



Holland

MICHIGAN

Popular Annual Fiscal Report for
Fiscal Year Ended June 30, 2023



Holland
MICHIGAN

Welcome

We are pleased to present the City of Holland’s Popular Annual Financial Report (PAFR) for the year ended June 30, 2023. 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 <https://www.cityofholland.com/ArchiveCenter/ViewFile/Item/142>.

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 34,006. 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, an active farmer’s market, 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 Gardens and in 2022 welcomed 157,279 visitors, a new record. This included 8,692 for *Magic at the Mill*, a new winter event featuring a tulip themed light show.

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 and serves the City of Holland, City of Zeeland, Holland Charter Township and Park Township.





CITY SNAPSHOT

UNEMPLOYMENT RATE 3.8%

\$63,853 Median Family Income

POPULATION 34,006

34,006

Full Time 383 Part Time 88

CITY/HBPW EMPLOYEES

FY2024 General Fund Budget

\$30,585,764

12 Miles of Tulip Lanes



\$1,402,499,961 Total Taxable Assessed Value

940 Construction Permits Issued

PRINCIPAL EMPLOYERS BY SECTOR

MANUFACTURING HAWORTH BENTELER 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.



Left to Right:
Tim Vreeman, Ward 1
Lyn Raymond, Ward 2
Bylna Sól, Ward 3

Left to Right:
Kim Rowan, Ward 4
Nathan Bocks, Mayor
Scott Corbin, Ward 5

Left to Right:
Devin Shea, Ward 6
Quincy Bird, At Large
Michael Schultheis, At Large

CITY COUNCIL PRIORITIES 2024

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

Maximize Livability

- Waterfront Holland
- Ice Rink/North Downtown
- Windmill Island Gardens
- Update Master Plan

Quality Services

- Holland City Fiber
- Snowmelt Expansion
- Museum Repairs
- 6th Street Road Improvements

Sustainability

- Home Energy 101
- Composting
- BPW Smart Energy Program

Practice Our Beliefs

- Diversity, Equity and Inclusion
- Financial Stewardship
- Foster Supportive Work Environment



2023 PROJECT HIGHLIGHTS

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

Fire Station — Bonds were issued in September 2022 for \$17.27 million to pay for the construction of a new five-bay station to replace the existing Waverly Road Station. Work includes constructing a new storage building at the Waverly Road Station and renovating the Kollen Park Station. The Waverly Station project budget is \$12.5 million, with \$2.95 expended as of fiscal year end. The project budget for the Kollen Park Station renovation is \$6.25 million. Anticipated completion date is fall of 2024.

East Point Substation — Holland BPW is constructing their 10th substation on Waverly Court to meet the growing electricity needs of the community. As of June 20, 2023, \$9.9 million was spent on the project. The \$14.0 million project is expected to be complete by October 2023.

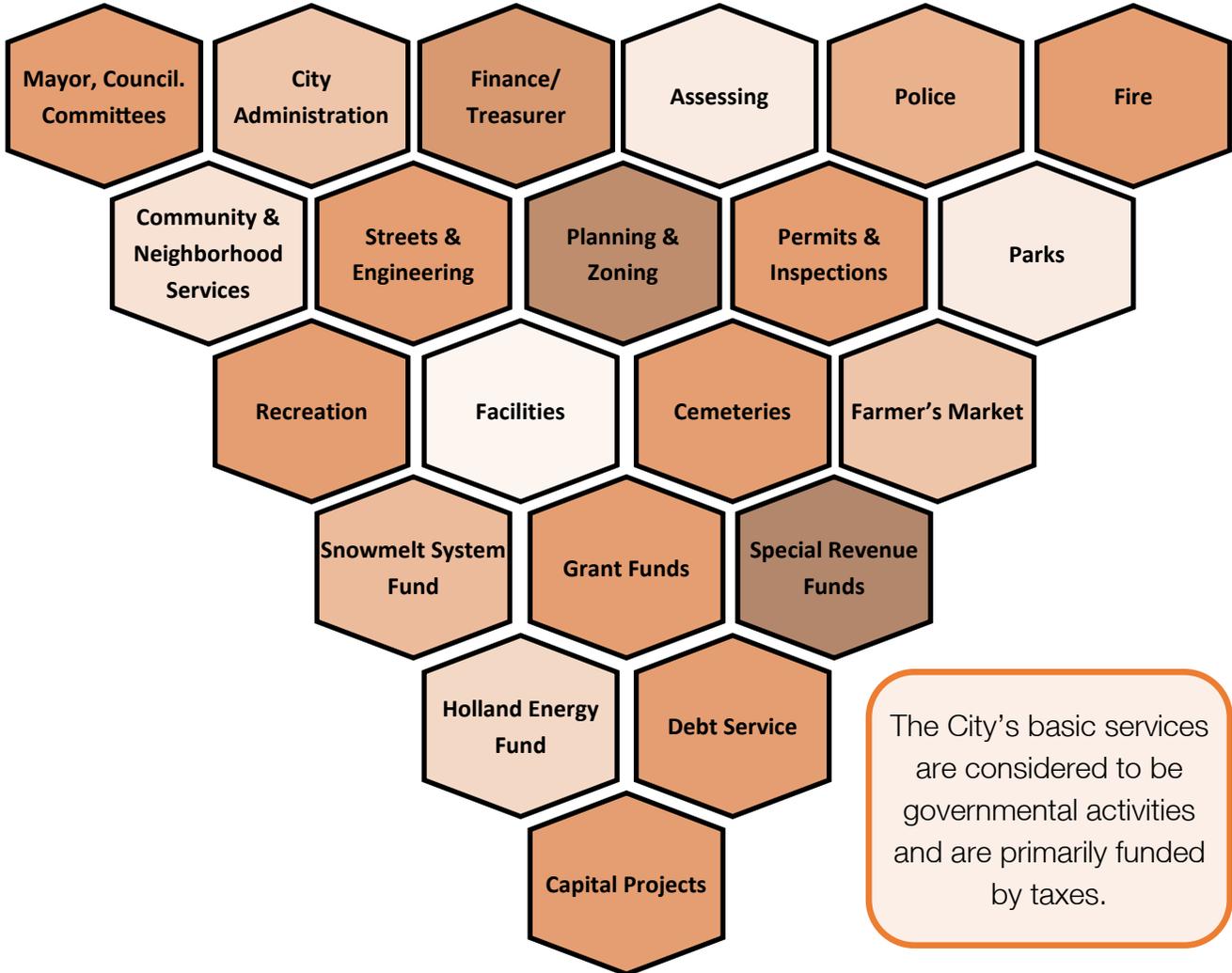
Anaerobic Digester — The Wastewater Utility Anaerobic Digester project will both reduce the volume and treatment of residual solids generated from the wastewater process. It is expected to reduce the amount of wastewater solids from the water reclamation process by approximately 50%, doing the same for disposal costs. As of June 30, 2023, \$29.0 million of the \$33.7 million project was spent. Construction began October 2020 and is estimated to be completed in fall of 2024.





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

Governmental Activities

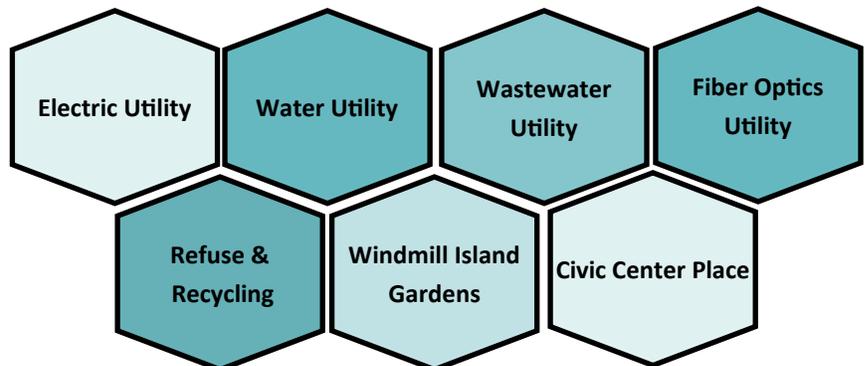


The City's basic services are considered to be governmental activities and are primarily funded by taxes.

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		
	2023	2022	2021	2023	2022	2021
Total Assets	\$230,570,880	\$201,863,864	\$191,811,538	\$634,737,323	\$609,320,641	\$579,026,234
Total Deferred Outflows	8,978,760	3,909,553	2,613,457	5,633,588	632,163	1,192,789
Total Liabilities	98,469,467	64,140,469	67,979,290	98,887,289	86,013,367	77,885,358
Total Deferred Inflows	2,304,796	9,247,468	5,254,592	28,805,326	26,237,461	3,366,980
Total Net Position	\$138,775,377	\$132,385,480	\$121,191,113	\$512,678,296	\$497,701,976	\$498,966,685

Net Position represents the difference between the City’s total assets and total liabilities. A substantial portion of the City’s net position (81%) reflects its investment in capital assets. The City uses these capital assets to provide services to citizens. An additional portion of net position represents resources that are restricted on how they are used (6%) and the remaining 13% is unrestricted and available to meet ongoing obligations to citizens.

Statement of Activities (Changes in Net Position)

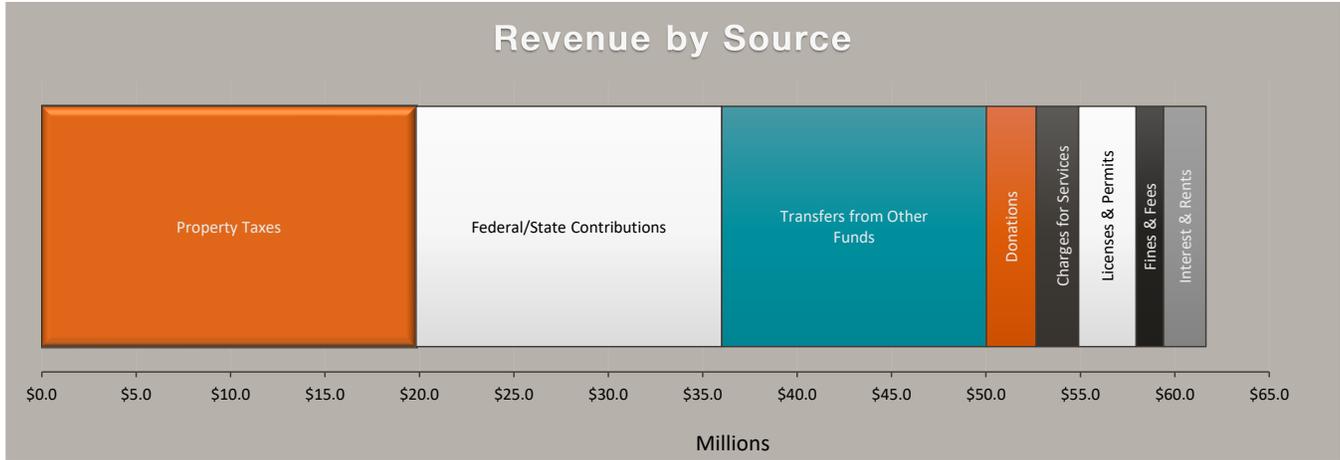
	Government Activities			Business-Type Activities		
	2023	2022	2021	2023	2022	2021
Revenues	\$48,246,710	\$44,240,899	\$40,118,892	\$138,176,682	\$129,999,066	\$144,690,781
Expenses	49,816,151	41,043,052	36,930,571	115,238,024	109,234,197	100,515,869
Transfers	7,959,338	7,996,520	7,370,760	(7,959,338)	(7,996,520)	(7,370,760)
Change in Net Position	6,389,897	11,194,367	10,559,081	14,976,320	12,768,349	36,804,152
Net Position-Beginning	132,385,480	121,191,113	110,632,032	497,701,976	498,966,685	462,162,533
GASB 62 Implementation	-	-	-	-	(14,033,058)	-
Net Position-Ending	\$138,775,377	\$132,385,480	\$121,191,113	\$512,678,296	\$497,701,976	\$498,966,685

The 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, 2023 totaled \$138,775,377, representing an increase of 4.8%, due in part to an increase in property tax revenue and an increase in investment income. The Business-Type Activities net position total revenues increased by 3%, reflecting a slight increase in utility rates for FY 2023 and increased investment earnings.



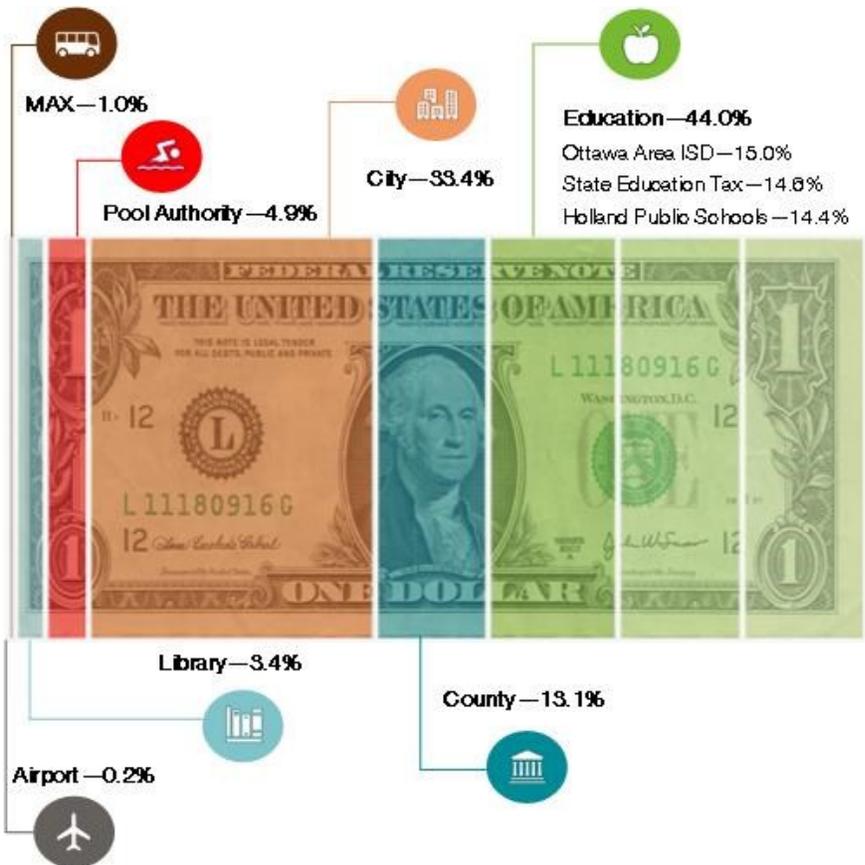
WHERE DOES CITY GOVERNMENT MONEY COME FROM?

Total Governmental Funds revenue and transfers in equaled \$61,647,484. Property taxes account for 32% 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

The City collects tax revenue, but the property tax dollars are actually split between many different local government bodies to provide services you use every day, including schools, libraries, county services and more. The City keeps just 33 cents of every dollar to support operations, including public safety, parks, and much more.



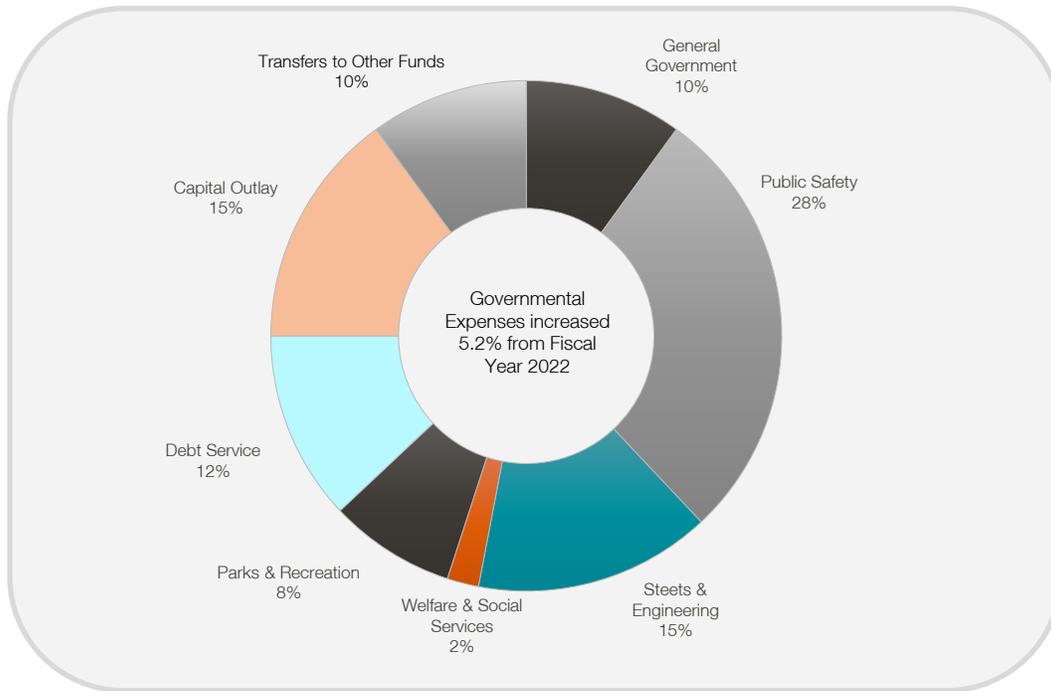
City Millage Rate History

The City's property tax millage rate for Fiscal Year 2024 is 13.8692, which has not been increased since Fiscal Year 2013.



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 \$55,497,140 in FY 2023.



Public Safety



Police—Arrests: 761
 Police—Traffic Violations: 2,471
 Fire—Emergency Responses: 4,062
 Fire—Medical Emergencies: 2,701

Parks & Recreation



Number of Parks: 23
 Recreation Program Participants: 11,062

Public Works



Miles of Street: 149
 Miles of Streets Resurfaced: 7.9
 Streetlights: 2,548
 Miles of Watermain: 200
 Miles of Storm Sewer: 148



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 (16%), 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 7% and Welfare & Social Services 3%.

**FY 2023
Total Revenues &
Transfers In
\$31,327,507**

**FY 2023
Total Expenses and
Transfers Out
\$28,537,409**



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 \$11,408,801, or 39.8% of total expenses and transfers out at June 30, 2023. 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 finalizes the use of the American Rescue Plan Act grant funds.



PROPRIETARY (BUSINESS-TYPE) FUNDS RECAP

Holland City Fiber

In August 2022 the residents voted to make a community investment in a high speed fiber optic broadband network that will be available to every address. The City has obligated \$4.2 million in State and Local Fiscal Recovery Funds (SLFRF) to be used for this project and in October 2023 the City Council issued \$18.5 million in bonds. The project is currently in the design phase with construction expected to begin in FY 2024. For additional updates, please visit <https://hollandcityfiber.com>.



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 electric utility started design and construction of a \$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 2023 and is anticipated to be completed by mid FY 2024.

Other Enterprise Funds

The City administers a refuse and recycling program for all single family residences, as well as multi-family residential units. The City contracts with a private sector hauler for this service. Given rising fuel costs in FY 2023, the City incurred significant fuel surcharges, but was able to minimize the impact to residents, especially as compared to private sector providers in surrounding communities. The City continues to evaluate the fuel surcharge costs to prevent erosion of fund reserves.





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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Website: cityofholland.com



Downtown: downtownholland.com



Rec Programs: hollandrecreation.com



Events: Holland.org



Farmer's Market: hollandfarmersmarket.com



Social Media



Facebook.com/hollandmichigan



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Twitter.com/CityofHolland



Youtube.com/cityofholland

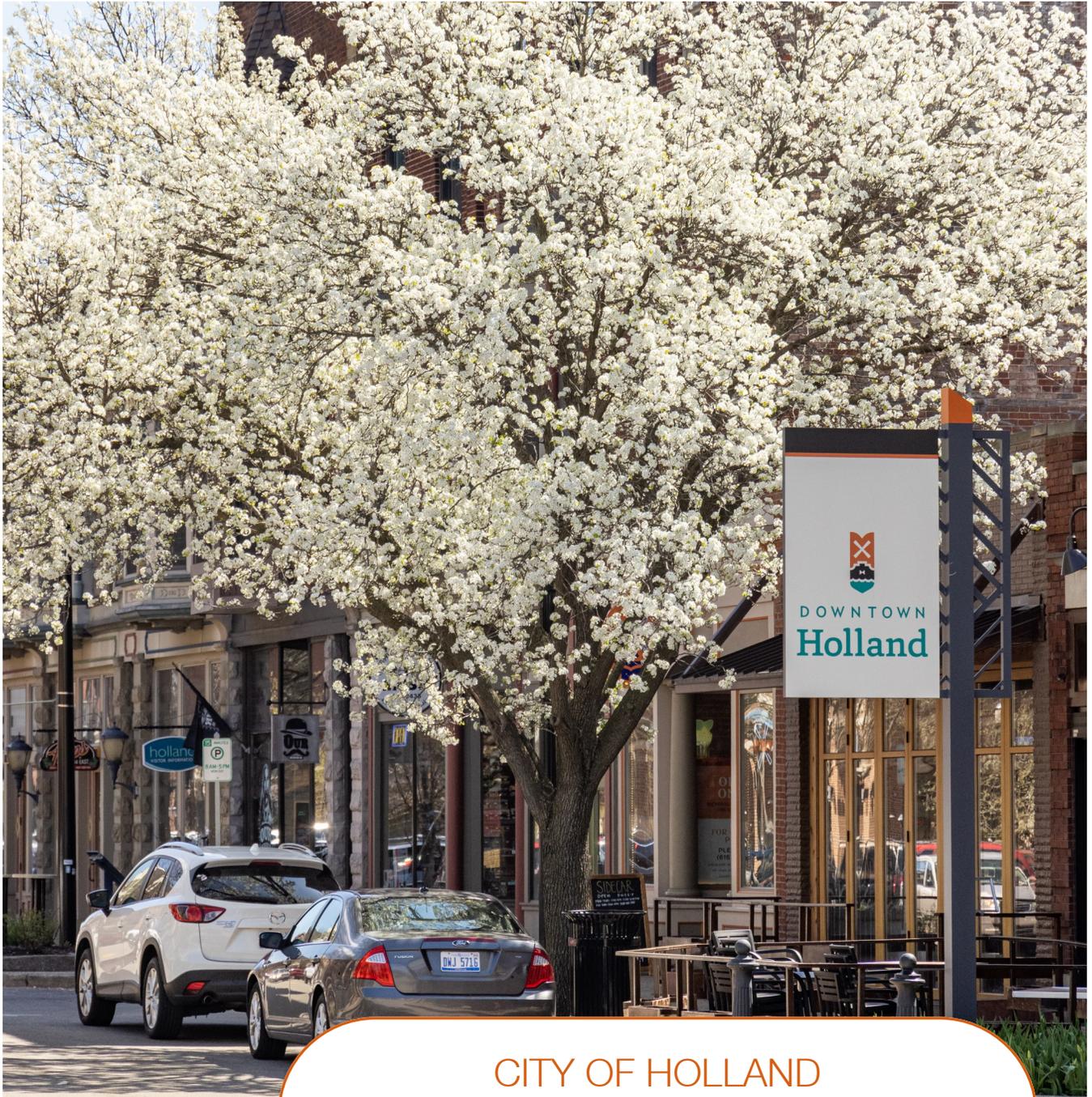


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270 SOUTH RIVER AVE | HOLLAND, MI 49423

616-355-1030