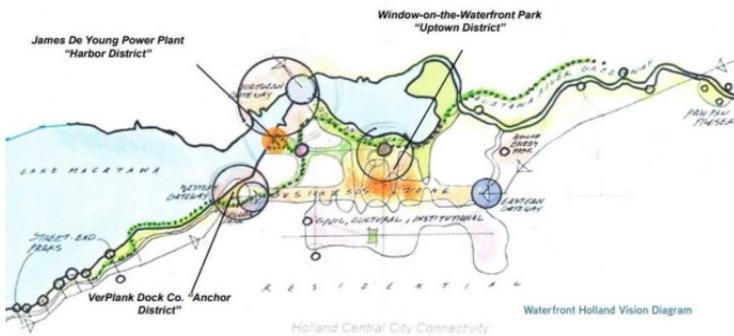
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Strategic Initiatives

The City’s Strategic and Business Planning process provides overall direction for the City of Holland. The most recent plan was adopted in April 2021 (complete plan is available on the City’s website). The following highlight some of the major initiatives that began, continued or were completed during Fiscal Year 2021, including:

Sustainability and Energy Conservation

The City commissioned a task force to update the Community Energy Plan. The City has made considerable progress towards the initial goal of reducing gas emissions per capita from the baseline 24 metric tons down to no more than 10 by 2050. The task force completed and Council adopted their recommendations in FY 2022. (See complete report on the City’s website)



Waterfront Holland

The City continues to make progress on the “march to the water”. In FY 2021 the City worked with consultants to solicit qualifications through a RFQ process which will be followed by an RFP process in FY 2022.

Affordable Housing

Affordable housing is a priority for the City. The City participated in several economic development tools designed to incentivize affordable housing projects, including the approval of a brownfield with Lakeshore Habitat for Humanity and Jubilee Ministries to construct new homes.



Anaerobic Digester

Construction began on a new anaerobic digester in FY 2021. This egg shaped facility will improve disposal of biosolids and is expected to be completed in four to five years.



City Projects

Several infrastructure and municipal capital projects were completed during the fiscal year, including:

16th Street — The two mile segment from Lane Avenue to Kollen Park Drive was resurfaced and a large storm sewer culvert that carries the Maplewood Inter-County Drain under 16th Street replaced. Other improvements include a new storm sewer between Central and River Avenue, as well as installation of snowmelt transmission infrastructure within this block. Total project cost was \$2,534,908.

20th and 21st Street — Sections of 20th Street and 21st Street were reconstructed by the Holland Board of Public Works and the City of Holland. The project included replacement of utilities, new asphalt pavement, concrete curbs, gutters and sidewalk. The total project cost was \$1,280,100.

Dog Park—A new dog park was added to the list of City parks in the fall of 2020. The 3 acre park, located on the 24th Street side of Van Raalte Farm, is fenced in for safety. Amenities include drinking fountains for both pets and owners, obstacle courses for the pets, log benches for resting and walking paths. There is also a year round restroom facility and dog washing station on site. Total cost for the park was \$537,908.



Lakeview Park—The playground equipment was replaced and a poured in place (PIP) safety surface was installed. Donations from the neighborhood families paid for PIP to be installed in place of the commonly used engineered wood fiber. The total project cost was \$247,054.

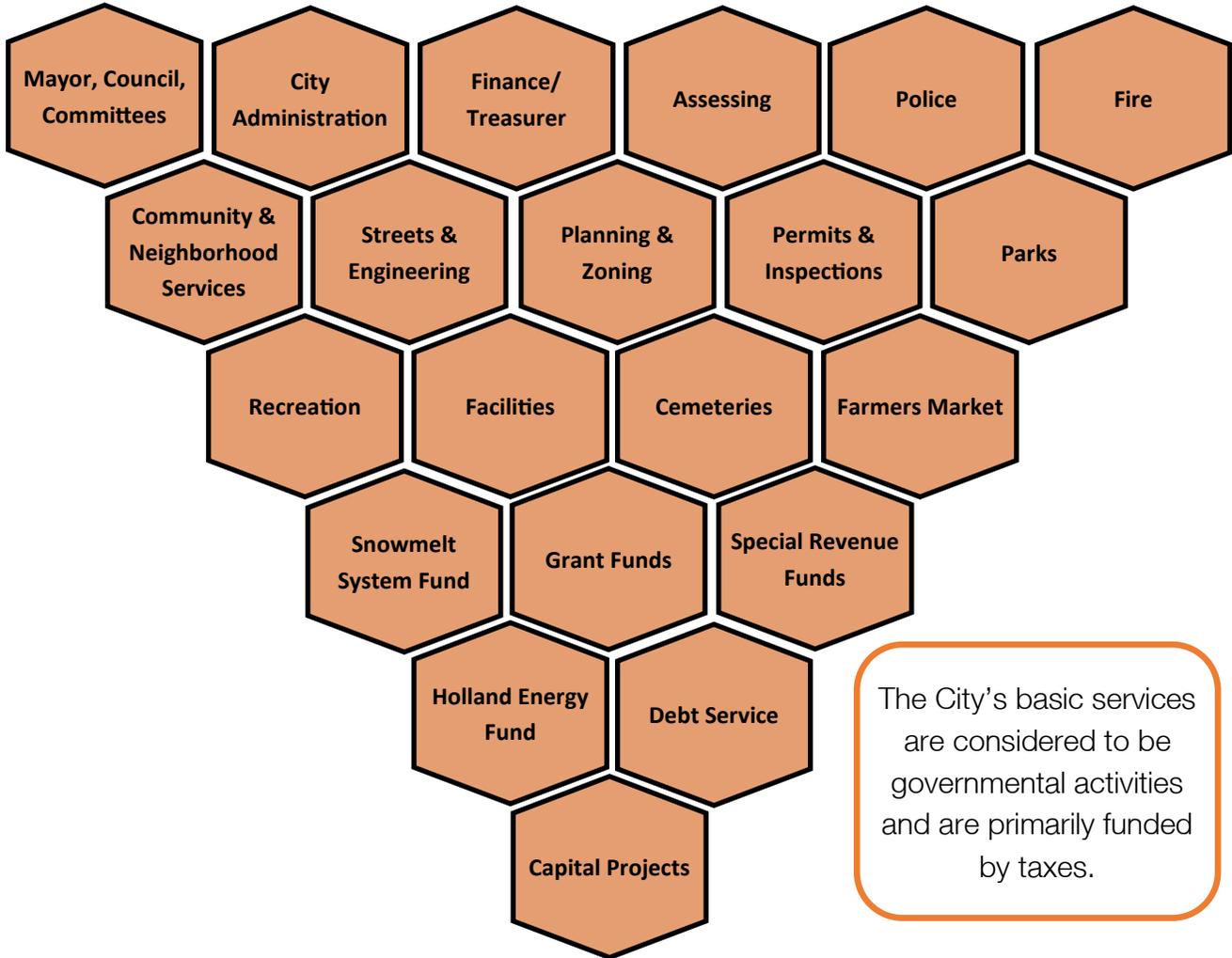




City Functions

City functions are divided between two groups of activities: Governmental Activities and Business-Type Activities. This is required for financial reporting purposes.

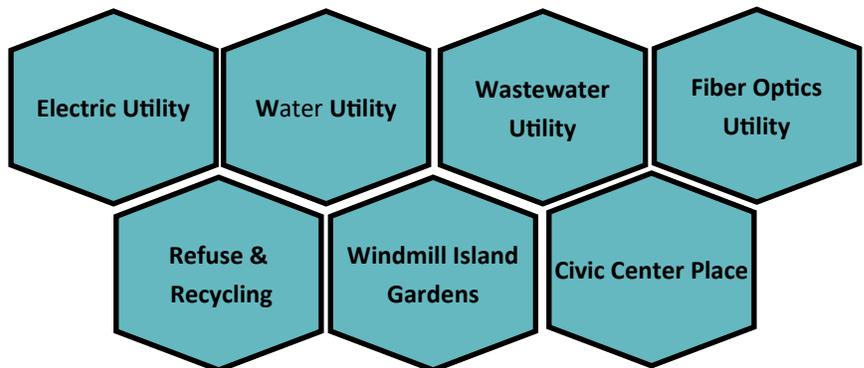
Governmental Activities



Business-Type

The City Charter requires a Holland Board of Public Works (HBPW) to manage and operate municipally owned utilities, including electric, fiber-optics, water and wastewater.

Other business-type activities include the City's refuse & recycling fund, Windmill Island Gardens and the Civic Center





Financial Highlights

The following tables represent condensed forms of the financial statements presented in the complete audit report. The Statement of Net Position (the City's Balance Sheet) and Statement of Activities (the City's Income Statement) are divided between governmental and business-type activities to distinguish functions of the City which are principally supported by taxes and intergovernmental revenues (governmental activities) from those functions which are intended to recover all or part of their costs through user fees (business-type).

Statement of Net Position

	Government Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Total Assets	\$191,811,538	\$179,196,999	\$579,026,234	\$654,695,483	\$770,837,772	\$833,892,482
Total Deferred Outflows	2,613,457	3,672,122	1,192,789	1,557,336	3,806,246	5,229,458
Total Liabilities	67,979,290	71,107,713	77,885,358	193,533,554	145,864,648	264,641,267
Total Deferred Inflows	5,254,592	1,129,376	3,366,980	556,732	8,621,572	1,686,108
Total Net Position	\$121,191,113	\$110,632,032	\$498,966,685	\$462,162,533	\$620,157,798	\$572,794,565

Net Position represents the difference between the City's total assets and total liabilities. Change in the net position serves as a useful indicator of the City's financial position. The City's net position at June 30, 2021 totaled \$620,157,798, representing an increase of 8.3%. During FY 2021, the electric utility was able to pay off almost \$96 million of debt on the energy park. This contributed to the reduction of total liabilities and corresponding increase in total net position. Governmental deferred inflows increased by \$4 million which reflects the receipt of the American Rescue Plan Act (ARPA) grant. The City is still awaiting final grant restrictions before designating the use of these funds. Therefore, government accounting rules require this to be recorded as a deferred inflow until the funds are spent.

Statement of Activities (Changes in Net Position)

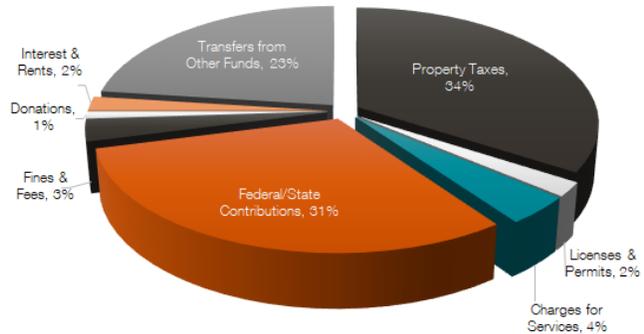
	Government Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues	\$40,118,892	\$37,299,860	\$144,690,781	\$134,810,447	\$184,809,673	\$172,110,307
Expenses	36,930,571	38,994,102	100,515,869	100,096,736	137,446,440	139,090,838
Transfers	7,370,760	7,105,692	(7,370,760)	(7,105,692)	-	-
Change in Net Position	10,559,081	5,411,450	36,804,152	27,608,019	47,363,233	33,019,469
Net Position-Beginning	110,632,032	105,220,582	462,162,533	434,554,514	572,794,565	539,775,096
Net Position-Ending	\$121,191,113	\$110,632,032	\$498,966,685	\$462,162,533	\$620,157,798	\$572,794,565

Total net position increased by \$47,363,233, of which \$10,559,081 represents the increase in governmental activities and \$36,804,152 represents the business-type activities (primarily utilities). Contributing to the governmental activities was the receipt of over \$900,000 of CARES Act grants.



Where the City government money comes from?

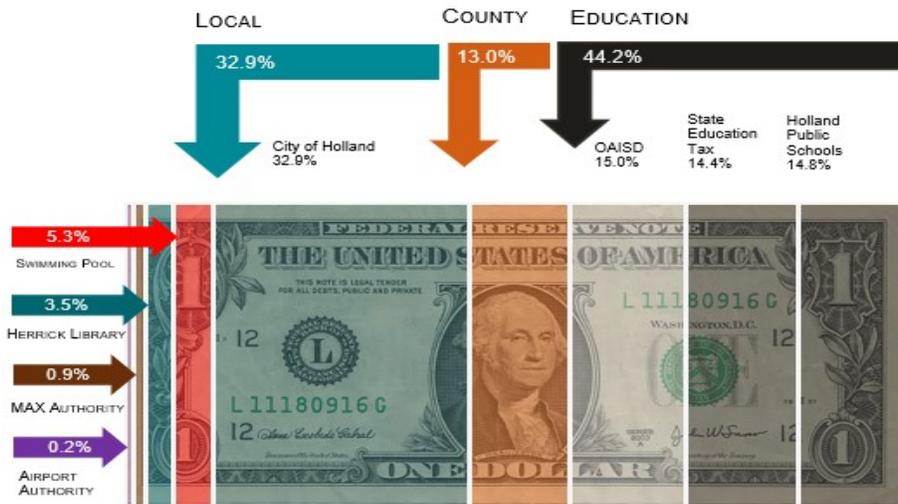
Total revenue for Governmental Fund equaled \$39,814,871. Property taxes account for 34% of revenues and federal/state contributions (grants, sales tax, personal property tax replacement) account for another 31%. The City received over \$900,000 in CARES Act grants which were recorded in FY 2021. Transfers from other funds represents 20% of revenues and is mostly comprised of the dividend from HBPW.



Property Tax

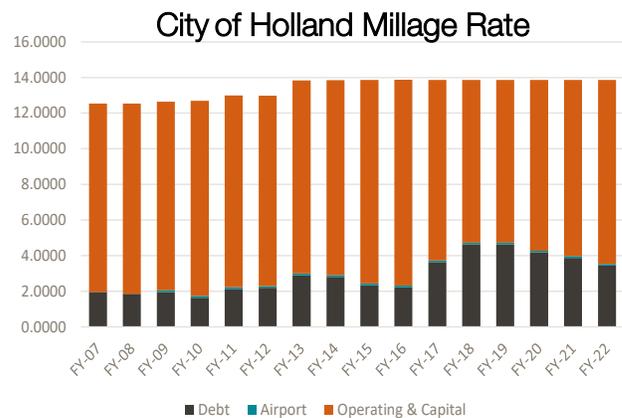
Your property tax dollars are split between many different local government bodies to provide services you use every day, including schools, libraries, county services and more. The City

keeps 33 cents of every dollar to support operations, the remaining 67 cents is paid to the other taxing jurisdictions (Macatawa Area Express Transportation Authority, West Michigan Airport Authority, Herrick District Library, and Holland Area Community Swimming Pool Authority, schools, OAISD).



City Millage Rate

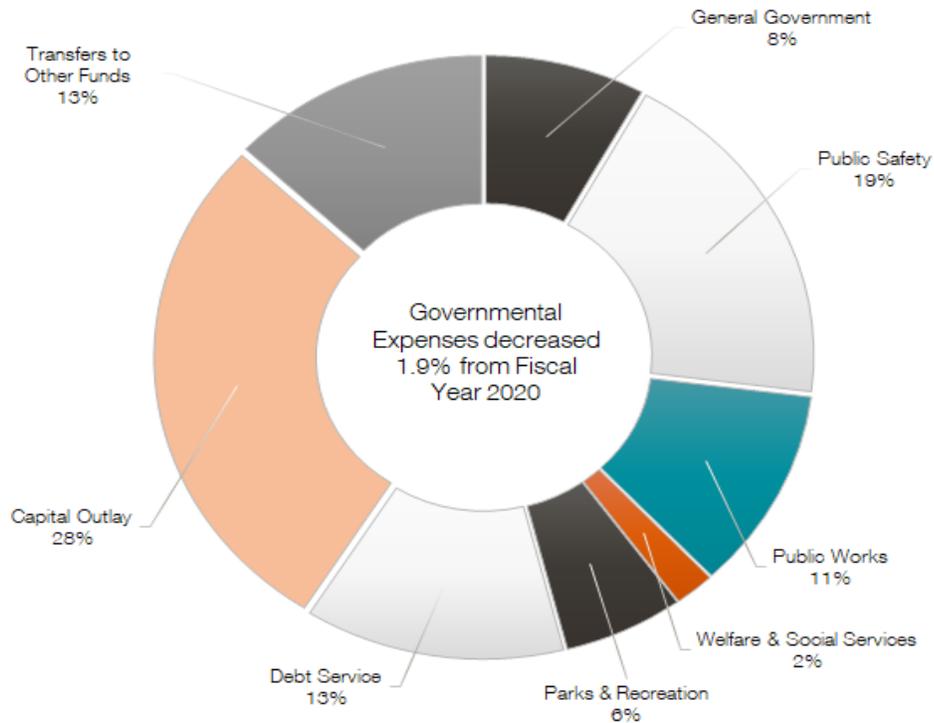
Taxable value increased 5.3% during FY 2021, reflecting an upward trend in property values. However, Michigan law limits increases in taxable value, primarily to the rate of inflation, or 1.9% for 2021, and therefore, most property owners saw an increase in this range. In addition, the City has maintained the overall millage rate (combined City and Airport) of 13.8682 for the last ten years.





Where are your City government dollars spent?

The City of Holland provides a full range of local government services, including police and fire protection, 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 Governmental expenses totaled \$48,829,310 in FY 2021.



Public Safety



Police—Arrests: 706
 Police—Traffic Violations: 2,279
 Fire—Emergency Responses: 3,913
 Fire—Medical Emergencies: 2,537

Parks & Recreation



Number of Parks: 23
 Recreation Program Participants: 19,622

Public Works



Miles of Street: 149
 Miles of Streets Resurfaced: 7.2
 Streetlights: 2,496
 Miles of Watermain: 252
 Miles of Storm Sewer: 152

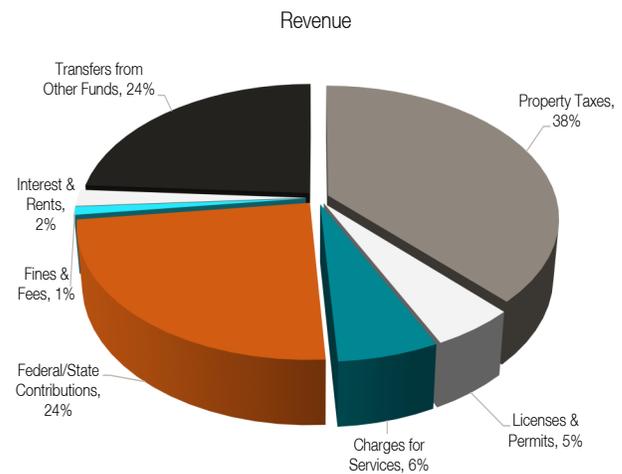


General Fund

The General Fund is the primary operating fund of the City and accounts for resources used to support core municipal services including police and fire protection, public works, community & neighborhood services, parks and recreation, cemeteries and City administration. The majority of the revenue comes from: property taxes, state shared revenues and an annual transfer from the Electric Utility Fund as authorized by City Charter provisions. Public Safety accounts for 53% of the expenditures, followed by General Government, which includes City Council, the City Manager’s Office, Fiscal Services, Human Resources, the Clerk’s Office and Planning & Zoning.

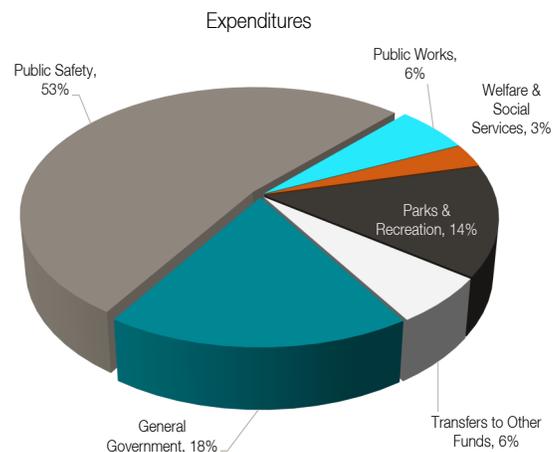
Revenue Trends

Development interest continues to be strong, contributing to the total property taxable value in the City. However, Michigan law limits the increase in taxable value, generally to the rate of inflation. Federal/state contributions increased in FY 2021 as the City received more than \$900,000 in CARES act grants. Also included in this category is state revenue sharing (sales tax, personal property tax replacement) which increased as consumer spending was boosted by the stimulus packages. Finally, permit revenue increased, also driven by the strong interest in development, both commercial and residential.



Expenditure Trends

Public safety represents 53% of the General Fund budget. The City carefully managed expenditures during FY 2021, given the ongoing pandemic. Total General Fund expenditures were \$23,397,403 which was \$807,092 less than the final budget as filling certain staffing vacancies were delayed and contractual expenditures came in less than anticipated.



General Fund Reserves & Future Planning

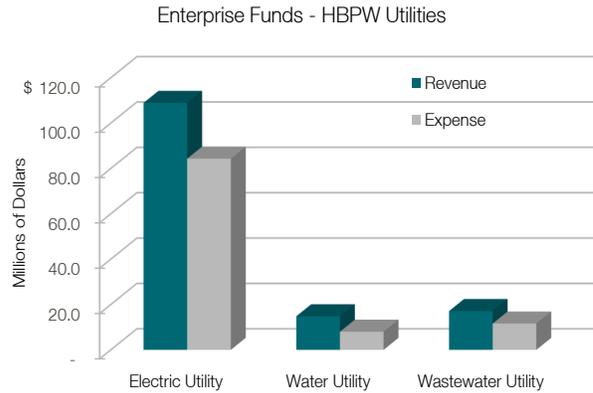
The City has a history of conservative management of finances. The combined General Fund and Budget Stabilization ending unassigned fund balance totaled \$7,039,356, or 28.2% of total expenditures and transfers out at June 30, 2021. The reserves along with the City’s commitment to long-term planning enabled the City to carefully respond to the COVID-19 crisis without impacting services to citizens. Looking to the future, the City will continue to focus on the annual adoption of a Strategic and Business Plan and update the annual long-term financial plan. This will especially be instrumental as the City evaluates the potential uses of the American Rescue Plan Act grant funds.



Proprietary (business-type) Funds Recap

HBPW Utilities

The Holland Board of Public Works manages the utility funds for the City. The three main funds are electric, water and wastewater, and account for the revenues and expenses related to providing reliable and safe electric supply, water and wastewater services. The Holland Energy Park efficiencies have reduced electric utility expenses leading to a \$23.7 million increase in net position. The savings is being passed along to customers through a rate decrease for FY 2022 of almost 10%.

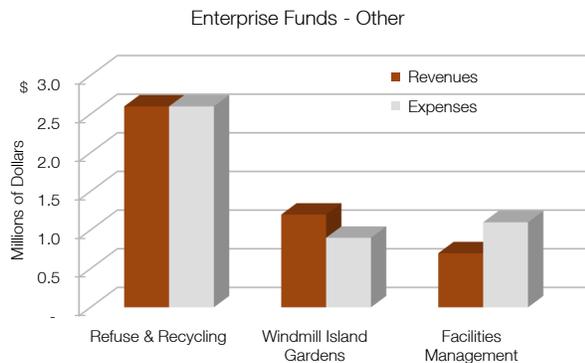


Other Enterprise Funds

The City's other Enterprise Funds include the Solid Waste Fund (Recycling & Refuse), Windmill Island Gardens, and Facilities Management. The City is committed to sustainability and energy conservation and in FY 2021, after rethinking its approach to recycling, implemented a recycling cart program. This has had a positive impact on recycling participation.



The City owns and operates Windmill Island Gardens, which features a working Dutch windmill and is a popular tourist attraction during the annual Tulip Time festival. COVID-19 negatively impacted this fund during the prior year given the cancellation of the festival. However, the festival was able to be held in a limited format for 2021 and attendance at Windmill Island Gardens reached record levels.





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City Council

City operations are directed and managed by a Council-City Manager form of government. City Council is made up of a mayor and eight members. Six represent specific wards, and two represent the entire city at-large. The City Manager is the chief executive officer of the City.

Mayor

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STAY CONNECTED

Online

City Website

cityofholland.com

Downtown Information

downtownholland.com

Recreation Programs

hollandrecreation.com

Holland Events

Holland.org

Holland Farmers Market

www.hollandfarmersmarket.com



Social Media

City of Holland on Facebook:

Facebook.com/hollandmichigan

City of Holland YouTube Videos

Youtube.com/cityofholland

City of Holland on Instagram

Instagram.com/cityofholland

City of Holland on Twitter

twitter.com/CityofHolland

City of Holland Videos

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Budget, Strategic Plan and more...

The City presents information designed to help residents understand the City's strategic goals and City finances throughout the year. Find documents like the Annual Budget, Budget in Brief Strategic Plan & Business Plan, and links to the latest City E-News online at cityofholland.com.

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