



Holland

MICHIGAN

Popular Annual Finance
Report for Fiscal Year End
June 30, 2022



Holland
MICHIGAN

Welcome

We are pleased to present the City of Holland’s Popular Annual Financial Report (PAFR) for the year ended June 30, 2022. 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/212/Finance-Office.

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

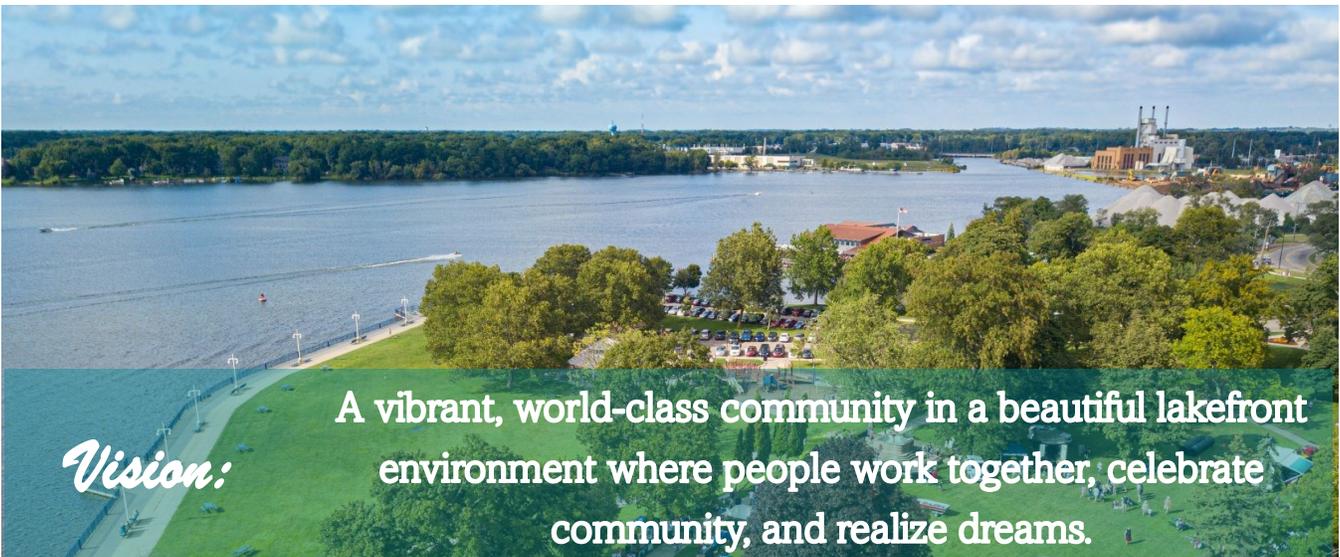


Proprietary Funds, excluding the discretely presented component units, internal service funds, and fiduciary funds. The report provides additional detail for the General Fund, which is the main operating fund of the City and highlights some of the major initiatives and capital projects for the City.

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



Vision:

A vibrant, world-class community in a beautiful lakefront environment where people work together, celebrate community, and realize dreams.



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 34,024. 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 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 public transportation service, which leases the City owned transportation center also servicing Amtrak, is operated and taxed by a separate transportation authority including the City and Holland Charter Township.





CITY SNAPSHOT

UNEMPLOYMENT RATE

3.8%

\$94,100

Median Family Income

POPULATION





34,024

HOUSING

Total Housing Units
13,798

Renter Occupied
37.2%



FY2022 General Fund Budget

\$26,986,811



\$1,326,561,691

Total Taxable Assessed Value

783



Construction Permits Issued

Full Time 370

89 Part Time

CITY/HBPW EMPLOYEES

PRINCIPAL EMPLOYERS BY SECTOR

MANUFACTURING

HAWORTH

BENTELER makes it happen

CHALLENGE MANUFACTURING

MillerKnoll

TIARA YACHTS

HEALTHCARE

Holland Hospital

ENERGY



LG Energy Solution

EDUCATION

Hope COLLEGE

Holland Public Schools

Bond Rating

★ Moody's Aa2

★ S&P AA



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.



Front Row: Scott Corbin, Ward 5; Lyn Raymond, At Large; Nicki Arendshorst, Ward 4; Belinda Coronado, Ward 3
Back Row: Tim Vreeman, Ward 1; Dave Hoekstra, Ward 6; Nathan Bocks, Mayor; Jay Peters, Ward 2; Quincy Bird, At

CITY COUNCIL PRIORITIES 2022

For more details visit <https://www.cityofholland.com/875/Strategic-Plan-and-Business-Plan>

- Broadband/Fiber
- North Downtown
- Citizen Engagement/Disclosure
- Community Energy Plan
- Affordable Housing
- Unified Development Ordinance
- Diversity, Equity & Inclusion (DEI)
- COVID Response
- Prioritizing Work in Pandemic
- Waterfront Holland
- Holland Civic Center Place
- Regional Partnerships
- Maintenance Before New Projects
- Succession Plans (MOSES Study)
- Governance Training
- Recycling Program
- Support of Police
- Projects: Ice Rink
- Fiscal Responsibility
- Development: Housing at all Price Points



STRATEGIC INITIATIVES

The City’s Strategic and Business Planning process provides overall direction for the City of Holland. The Fiscal Year 2022 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 2022, including:

Waterfront Holland

The City continues to make progress on the “march to the water”. In FY 2022 the City worked with consultants on a RFQ process. The City received one proposal which is in the evaluation process. For additional updates, please visit <https://waterfrontholland.org>



Holland Energy Fund

HOME ENERGY RETROFIT ON-BILL FINANCING RECOMMENDED CONTRACTORS APPLY NOW

HOME ENERGY EDUCATION & RETROFIT

Get valuable efficiency training, up to \$300 in energy saving incentives and invest in your home with comprehensive energy efficiency upgrades through Holland’s Home Energy Retrofit Program.

Save as much as \$6,000 on qualified projects totaling up to \$30,000 to improve the efficiency and comfort of your house, condo or apartment.

Holland Michigan Saves

HOME ENERGY 101 OVERVIEW VIDEO

Sustainability and Energy Conservation

The Holland Energy Fund (HEF) is a 501(c)3 nonprofit supporting the City of Holland’s long-term Community Energy Plan. The City’s goal is for the Holland community to become a world-class leader in energy security, affordability, sustainability and efficiency. The HEF recently updated their program to focus on Home Energy Education. Additional information is available at <https://hollandenergyfund.com>.

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 two brownfields with Lakeshore Habitat for Humanity and Jubilee Ministries to construct new homes and approval of two Payment In Lieu of Taxes (PILOT) agreements that support affordable housing projects.





2022 PROJECT HIGHLIGHTS

Several infrastructure and municipal capital projects were completed during the fiscal year and others span multiple years. Some of the projects include:

Athletic Field Lighting Replacement — An upgrade to the athletic fields at Matt Urban Park and Riverview Park was completed in May 2022. The original lights were over 30 years old and required a significant amount of maintenance. The new lights increase brightness on the playing fields and are energy efficient. Total project cost was \$994,020.

Country Club Road — Full reconstruction of Country Club Road, 8th Street to Legion Park Drive, began last fiscal year and was in progress at June 30, 2022. Utility infrastructure being replaced includes water mains, sanitary sewer mains, storm sewers and all galvanized pipes. Water mains along Legion Park Drive, Legion Court, and Birchwood Avenue will also be replaced. Total project budget is \$4.2 million.

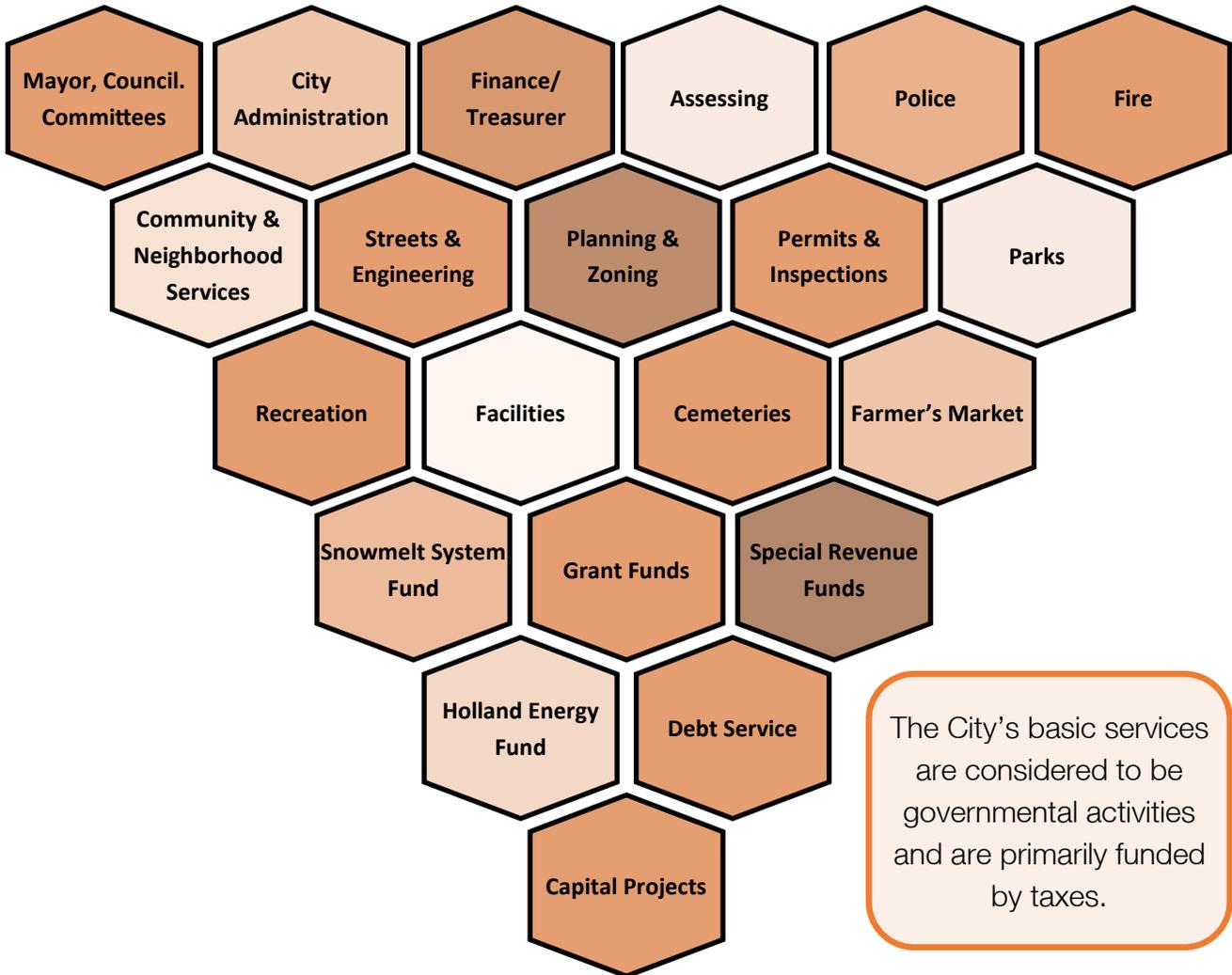
Anaerobic Digester— Construction of the Water Reclamation Facility’s (WRF) \$33.7 million anaerobic digester began in October 2021 and is expected to be complete in the fall of 2023. The digester will reduce the amount of wastewater solids by 50%. The wastewater solids are converted to biogas, a renewable energy source, allowing the WRF to produce electricity and heat from the wastewater being treated. The digester will help control rates for wastewater customers while making a positive impact on the community and environment.





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

Governmental Activities

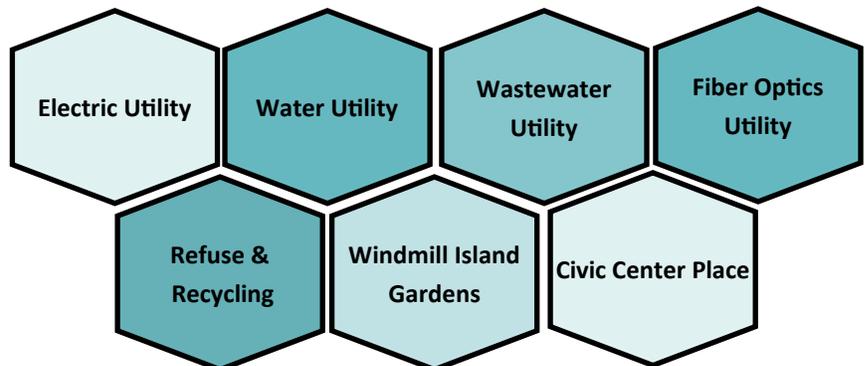


The City's basic services are considered to be governmental activities and are primarily funded by taxes.

Business-Type Activities

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		
	2022	2021	2020	2022	2021	2020
Total Assets	\$201,863,864	\$191,811,538	\$179,196,999	\$609,320,641	\$579,026,234	\$654,695,483
Total Deferred Outflows	3,909,553	2,613,457	3,672,122	632,163	1,192,789	1,557,336
Total Liabilities	64,140,469	67,979,290	71,107,713	86,013,367	77,885,358	193,533,554
Total Deferred Inflows	9,247,468	5,254,592	1,129,376	26,237,461	3,366,980	556,732
Total Net Position	\$132,385,480	\$121,191,113	\$110,632,032	\$497,701,976	\$498,966,685	\$462,162,533

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 Government Activities net position at June 30, 2022 totaled \$132,385,480, representing an increase of 9.2%, primarily reflecting the receipt of a \$5 million donation. The Business-Type Activities total deferred inflows increased by almost \$23 million, primarily as the result of the implementation of a new accounting pronouncement.

The Statement of Activities provides an illustration of the revenue received and spent by the City during the year.

Statement of Activities (Changes in Net Position)

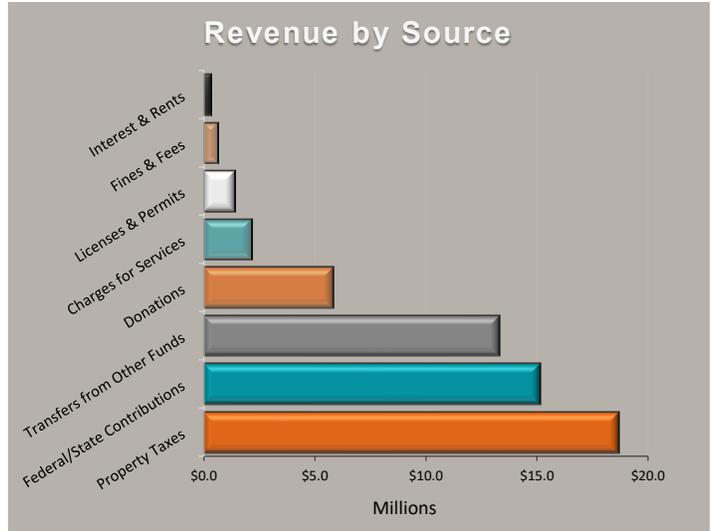
	Government Activities			Business-Type Activities		
	2022	2021	2020	2022	2021	2020
Revenues	\$44,240,899	\$40,118,892	\$37,299,860	\$129,999,066	\$144,690,781	\$134,810,447
Expenses	41,043,052	36,930,571	38,994,102	109,234,197	100,515,869	100,096,736
Transfers	7,996,520	7,370,760	7,105,692	(7,996,520)	(7,370,760)	(7,105,692)
Change in Net Position	11,194,367	10,559,081	5,411,450	12,768,349	36,804,152	27,608,019
Net Position-Beginning	121,191,113	110,632,032	105,220,582	498,966,685	462,162,533	434,554,514
GASB 62 Implementation	-	-	-	(14,033,058)	-	-
Net Position-Ending	\$132,385,480	\$121,191,113	\$110,632,032	\$497,701,976	\$498,966,685	\$462,162,533

The Business-Type Activities net position total revenues decreased, reflecting the 10% electric utility rate reduction implemented at the beginning of FY 2022 and reduced capital grant revenue. The increase in expenses was primarily due to inflation and commodity price increases impacting electric, wastewater and water utility funds.



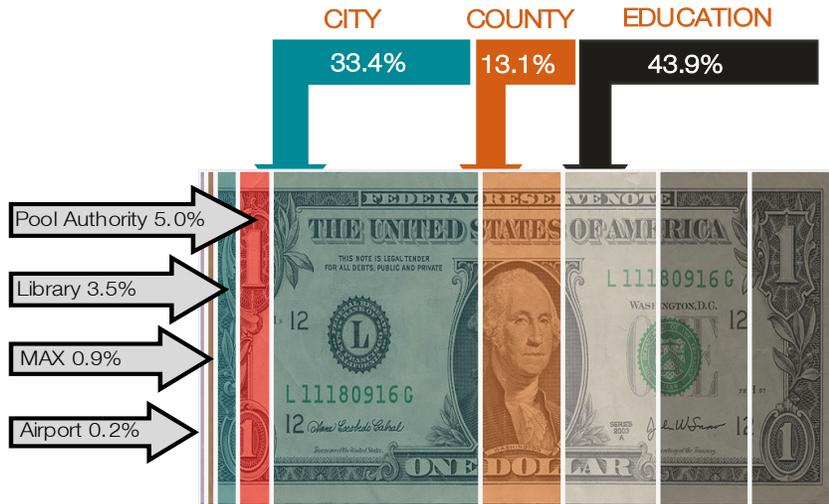
WHERE DOES CITY GOVERNMENT MONEY COME FROM?

Total Governmental Funds revenue equaled \$57,262,399. Property taxes account for 33% of revenues and federal/state contributions (grants, sales tax, personal property tax replacement) account for another 26%. Transfers from other funds represent 23% of revenues and is mostly comprised of the dividend from HBPW.



Property Tax

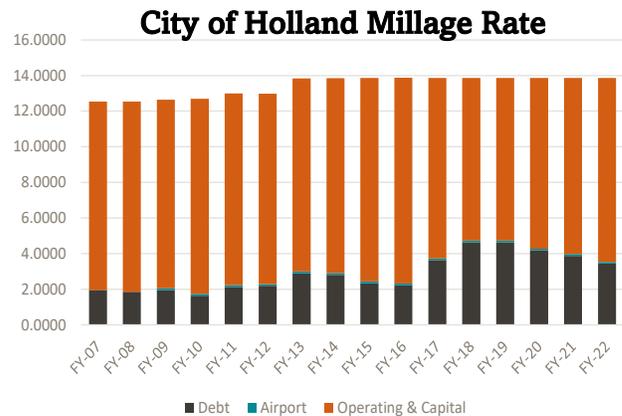
Your property tax dollars are split between many different local government bodies to provide services you use every day, including schools, libraries, county services and more. The City



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, Holland Area Community Swimming Pool Authority, schools, and OAISD).

City Millage Rate

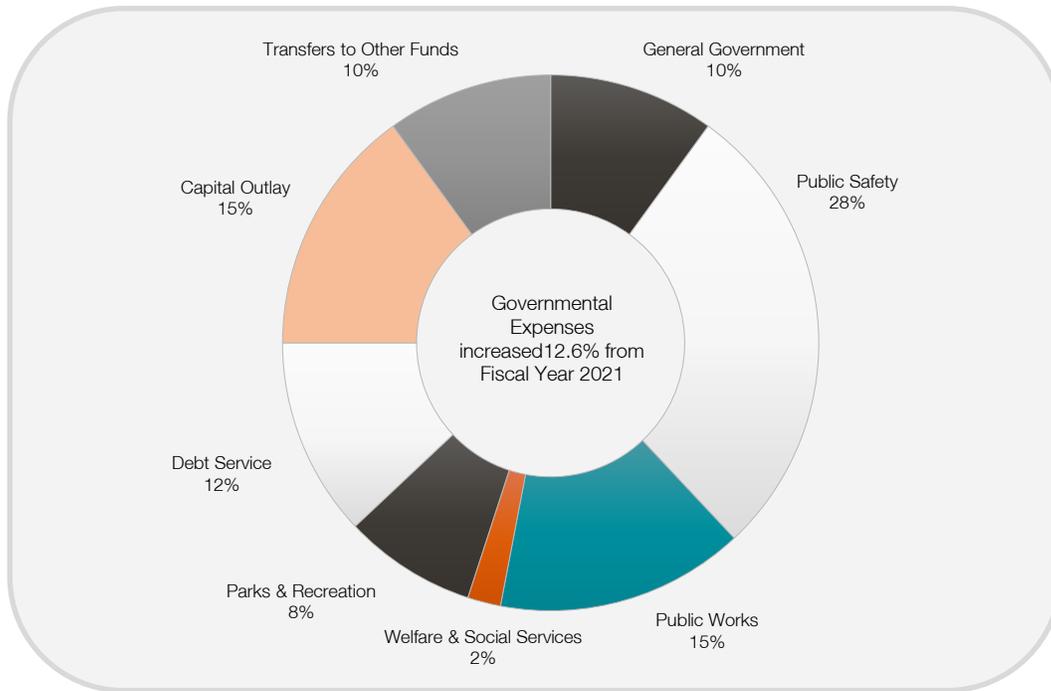
Taxable value increased 5.49% during FY 2022, reflecting an upward trend in property values. However, Michigan law limits increases in taxable value, primarily to the rate of inflation (or 1.4% for 2022) and therefore, most property owners saw an increase in this range. In addition, the City has maintained the overall millage rate (combined City and Airport) of 13.8682 for the last eleven years.





WHERE YOUR CITY GOVERNMENT DOLLARS ARE 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 \$52,749,601 in FY 2022.



Public Safety



Police—Arrests: 842
 Police—Traffic Violations: 2,342
 Fire—Emergency Responses: 4,065
 Fire—Medical Emergencies: 2,590

Parks & Recreation



Number of Parks: 23
 Recreation Program Participants: 10,719

Public Works



Miles of Street: 149
 Miles of Streets Resurfaced: 5.9
 Streetlights: 2,554
 Miles of Watermain: 200
 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 54% of the expenditures, followed by General Government (19%), which includes City Council, the City Manager’s Office, Fiscal Services, Human Resources, the Clerk’s Office and Planning & Zoning. Parks & Recreation represented 15%, Public Works 5%, Transfers to Other Funds 4% and Welfare & Social Services 3%.

**FY 2022
Total Revenues
\$27,446,449**

**FY 2022
Total Expenditures
\$26,091,690**



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 \$8,400,904, or 32% of total expenditures and transfers out at June 30, 2022. 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. Overall electric utility revenues declined in FY 2022 as a result of a 10% decrease in electric rates for customers. The electric utility began planning for an anticipated \$10 million project for a new electric distribution substation to accommodate industrial customer growth. Construction of a \$33.7 million anaerobic digester continued during FY 2022 and is anticipated to be completed by mid FY 2024.



HBPW Broadband

Holland City Fiber is a community-owned high-speed broadband service operated by the Holland Board of Public Works (HBPW). The service is currently available in limited areas, primarily in the downtown district, but the City of Holland and HBPW reviewed the possibility of expanding the fiber-optic system to provide enhanced broadband connectivity throughout the city. In August 2022 the residents approved the issuance of a millage dedicated to the construction of infrastructure for this initiative.



Other Enterprise Funds

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 in FY 2020. However, in FY 2021 and FY 2022 Windmill Island Gardens has reached record level attendance. They have also started a new event in FY 2023, Magic at the Mill, to help celebrate the winter holiday season.





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.

Connect With Us!



Online



Website: cityofholland.com



Downtown: downtownholland.com



Rec Programs: hollandrecreation.com



Events: Holland.org



Farmer's Market: hollandfarmersmarket.com



Social Media



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