

Annual Comprehensive Financial Report

2025

for Fiscal Year Ended June 30, 2025



Holland
MICHIGAN



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INTRODUCTORY SECTION

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CITY OF HOLLAND

HOLLAND, MICHIGAN

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2025

Prepared by:

Finance Office

Lynn McCammon

Finance Director

CITY OF HOLLAND, MICHIGAN

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CITY OF HOLLAND, MICHIGAN

ELECTED OFFICERS

As of November 25, 2025

CITY COUNCIL

Nathan Bocks
Mayor

Tim Vreeman
Ward 1
Tim Marroquin
Ward 3
Scott Corbin
Ward 5
Abby Klomparens
At-Large

Lyn Raymond
Ward 2
Kim Rowan
Ward 4
Devin Shea
Ward 6
Michael Schultheis
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
Brenda Katerberg
City Clerk

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

Matt VanDyken
Assistant City Manager
Brian White
Director of Transportation
Juan Ganum
Director of Community & Neighborhood Services

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/Jenessa Carter
Board of Public Works (Utilities)
Finance Director



November 25, 2025

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, 2025. This report is prepared in accordance with both State Statute and Section 9.11 of the Holland 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, 2025 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, 2025 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 near the shores of Lake Michigan in the southwest corner of Ottawa County and the northwest corner of Allegan County. According to the 2020 Census, the population was 34,378, which places Holland as the 51st largest municipality in Michigan and the largest city in Ottawa County. City limits span 17.5 square miles, with 9.1 located in Ottawa County and 8.4 in Allegan County. The City is located 30 miles southwest of Grand Rapids, 186 miles northwest of Detroit and 150 miles northeast of Chicago, Illinois.

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. The festival has received many recognitions, including 10 Best Flower Festivals in the US by *US Today-Reader's Choice 2025*.

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 almost 8 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 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 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 2025 Spring Term included 3,139 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 themed 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. The authority provides service to the City of Holland, City of Zeeland, Holland Charter Township, and Park 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 407 full-time positions, 80 part-time positions and 378 seasonal positions. 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	91
Police Officers	Fraternal Order of Police, Holland Police Officers Division	56
Firefighters	International Association of Firefighters, Local 759	23
Non-Union	None	<u>237</u>
Total		407

The City of Holland property millage rate, including the West Michigan Airport Authority allocation, is 13.8692. Holland continues to levy property taxes well under the millage rates allowed by the City Charter in conformance with the established financial policy to maintain the lowest millage rate possible.

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

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

Holland Community Energy Plan and Sustainability

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, HBPW, and City Council representatives convened to review the progress of the initial plan and recommend updates. Some of the initiatives include (see City's website for complete program details and initiatives):

- Holland has revised some of its CEP strategies over time to broaden access and improve outcomes. One example is the Home Energy 101 program, which launched in 2022 and is a free home walkthrough and energy education program. It replaced a prior program that required customers to invest thousands of dollars in home retrofits with one that is now free for customers. Even with greatly reduced costs for residents and the utility, Home Energy 101 participants have seen similar energy savings to the old program thanks to improved educational content and the distribution of free energy-saving measures like caulk and spray foam. The Home Energy 101 program serves over 200 customers per year, reaching a total of over nearly 700 customers since 2022.
- In 2022, HBPW launched a beneficial electrification rebate program to help residents transition to all-electric homes. In calendar year 2024, 261 HBPW customers received beneficial electrification rebates.
- HBPW offers a voluntary green pricing program that provides customers the opportunity to meet their sustainability goals by electing a higher percentage of their energy consumption to be served by renewable energy resources. Customer participation increased 13% for calendar year 2024, going to 1.77% of total retail sales which is up from 1.56% in calendar year 2023.
- HBPW currently has Power Purchase Agreements (PPAs) with multiple renewable energy suppliers as part of its power generation portfolio. These resources include landfill gas, solar and wind. In May, HBPW began to receive approximately 6 MW of installed capacity from the Brandt Woods Solar Project. This project has a 20-year term. HBPW is expecting to have 17.55 MW of additional solar online during calendar years 2025 and 2026. All combined, HBPW is currently expecting to have nearly 36 megawatts of installed solar capacity as part of its power generation portfolio based on current commitments. Total current and committed renewable energy resources in HBPW's power supply portfolio total approximately 64 MW of installed capacity.
- In February of 2025, HBPW executed a Power Purchase Commitment with Michigan Public Power Agency for participation in a forward transaction of Renewable Energy Certificates (RECs) to assist in meeting State of Michigan Renewable Energy Standard requirements. The transaction will provide HBPW with 25,000 RECs per year for a nine-year period beginning on January 1, 2027, and ending on December 31, 2035.

Holland Community Energy Plan and Sustainability (Continued):

- HBPW's Community Energy Services Team is also working on water conservation programs with the goal of reducing peak day demands and thereby delaying the need for water treatment plant capacity expansion. Peak demands represent a small portion of operating days, but they drive future water supply and transmission expansion needs. An important benefit to peak shaving or demand management is that it improves utilization of existing utility assets (Treatment Plant and Transmission) which makes room for base customer count growth and staves off costly expansions. Additionally, managing demand maintains or enhances water affordability for low-income customers. The efficiency team added water conservation and demand management content to both the residential and commercial educational walkthrough programs. They also updated the HBPW website and created new customer-facing educational materials to raise awareness of water demand management needs.
- The Water Reclamation Facility (WRF) continues to receive achievement awards. The Water Environment Federation (WEF) *Utility of the Future Today* has been awarded in 2020, 2021, 2022, 2023, and 2024. The program recognizes water resource recovery facilities for transformational work in community engagement, watershed stewardship, and recovery of resources such as water, energy, and nutrients. The WRF was initially recognized for beneficial reuse of solids and for workplace culture in 2020; for partnering and engagement in 2021; and for water reuse in 2022.

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 four component units that require discrete reporting presentation are the *Downtown Development Authority*, *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.

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*. Activities of the General, Permanent, and Special Revenue funds are included in the annual appropriated budget. The level of budgetary control, or the level at which expenditures cannot exceed the appropriated amount, is established by fund and department level. Debt service, capital projects, enterprise, and internal service funds are also included in the annual budgetary process; however, State statutes do not require legally adopted budgets for such funds. Capital projects are approved through the annual budgeting process, and additionally by the City Council throughout the fiscal year.

City Budget (Continued)

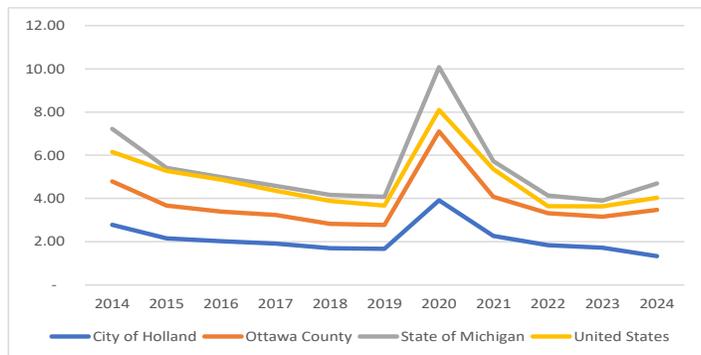
Financial planning and control are provided through the annual budget process which is supplemented by ongoing management review and adjustment, as needed, throughout the year. The annual budget process begins in January when the City Council meets with the citizens of Holland to obtain input into the upcoming budget process. The City Council next meets to prioritize the upcoming budget issues. The Finance Director prepares an initial projection of revenues and department managers prepare their budget requests. These are submitted to the City Manager in mid-February. 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.

Local Economy

The City continues to experience significant growth in new commercial/industrial developments and residential housing projects, with several large projects in various stages of the development process. Local existing residential home sales are trending in-line with national slowing, but demand for housing remains strong. While building permits have declined on the national level, City building permits for both large projects and home owner updates continue to track higher than anticipated.

The local tax base includes a well-diversified property tax base mix of residential (57.3%), commercial (29.7%), industrial (12.3%), and all other (0.7%). The City 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 85% of surveyed companies report increasing or stable sales and 76% are introducing new product and service capabilities. Manufacturing remains a strong segment of the area economy. One-third of companies surveyed plan to expand in the next three years. Labor shortages and recruitment challenges are also improving slightly as 40% of companies reported difficulties in the current year as compared to 54% in the prior year.

Unemployment for the City remains low and continues to track lower than the county, state, and country. The City continues to monitor the tight labor market and current inflationary environment for any impact on the local economy and the City's budget. While there is still much uncertainty on the future of the economy, the City has a history of conservative fiscal management which has contributed to a stable level of General Fund reserves. This will help buffer the City against any potential impact of a future economic downturn.



Long-range Financial Planning

The City has a robust strategic planning effort, which establishes goals and objectives for the organization. The long-range financial forecast is an extension of this effort and 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 long-term capital needs and debt service as these are also funded in part by the property tax millage.

Long-range Financial Planning (Continued)

Major Revenues

Property tax is the largest source of revenue for the General Fund, representing almost 50% 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.

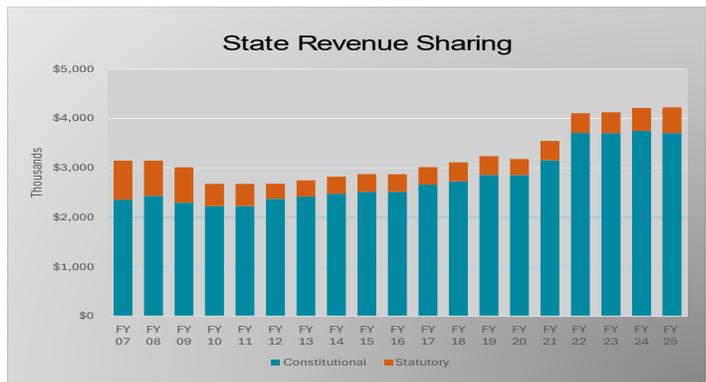
In 2012, several new public acts were passed eliminating the industrial *Personal Property Tax (PPT)* over a ten-year period. To replace the revenue source, the Local Community Stabilization Authority (LCSA) Act requires Personal Property Tax (PPT) reimbursement to municipalities. The complex calculation is designed to reimburse for the essential services (police and fire) and a portion of qualified loss. In FY 2025, the City received \$3,297,514 in PPT reimbursement.

The State of Michigan provides several economic development incentive tools, including PA 198 industrial facilities certificates. The 2025 Taxable Value for properties with IFT abatements is \$75,479,287 for new facility IFTs, all of which are taxed at half rate and no rehab IFTs for which the value remains frozen. Based on 2024 PA 198 applications processed by the City, 318 new or retained jobs are anticipated to be created along with \$118.2 million of new related construction and machinery.

State of Michigan PA 376 authorizes the creation of a Renaissance Zone for the purpose of fostering economic development and stimulating industrial, commercial, and residential improvements by providing certain tax credits or exemption within the zone. The City has two Renaissance Zones. The property is exempt from certain real and personal property taxes, including City operating taxes, but is not exempt from the millages voted for debt. Property within the zones have a Fiscal Year 2025 Taxable Value of \$69,084,977.

The City also supports Brownfield Redevelopments with sixteen active projects approved for tax captures at June 30, 2025. The reader is directed to the Notes to Financial Statements section (note #20) for detail information on the various tax abatements offered by the City.

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. Revenues have leveled off in the past few years as consumers shift spending back to services (non-taxable) following sharp increases in the purchase of goods during the pandemic.



Building related fees remained strong, driven by large industrial/commercial developments. Permits issued for industrial and commercial projects totaled \$166 million, residential projects \$335 million and institutional and municipal \$9 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, 2024	@ June 30, 2025	Increase (Decrease)
General Fund	\$ 16,282,629	\$ 18,504,109	\$2,221,480
Special Revenue Funds	10,316,228	9,010,993	(1,305,235)
Debt Service Funds	1,514,147	1,733,452	219,305
Capital Projects Funds	39,182,180	18,735,479	(20,446,701)
Permanent Trust Funds	2,755,338	2,967,477	212,139
Totals	\$70,050,522	\$50,951,510	\$(19,099,012)

The General Fund ending fund balance totaled \$18,504,109 at June 30, 2025. Of this amount, \$18,446,836, or 56% of total expenditures plus transfers out, is unassigned. Property tax revenues contributed to the increase as assessed taxable value increased and an additional allocation of the City's property tax millage was directed to the General Fund for FY 2025. Investment income contributed to the increase as interest rates continue to be higher on the short end of the yield curve. The City's Fund Balance Policy recommends a target range of 20% to 35% of total expenditures and transfers out. The higher than target range includes \$1.9 million that is informally designated for a one-time contribution to the defined pension plan. This was initially budgeted for FY 2025, but deferred until FY 2026 as the City works with the pension plan administrator on finalizing an approach that will help smooth future contributions.

The decrease in *Fund Balance of the Special Revenue Funds* in fiscal year 2025 is primarily in the street construction funds and due to the timing of construction projects.

The *Fund Balance of the Capital Projects Funds* decreased by \$20,446,701 during Fiscal Year 2025. The city issued \$18.3 million bonds for the Fire Station projects in FY 2023 and \$17.5 million in bonds for the City Fiber project in FY 2024. The decrease represents the use of the bond proceeds in the current year for these projects.

Capital Projects Governmental Funds

Capital Projects Funds expenditures, excluding interfund transfers, totaled \$38,444,134 for fiscal year 2025 compared to \$26,533,528 for fiscal year 2024. Projects exceeding \$500,000 during the fiscal year included:

INFRASTRUCTURE PROJECTS (Excluding Utility Fund Share)	
Holland City Fiber (City capital contribution)	\$ 11,333,308
VanRaalte Avenue; 10 th Street – 24 th Street	3,028,485
16 th Street Widening	1,106,008
Annual Resurfacing Program	1,108,258
32 nd Street and Maple Avenue	954,224
MUNICIPAL CAPITAL PROJECTS	
Ice Park	\$ 6,728,929
Kollen Park Station	5,807,853
DeGraaf Nature Center	845,660
Holland Museum Repairs	767,896

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, 2024</u>	<u>Working Capital June 30, 2025</u>
Technology Services	\$ 273,278	\$ 217,287
Equipment Services	1,206,506	1,406,373
Insurance Services	<u>5,268,179</u>	<u>4,523,031</u>
Totals	<u>\$ 6,747,963</u>	<u>\$ 6,067,003</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 \$250,000 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 periodic 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 FY 2025 was \$3,297,124, which includes a \$373,700 additional contribution.

The most recent actuarial valuation, dated December 31, 2024, indicates that the City's valuation assets (stated at market value) provide 81.9% funding (employer portion only), based upon actuarial determined accrued liabilities of \$165,904,514, valuation assets of \$135,872,774, and unfunded accrued liabilities of \$30,031,740. 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 FY 2025 was \$2,266,812 and by employees was \$695,594.

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 \$23,500. The plans are sponsored and administered by *Mission Square*, *Empower Group*, and *Michigan Municipal Employee's 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).

For the fiscal year, the annualized average interest rate earned in the pool was 3.20%, as compared to 3.80% for the previous fiscal year. The overall fiscal year adjustment to reflect market value for the pool was \$279,243. The City typically buys and holds long term investments to maturity so fiscal year end market adjustments are not actually realized.

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 various partner agencies and funding tools to address the housing shortages in the region including affordable housing.
- The City supports various economic development tools provided for in Michigan State Statute. In 2024 the City approved seven PA198 Industrial Facilities Tax Abatements (IFT).

Infrastructure Projects:

- The VanRaalte Avenue project was substantially completed in FY 2025; the combined City and HBPW project included full reconstruction VanRaalte Avenue from 10th Street to 24th Street. The project budget was \$7.3 million, with \$7.3 million expended as of fiscal year end.
- Construction started on the Columbia Avenue reconstruction project. The project budget is \$6 million, of which \$900,000 was expended as of fiscal year end.

Electric Utility:

- HBPW earned the American Public Power Association's (APPA) Reliable Public Power Provider (RP₃)® designation for providing operational excellence through dedication to operating an efficient, safe, and reliable distribution system. HBPW earned Diamond status which is the highest designation that APPA offers. The RP₃ designation lasts for three years. This is the sixth consecutive RP₃ designation for HBPW.
- HBPW earned Diamond designation in the Safety Award of Excellence for safe operating practices in 2024. Diamond status is also the highest designation that APPA offers for this award. The award is provided in recognition of a utility's incident rates and the overall state of their safety program and culture.
- HBPW is among the 255 public power utilities with a "Certificate of Excellence in Reliability" for reliable performance in 2024. Awardees have a 2024 System Average Interruption Duration Index (SAIDI) that falls in the top quartile of all utilities' SAIDI numbers averaged from 2019-2023.
- HBPW is one of 20 public power utilities recognized by the APPA with Public Power Customer Satisfaction Awards for providing excellent service to their communities. Awards are based on customer satisfaction surveys where the recipient received high marks. The 2024 Customer Satisfaction Awards are given at the gold, silver, and bronze levels. HBPW received the silver award. Also awarded by the APPA, HBPW received an Excellence in Public Power Communications Award of Merit in the Print and Digital category for the Residential Energy Efficiency Catalog.

Significant Initiatives, Events and Accomplishments (Continued)

Electric Utility (Continued):

- HBPW received the APPA's Mutual Aid Commendation for its support in electric power restoration efforts in Florida after damage from Hurricane Milton. Milton made landfall in Florida on October 9, 2024, and caused extensive damage to infrastructure and downed power lines. Over 3.5 million Florida residents lost power. The storm triggered the national Mutual Aid Network which is a collaborative emergency response arrangement in which utilities receive and give assistance for restoring power following a disaster. Utilities that are not affected, respond with the skilled workers, materials and equipment that they are able to provide. HBPW responded with 4 skilled workers, 2 bucket trucks, and 1 line truck to assist with restoring power.
- Electric Production completed a large project at the 48th Street facility during FY 2025. Unit 9 is primarily utilized for peaking loads. Unit 9 underwent a planned extended outage that began February 18, and the unit was released for commercial operation on June 4, 2024. Punch list work related to the project was completed September 2024. Three major maintenance and upgrade scopes were completed: a control system upgrade, combustion inspection, and generator field rewind. This allows the turbine to continue reliable operation until the next major maintenance threshold is reached. The project was budgeted for \$3.6 million and had an actual cost of \$2.9 million and will be amortized over 7 years per regulatory accounting principles.
- The Electric Utility completed a project to upgrade downtown Holland street lighting. The project replaced the cast iron poles on 306 decorative lights with new aluminum poles and bases. The project was divided into 3 phases, with two phases occurring in FY 2024 and the remaining phase in FY 2025. The old lights were owned by the city. HBPW will take over the maintenance of these lights and will move them from an energy-only rate to a full maintenance rate. Total spending for the fiscal year was \$700,000 and the City of Holland contributed \$500,000 to the project. Total capital spend on distribution improvements was \$9.2 million and \$300,000 on production assets.
- The Electric Utility completed an Integrated Resource Plan (IRP). An IRP is a planning tool that looks at forecasts of future energy and demand requirements and identifies optimized resource mixes to meet those needs. Results of an IRP are highly dependent on inputs such as market conditions, available technologies and associated costs, state and federal regulations, and local interests. Due to changes that can happen to any of these inputs in a relatively short period of time, IRPs are generally performed at regular intervals. HBPW has historically sought an updated study approximately every 5 years. The last IRP was completed in 2020. The consultant designed plans for two main scenarios. The differential costs of these scenarios and sensitivities were generated to show the true cost to meet the various requirements. The findings of the IRP will be used to aid in the planning of future resources.
- During the FY 2024, HBPW entered into a base contract for the sale and purchase of natural gas with the Municipal Gas Authority of Georgia. The agreement enables HBPW to participate in prepay gas transactions that result in discounted pricing for a portion of its natural gas fuel supply. Implementation went smoothly and reduced fuel expense by at least \$773,800 per year. HBPW entered into a second agreement with the same gas authority in FY 2025. Similar to the first agreement, this prepay transaction is structured for 30 years but with several marketing periods (used to set the discount) that occur throughout that time span. The initial marketing period extends through November 30, 2032. The discount associated with this initial period is \$0.52/MMBtu, with minimum annual savings expected to be \$759,200 per year.

Significant Initiatives, Events and Accomplishments (Continued)

Broadband (accounted for within the Electric Utility):

- Results of the Broadband Utility are accounted for within the Electric Utility. The Broadband Utility spent \$7.9 million on capital improvements during the year, adding to and upgrading the fiber network. Broadband Utility added 1,728 new customers. Construction continued on the Holland City Fiber (HCF) project and many of the new customers were connected to this next generation fiber optic broadband service. HCF is an open access network, which invites competition and the potential for lower cost and increased service choices. Funding for the passings portion of the fiber optic broadband network is provided by an up to \$30 million bond. The bond will be paid for by a millage approved by the residents of the City of Holland in August 2022. In August 2023, the Holland City Council authorized issuance of up to \$23 million in bonds. The par amount of bonds issued was \$17,535,000 and construction began December 2023. The monthly rate HBPW Fiber Internet customers pay, funds the drop construction plus operations and maintenance costs to run the network and provide service. Total spending on HCF as of June 30 was \$17.7 million. The project is able to serve 50% of the residents of Holland at June 30 and the passings network portion of HCF is expected to be substantially complete by June 2026.

Water Utility:

- HBPW issued \$11.4 million series 2025 water supply system revenue bonds. S&P Global Ratings assigned its 'AA' long-term rating to the bonds which are secured by net revenue of the water system. The proceeds will pay for capital improvements including (i) the replacement of approximately 8,900 end-of-life residential water meters, (ii) a new approximately 2,700 square foot chemical storage addition to the filter building at the Water Treatment Plant (WTP) located in Park Township, MI, and (iii) sliplining approximately 3,200 feet of 30-inch water transmission main.
- Total improvements at Water Treatment Plant (WTP) were \$1.7 million. Improvements included the onsite electric generation project at a cost of \$1.5 million. Two new natural gas generators were installed to provide backup electrical power in the event of loss of power at the site and provide WTP staff with the ability to save on annual electric costs by utilizing the generators for peak shaving in the summer months. The generators were commissioned in April 2024, and the peak-shaving program went into full effect in June. The electricity expenses saved for the fiscal year were \$65,852.
- Each year, the Water Utility replaces aging water mains as part of on-going maintenance to the distribution system. In addition to replacing end of life transmission and distribution mains, the benefits include upsizing of the transmission system to balance the system for future growth. In FY 2025, 11,396 feet of water mains were replaced at a cost of \$4.3 million. Also, completed during the year was the rehabilitation of 3,200 feet of 30-inch transmission main. The resulting project pulled in place 20-inch fused polyvinyl chloride (PVC) pipe inside of the failed 30-inch transmission main. The cost of this project was \$2.9 million.
- In 2018, Michigan adopted the revised Lead and Copper Rule with the goal of reducing lead exposure through drinking water. Utilities must replace all lead service lines (LSL) by 2041. On average, HBPW will need to replace about 210 LSL's each year of this 20-year period. HBPW continued to make progress toward this goal and replaced 79 LSL's during calendar year 2024. Fifty of the services were replaced during water main replacement projects, while 29 were completed due to customer-initiated service line replacements.

Wastewater Treatment Plant:

- HBPW was recertified in 2024 as a Utility of the Future Today (UotFT) by the Water Environment Federation (WEF), National Association of Clean Water Agencies (NACWA), Water Research Foundation (WRF), Wate Reuse Association, and US Water Alliance. This represents HBPW's fifth straight year of UotFT recognition. The program recognizes wastewater utilities that are reimagining community partnership and engagement, watershed stewardship, and recovery of resources such as water, energy, and nutrients.

Significant Initiatives, Events and Accomplishments (Continued)

Wastewater Treatment Plant (Continued):

- At the end of the fiscal year, the Water Reclamation Facility's (WRF) anaerobic digester has been online and operating for approximately 18 months. HBPW continues to work with the general contractor toward completion of the punch list items. The digester was built to both reduce the volume and treat residual solids generated from the wastewater treatment process. The digester has made a large impact on the destruction of solids. Utilizing the digester's anaerobic bacteria (bacteria that do not require oxygen to live and eat), over 60% of the solids generated during the water reclamation process are converted to biogas, greatly reducing the costs associated with disposing of solids and their environmental impact. The digester budgeted cost was \$33.7 million and total spending was \$31.4 million. Management determined that the digester project qualified for certain credits under the Inflation Reduction Act's elective/direct pay provision for tax exempt entities. Documents necessary to claim the credits were submitted during fiscal year 2025 and an accrued receivable was established for the \$11.5 million credit, which included approximately \$500,000 of interest income. The credit and associated interest were received in FY 2026. In addition to the anaerobic digester, the Wastewater Utility spent \$300,000 on other improvements to the WRF in FY 2025.
- The Wastewater Utility spent \$1.8 million on improvements to the wastewater collection system in FY 2025. One of the projects completed was the sanitary sewer main lining. The contractor lined 5,220 lineal feet of sewer main. There are several benefits to sewer main lining; 1) it is trenchless; therefore no disturbing the street or land above; 2) it is approximately one quarter of the cost of replacement; 3) reduces treatment costs by reducing the amount of ground water infiltration (water that does not require treatment); and 4) extends the life of the sewer main by about 50 years. FY 2025 was the fourth year of a four-year effort to clean and inspect HBPW's entire sanitary sewer system. The resulting project cleaned and inspected 908,554 feet of 8 through 27-inch sanitary mains and inspected 3,829 manholes. After each year of inspection, HBPW staff utilized this information to complete other projects such as manhole lining, sewer main lining and patch repairs throughout the sewer system. This program is planned to continue over the next 5-year cycle with the cleaning and inspecting of the sanitary sewer collections system.

Municipal Capital Projects:

- 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 existing Kollen Park Drive Station. The Waverly Station project was completed in FY 2024 at a total of \$11.3 million. The project budget for the Kollen Park Station renovation is \$6.25 million, with \$6.1 million expended as of fiscal year end. The Kollen Park Drive Station project was completed as of June 30, 2025.
- Construction started for the new community ice park in the North Downtown area, a key City investment supported in large part by private donors and grants. The project budget is \$11.4 million, of which \$8.2 million was expended as of fiscal year end.

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.

Awards

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 ACFR, and an Award for Outstanding Achievement for its Popular Annual Financial Report (PAFR) for the fiscal year ended June 30, 2024. This was the 33rd consecutive year that the government has achieved this prestigious award for the ACFR and 4th consecutive year for the PAFR 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.

In addition, the City has been awarded the GFOA's Distinguished Budget Presentation Award for its annual budget document dated June 30, 2025. The City has received this prestigious award for 23 consecutive years. In order to qualify for the Distinguished Budget Presentation Award, a government's budget document must be judged to be proficient in several categories, including policy documentation, financial planning, and organization.

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.

The independent auditing firm, *Rehmann Robson*, 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

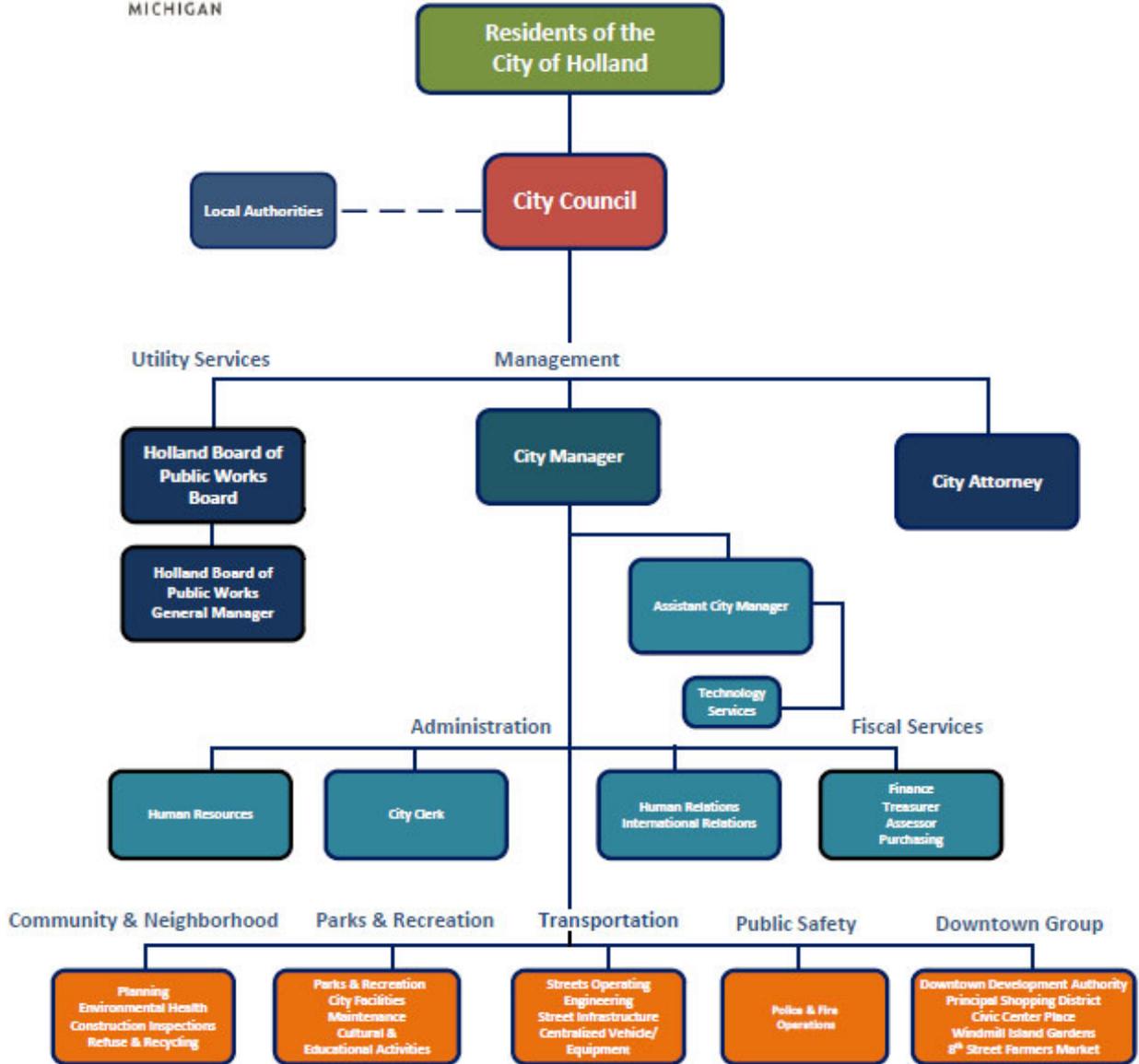
June 30, 2024

Christopher P. Morill

Executive Director/CEO



City of Holland Organizational Chart



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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

November 25, 2025

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, 2025, 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, 2025, 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.

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.



Implementation of GASB Statement No. 101

As described in Note 25, the City implemented the provisions of GASB Statement No. 101, *Compensated Absences*, in the current year. Accordingly, beginning net position of the governmental activities was restated. Our opinion is not modified with respect to this matter.

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 November 25, 2025, 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 "Rehmann Lobson 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, 2025. 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, 2025 equaled \$722,089,551, representing an increase of \$32,579,397 from the prior year. Of this amount, \$116,682,940 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 \$1,717,778, or 1.1%, while the business-type activities net position increased by \$30,861,619, or 5.7%.

As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$50,951,510, a decrease of \$19,099,012 in comparison with the prior year.

The City had many capital investment projects in process including:

- The renovation of the Kollen Park Station which began in FY 2024 was substantially completed by the end of FY 2025. This was part of an \$18.8 million project that also included the construction of a new Waverly Fire Station to replace an aging, smaller station. As of June 30, 2025, \$17.1 million has been spent, which represents 91% of the project budget.
- Construction began for a new \$11.4 million community ice rink in the North Downtown area, a key City investment supported in large part by private donors and grants. The project is anticipated to be completed in FY 2026. As of June 30, 2025, \$8.2 million has been spent, which represents 72% of the project budget.
- Construction continued on the open-access community-owned broadband fiber network, for which voters approved a debt millage to support the initial capital investment. \$17.5 million bonds were issued in FY 2023 and the project is expected to be completed in FY 2027. The bonds are accounted for in the governmental activities and amounts are transferred to the Electric Utility as expenditures are incurred. \$11.3 million of the bond proceeds was used for this project during FY 2025.
- Reconstruction of Van Raalte Avenue, from 10th Street to 24th Street was completed in FY 2025. The project included full reconstruction of the roadway. The multi-year project totaled \$7.3 million.
- The Wastewater Utility anaerobic digester has been online and operating for approximately 18 months. The Holland Board of Public Works ("HBPW") continues to work with the general contractor toward completion of the punch list items. The digester was built to both reduce the volume and treat residual solids generated from the wastewater treatment process. The total project cost was \$31.4 million, over several years. Management determined that the digester project qualified for certain credits under the Inflation Reduction Act's elective/direct pay provision for tax exempt entities. The Wastewater Utility submitted a claim in FY 2025 and established an \$11.5 million receivable as of June 30, 2025.
- Electric distribution extensions and improvements totaled \$9.5 million in FY 2025.
- Water and wastewater treatment, collection, and distribution improvements totaled \$10.8 million in FY 2025.

CITY OF HOLLAND, MICHIGAN

Management's Discussion and Analysis

At the end of the current fiscal year, unassigned fund balance for the General Fund was \$18,446,836 or 56.4% 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.

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 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.

CITY OF HOLLAND, MICHIGAN

Management's Discussion and Analysis

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.

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, Infrastructure Projects, and Municipal Facilities/Land Improvement Projects 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. 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 \$722,089,551 as of June 30, 2025, representing an increase of \$32,579,397, or 4.7% from the prior year.

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Current and other assets	\$ 63,039,294	\$ 85,405,219	\$ 222,111,710	\$ 165,687,697	\$ 285,151,004	\$ 251,092,916
Capital assets, net	187,643,004	170,483,613	488,502,251	480,777,955	676,145,255	651,261,568
Total assets	250,682,298	255,888,832	710,613,961	646,465,652	961,296,259	902,354,484
Deferred outflows of resources	5,227,331	5,778,961	2,990,066	3,499,567	8,217,397	9,278,528
Long-term liabilities	92,819,058	95,957,960	72,709,397	65,892,026	165,528,455	161,849,986
Other liabilities	5,663,185	8,543,319	17,843,336	13,894,735	23,506,521	22,438,054
Total liabilities	98,482,243	104,501,279	90,552,733	79,786,761	189,034,976	184,288,040
Deferred inflows of resources	3,556,575	4,193,640	54,832,554	32,821,337	58,389,129	37,014,977
Net position:						
Net investment in capital assets	141,048,571	137,489,212	436,614,697	429,717,702	577,663,268	567,206,914
Restricted	14,935,847	17,936,549	12,807,496	12,350,307	27,743,343	30,286,856
Unrestricted (deficit)	(2,113,607)	(2,452,887)	118,796,547	95,289,112	116,682,940	92,836,225
Total net position	\$ 153,870,811	\$ 152,972,874	\$ 568,218,740	\$ 537,357,121	\$ 722,089,551	\$ 690,329,995

A substantial portion of the City's net position, \$577,663,268 (80.0%), 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 \$27,743,343 (3.8%) 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 \$116,682,940 (16.2%) 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	
	2025	2024	2025	2024	2025	2024
Revenues						
Program revenues:						
Charges for services	\$ 6,342,260	\$ 7,821,182	\$ 148,500,930	\$ 139,725,354	\$ 154,843,190	\$ 147,546,536
Operating grants	11,922,845	16,747,207	5,075,506	4,662,740	16,998,351	21,409,947
Capital grants	7,436,671	1,140,516	653,984	2,610,398	8,090,655	3,750,914
General revenues:						
Property taxes	24,312,181	20,415,674	140,748	130,217	24,452,929	20,545,891
State shared revenues	4,274,334	4,273,012	-	-	4,274,334	4,273,012
Grant and contributions not restricted to specific programs	3,497,689	3,432,332	-	-	3,497,689	3,432,332
Unrestricted investment earnings	1,985,974	2,384,135	-	-	1,985,974	2,384,135
Gain on sale of capital assets	-	-	184,097	-	184,097	-
Total revenues	59,771,954	56,214,058	154,555,265	147,128,709	214,327,219	203,342,767
Expenses						
General government	7,728,370	7,604,872	-	-	7,728,370	7,604,872
Public safety	19,229,382	18,907,702	-	-	19,229,382	18,907,702
Public works	25,924,275	16,292,290	-	-	25,924,275	16,292,290
Welfare and social services	1,998,999	1,346,656	-	-	1,998,999	1,346,656
Parks and recreation	8,334,990	4,585,032	-	-	8,334,990	4,585,032
Interest on long-term debt	2,939,976	2,954,911	-	-	2,939,976	2,954,911
Electric utility	-	-	87,781,331	84,280,445	87,781,331	84,280,445
Wastewater utility	-	-	13,870,819	12,736,554	13,870,819	12,736,554
Water utility	-	-	11,299,454	10,847,805	11,299,454	10,847,805
Other enterprise activities	-	-	5,547,145	4,910,178	5,547,145	4,910,178
Total expenses	66,155,992	51,691,463	118,498,749	112,774,982	184,654,741	164,466,445
Change in net position, before special item and transfers	(6,384,038)	4,522,595	36,056,516	34,353,727	29,672,478	38,876,322
Special item	-	-	2,906,919	-	2,906,919	-
Transfers	8,101,816	9,674,902	(8,101,816)	(9,674,902)	-	-
Change in net position	1,717,778	14,197,497	30,861,619	24,678,825	32,579,397	38,876,322
Net position:						
Beginning of year	152,972,874	138,775,377	537,357,121	512,678,296	690,329,995	651,453,673
Restatement*	(819,841)	-	-	-	(819,841)	-
Net position, end of year	\$ 153,870,811	\$ 152,972,874	\$ 568,218,740	\$ 537,357,121	\$ 722,089,551	\$ 690,329,995

CITY OF HOLLAND, MICHIGAN

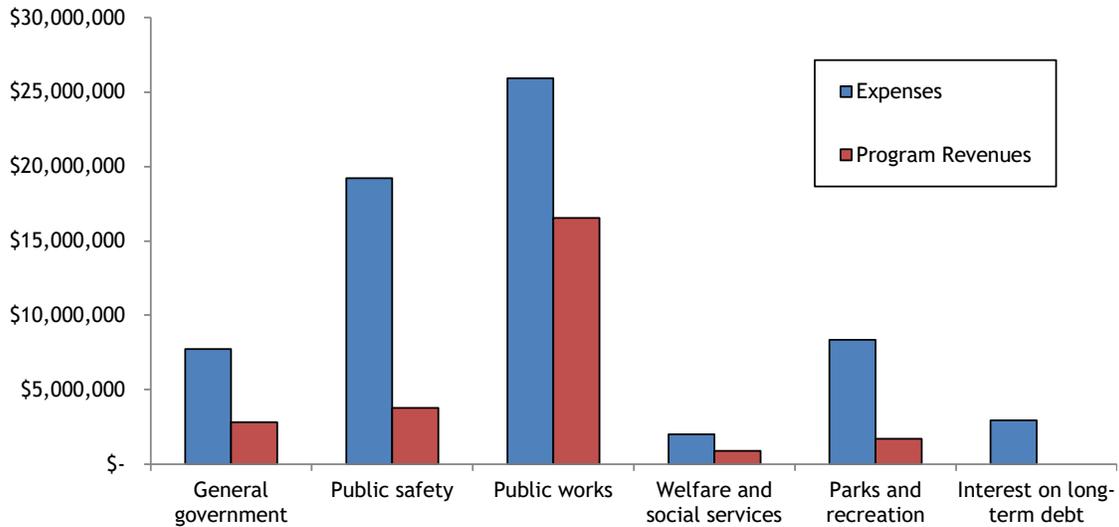
Management's Discussion and Analysis

*During the year ended June 30, 2025, the City implemented the provisions of GASB Statement 101, *Compensated Absences*. See additional details in Note 25.

Governmental Activities. Governmental activities increased the City's net position by \$1,717,778. Total revenues increased by \$3,557,896, or 6.3% from the prior year. Property taxes accounted for \$3,896,507 of the increase as the City's taxable value rose by 9.2% driven by new construction as well as a higher state CPI adjustment factor on existing property. Capital grants increased by \$6,296,155 while operating grants decreased by \$4,824,362, both of which vary from year to year based on grant opportunities. The decline in charges for services resulted from a prior year increase in permit fees for a large industrial project in FY 2024.

Expenses overall increased from the prior year by \$14,464,529, or 28.0%, primarily due to the \$11.3 million contribution to the Holland City Fiber project within public works, street repair project expenses of \$2.2 million within public works, and museum repairs of \$800,000 within parks and recreation. Public safety expenses include the addition of one new fire captain and operating expenses for a temporary station during the remodel of the Kollen Park Station.

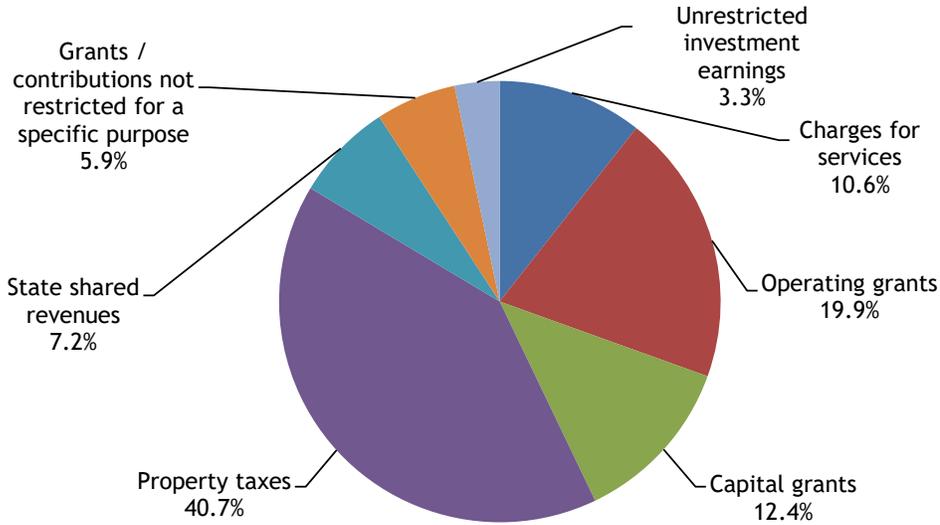
Expenses and Program Revenues - Governmental Activities



CITY OF HOLLAND, MICHIGAN

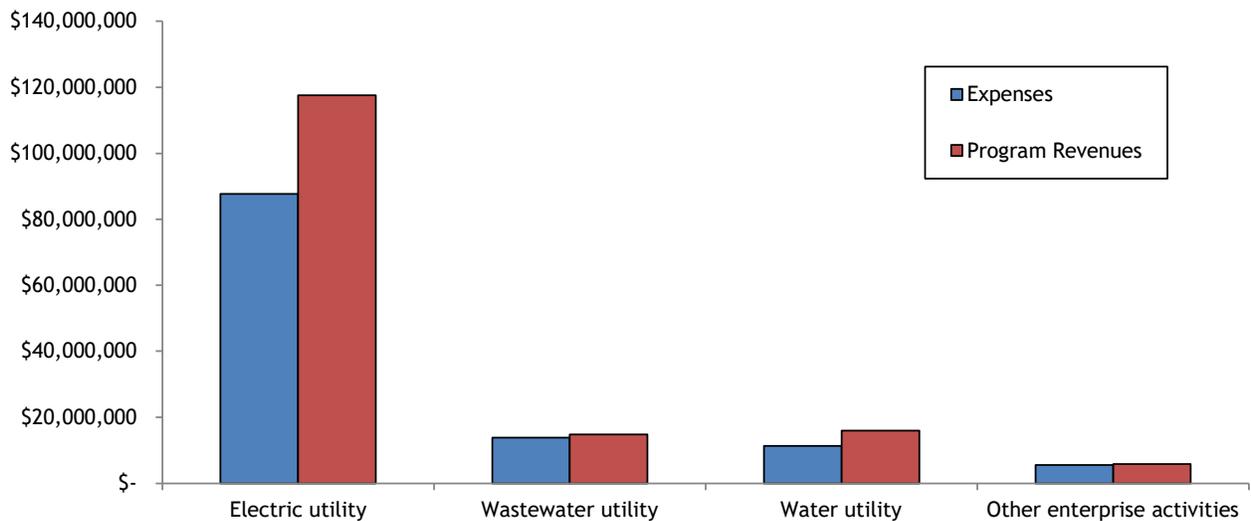
Management's Discussion and Analysis

Revenues by Source - Governmental Activities



Business-type Activities. The City's business-type activities net position increased by \$30,861,619, mainly due to the operating income from the Electric, Wastewater and Water Utilities. Overall revenues increased by \$7,426,556. The Electric Utility contributed \$6.5 million of this increase due to higher electric utility consumption for a large industrial class retail customer. The continued buildout of the City fiber project also contributed to the increase in the Electric Utility; approximately 50% of the residents had access as of June 30, 2025. The remaining increase reflects an increase in utility rates. The overall increase in expenses of \$5,723,767 was primarily due to increase energy production costs for a large industrial class retail customer, offset by savings resulting from cost control efforts for other operating costs.

Expenses and Program Revenues - Business-type Activities



CITY OF HOLLAND, MICHIGAN

Management's Discussion and Analysis

Financial Analysis of the City's Funds

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

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

During the current fiscal year the fund balance of the City's General Fund increased by \$2,221,480, or 13.6%. Property tax revenues increased by \$1.7 million, or 12% due to the increase in the assessed taxable value on existing property (Michigan CPI inflation factor of 5% for FY 2025), growth in the property tax base from new projects and uncappings, and the reallocation of the City's property tax millage from debt service to the General Fund for fiscal year 2025. Interest income reflected higher rates on short-term liquid funds given current market conditions. Additionally, the City has a history of conservative fiscal management, leading to many expenditure categories coming in lower than budget and contributing to the positive addition to ending fund balance.

The Infrastructure and Municipal Facilities/Land Improvement Projects capital projects funds account for construction projects within the City. These funds had ending fund balance of \$8,228,525 and \$10,506,954, respectively. Fund balance for these funds decreased during the year by \$10,494,121 and \$9,952,580, respectively, due to current year expenditures for the Fire Station project and Holland City Fiber project, which were both funded by bonds issued in prior years and included in the prior year fund balance.

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 \$20,802,794. The Wastewater Utility Fund had a \$969,921 increase in net position and the Water Utility Fund net position increased by \$7,557,446. 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 \$1,531,458 in net position.

General Fund Budgetary Highlights

The original revenue budget was \$26,533,752 and as amended was \$28,005,902 which represents an increase of \$1,472,150. The original expenditure and other financing use budget was \$33,041,654 and as amended was \$34,019,464 which represents an increase of \$977,810. The increase in the expenditure and other financing use budget was mainly due to a higher than anticipated transfer to the Holland Civic Center given the costs associated with the transition of management firms.

Overall, the fund balance increased by \$2,221,480, or \$1,924,863 more than budgeted. The ending fund balance represents 56.6% of General Fund expenditures and transfers out. Revenues ended \$590,857 over budget due to higher than budgeted investment earnings as the interest rates, especially on the short end of the yield curve, remained high.

CITY OF HOLLAND, MICHIGAN

Management's Discussion and Analysis

Actual expenditures came in \$1,289,107, or 4.0% less than the amended budget. \$744,947 of this amount represented savings on personnel costs due to the timing of filling vacant positions, especially for the public safety department. Operating supplies and contractual service expenditures also ended with a positive variance of \$299,113 and other expenditures had a positive variance of \$192,203. The City has a history of budgeting conservatively, which contributes to a positive variance at year-end.

Capital Asset and Debt Administration

Capital Assets. The City's capital assets for its governmental and business-type activities as of June 30, 2025 amounted to \$676,145,255 (net of accumulated depreciation/amortization). This investment in capital assets includes land, construction in progress, buildings, machinery and equipment, motor vehicles, lease equipment, subscription assets and infrastructure. The total change in the City's investment in capital assets for the current fiscal year was a 10.1% increase for governmental activities and a 1.6% increase for business-type activities.

	Capital Assets (Net of Depreciation/Amortization)					
	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land	\$ 16,798,657	\$ 16,798,657	\$ 29,299,132	\$ 29,228,124	\$ 46,097,789	\$ 46,026,781
Construction in progress	15,180,979	7,804,263	19,811,072	19,642,169	34,992,051	27,446,432
Capital assets being depreciated/amortized, net	155,663,368	145,880,693	439,392,047	431,907,662	595,055,415	577,788,355
Total capital assets, net	\$ 187,643,004	\$ 170,483,613	\$ 488,502,251	\$ 480,777,955	\$ 676,145,255	\$ 651,261,568

The increase in governmental activities capital assets is mainly due to the capitalization of the Kollen Park Fire Station renovation and the Van Raalte Avenue reconstruction project as well as continued contributions of the City Ice Park expenditures to construction in progress. Business-type assets increased as \$30.9 million of assets were capitalized, including electric distribution improvements and water reclamation facility improvements. This was offset in part by depreciation of business-type capital assets.

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

CITY OF HOLLAND, MICHIGAN

Management's Discussion and Analysis

Long-term Debt

	Long-term Debt					
	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Bonds payable	\$ 65,392,830	\$ 69,136,385	\$ 52,617,529	\$ 45,293,974	\$ 118,010,359	\$ 114,430,359
Installment sales agreement	-	-	5,645,000	6,117,500	5,645,000	6,117,500
Notes payable	1,535,246	2,058,378	-	-	1,535,246	2,058,378
Unamortized premium on bonds payable	1,984,651	2,116,808	1,446,835	970,871	3,431,486	3,087,679
Landfill liability	-	-	580,250	603,460	580,250	603,460
Compensated absences	3,181,759	2,973,500	1,471,627	1,421,178	4,653,386	4,394,678
Total long-term debt	\$ 72,094,486	\$ 76,285,071	\$ 61,761,241	\$ 54,406,983	\$ 133,855,727	\$ 130,692,054

The change 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, 2025.

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 \$168,627,370.

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 has a history of conservative management of finances and commitment to long term planning. The City's FY 2026 budget emphasized a focus on financial and organization stability. The goal of the FY 2026 budget is to continue to provide the essential services while building a foundation for long-term financial health. The property tax base is currently strong, but the City has been monitoring the potential of future impacts related to state property tax limitations when the budget was developed. The City addressed this challenge by asking the voters to approve a Headlee Override Proposal on the November 4, 2025 election. The citizens approved this, but the City remains committed to maintaining the current millage rate of 13.8692, which has not increased for the past 14 years. The future of state revenue sharing and personal property tax replacement revenues continue to be of concern given the potential for economic impacts on the state budget which in the past has resulted in reductions of certain revenue sources that are shared with local governments.

The City continues to see strong interest in economic development projects in the City including several large commercial/industrial projects as well as several residential housing projects that will bring additional housing units to the City. Construction started for a new City Ice Rink Park which is expected to be completed in FY 2026. Construction continued on the expansion of the high-speed broadband system in FY 2025 after voters approved a bond issuance for a city-wide broadband initiative in August 2022. This project is projected to be completed in FY 2027. The City FY 2026 budget also includes funding for a new recycling center, pump cycle track and upgrades to Van Raalte Farms boardwalk and bridges.

CITY OF HOLLAND, MICHIGAN

Management's Discussion and Analysis

The Electric Utility plans on expending \$16.2 million on distribution system replacements and improvements in FY 2026, which will be internally funded. No rate increase for the Electric Utility was proposed for FY 2026. The Water Utility will expend about \$4.3 million on treatment plant improvements and \$8.8 million on water distribution system improvements. A 13% rate increase for the Water Utility was approved for FY 2026, The Wastewater Utility will expend about \$5.6 million on plant replacements and improvements, and \$6.1 million on collection system replacements and improvements. A 3% rate increase for the Wastewater Utility was approved for FY 2026. About \$12.6 million will be expended on the continued Holland City Fiber buildout.

As in prior budgets, the goal of the FY 2026 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.

BASIC FINANCIAL STATEMENTS

CITY OF HOLLAND, MICHIGAN

Statement of Net Position

June 30, 2025

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and pooled investments	\$ 57,434,132	\$ 46,634,796	\$ 104,068,928	\$ 3,754,532
Investments	-	86,371,492	86,371,492	-
Beneficial interest in assets held by others	2,614,896	-	2,614,896	-
Receivables, net	5,047,060	49,830,544	54,877,604	11,580
Internal balances	(3,414,979)	3,414,979	-	-
Inventory	738,752	11,100,915	11,839,667	-
Prepaid items	619,433	3,346,365	3,965,798	200
Restricted assets:				
Cash and pooled investments	-	8,658,245	8,658,245	-
Investments	-	3,246,602	3,246,602	-
Regulatory cost for future recovery, net	-	9,414,596	9,414,596	-
Net other postemployment benefit asset	-	93,176	93,176	-
Capital assets:				
Land	16,798,657	29,299,132	46,097,789	-
Construction in progress	15,180,979	19,811,072	34,992,051	-
Being depreciated/amortized, net	155,663,368	439,392,047	595,055,415	73,917
Total assets	250,682,298	710,613,961	961,296,259	3,840,229
Deferred outflows of resources				
Deferred pension amounts	4,603,027	2,990,066	7,593,093	-
Deferred other postemployment benefit amounts	624,304	-	624,304	-
Total deferred outflows of resources	5,227,331	2,990,066	8,217,397	-
Liabilities				
Payables	5,067,269	16,712,363	21,779,632	932,871
Unearned revenue	570,572	-	570,572	-
Deposits	25,344	1,130,973	1,156,317	-
Bonds, notes and other long-term liabilities:				
Due within one year	7,105,030	5,792,032	12,897,062	4,381
Due in more than one year	65,064,609	55,969,209	121,033,818	-
Net pension liability (due in more than one year)	19,083,584	10,948,156	30,031,740	-
Net other postemployment benefit liability (due in more than one year)	1,565,835	-	1,565,835	-
Total liabilities	98,482,243	90,552,733	189,034,976	937,252
Deferred inflows of resources				
Regulatory credits, net	-	54,442,242	54,442,242	-
Deferred lease amounts	224,515	-	224,515	-
Deferred other postemployment benefit amounts	3,332,060	390,312	3,722,372	-
Total deferred inflows of resources	3,556,575	54,832,554	58,389,129	-
Net position				
Net investment in capital assets	141,048,571	436,614,697	577,663,268	73,917
Restricted:				
Cemetery maintenance	34,544	-	34,544	-
Other postemployment benefits	-	93,176	93,176	-
Debt service	884,167	240,000	1,124,167	-
Street construction and maintenance	5,699,189	-	5,699,189	-
Grant programs	28,531	-	28,531	-
Welfare and social services	447,848	-	447,848	-
Capital projects and by agreement	4,908,635	12,474,320	17,382,955	-
Cemetery endowment corpus (nonexpendable)	2,932,933	-	2,932,933	-
Unrestricted (deficit)	(2,113,607)	118,796,547	116,682,940	2,829,060
Total net position	\$ 153,870,811	\$ 568,218,740	\$ 722,089,551	\$ 2,902,977

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

CITY OF HOLLAND, MICHIGAN

Statement of Activities

For the Year Ended June 30, 2025

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	\$ 7,728,370	\$ 1,640,478	\$ 1,144,084	\$ 27,943	\$ (4,915,865)
Public safety	19,229,382	2,514,813	1,212,198	34,754	(15,467,617)
Public works	25,924,275	1,166,040	8,678,933	6,707,384	(9,371,918)
Welfare and social services	1,998,999	147,691	466,699	264,240	(1,120,369)
Parks and recreation	8,334,990	873,238	420,931	402,350	(6,638,471)
Interest on long-term liabilities	2,939,976	-	-	-	(2,939,976)
Total governmental activities	66,155,992	6,342,260	11,922,845	7,436,671	(40,454,216)
Business-type activities:					
Electric utility	87,781,331	113,518,952	3,725,728	380,302	29,843,651
Wastewater utility	13,870,819	14,106,958	709,708	(894)	944,953
Water utility	11,299,454	15,256,141	382,680	274,576	4,613,943
Refuse and recycling pickup	2,758,178	3,024,699	57,795	-	324,316
Windmill Island	1,266,195	2,578,793	197,574	-	1,510,172
Airport facilities and management system	450,396	-	37	-	(450,359)
Other enterprise activities	1,072,376	15,387	1,984	-	(1,055,005)
Total business-type activities	118,498,749	148,500,930	5,075,506	653,984	35,731,671
Total primary government	\$ 184,654,741	\$ 154,843,190	\$ 16,998,351	\$ 8,090,655	\$ (4,722,545)
Component units					
Downtown Development Authority	\$ 304,136	\$ 19,840	\$ 26,077	\$ -	\$ (258,219)
Brownfield Redevelopment Authority	4,140,114	-	59,079	-	(4,081,035)
SmartZone	1,466,593	39,088	915,468	-	(512,037)
Total component units	\$ 5,910,843	\$ 58,928	\$ 1,000,624	\$ -	\$ (4,851,291)

continued...

CITY OF HOLLAND, MICHIGAN

Statement of Activities

For the Year Ended June 30, 2025

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Change in net position				
Net revenues (expenses)	\$ (40,454,216)	\$ 35,731,671	\$ (4,722,545)	\$ (4,851,291)
General revenues:				
Property taxes	24,312,181	140,748	24,452,929	4,299,933
State shared revenues	4,274,334	-	4,274,334	-
Grants and contributions not restricted to specific programs	3,497,689	-	3,497,689	2,226
Unrestricted investment earnings	1,985,974	-	1,985,974	-
Gain on sale of capital assets	-	184,097	184,097	-
Special item (Note 24)	-	2,906,919	2,906,919	-
Transfers	8,101,816	(8,101,816)	-	-
Total general revenues, special item and transfers	42,171,994	(4,870,052)	37,301,942	4,302,159
Change in net position	<u>1,717,778</u>	<u>30,861,619</u>	<u>32,579,397</u>	<u>(549,132)</u>
Net position, beginning of year, as previously reported	152,972,874	537,357,121	690,329,995	3,452,109
Restatement (Note 25)	(819,841)	-	(819,841)	-
Net position, beginning of year, as restated	<u>152,153,033</u>	<u>537,357,121</u>	<u>689,510,154</u>	<u>3,452,109</u>
Net position, end of year	<u>\$ 153,870,811</u>	<u>\$ 568,218,740</u>	<u>\$ 722,089,551</u>	<u>\$ 2,902,977</u>

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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, 2025

	General Fund	Infrastructure Projects	Municipal Facilities/Land Improvements Projects	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and pooled investments	\$ 19,715,999	\$ 12,005,012	\$ 10,883,229	\$ 9,354,709	\$ 51,958,949
Beneficial interest in assets held by others	-	-	-	2,614,896	2,614,896
Receivables, net:					
Accounts	239,164	7,595	387,095	536,546	1,170,400
Taxes and special assessments	1,343	-	-	330,664	332,007
Interest	172,971	33,684	-	-	206,655
Notes	-	-	-	621,762	621,762
Due from other governmental units	757,096	-	400,000	1,102,646	2,259,742
Leases	237,438	-	-	-	237,438
Due from other funds	21,663	21,360	124,405	80,257	247,685
Prepaid items	57,273	-	-	207,313	264,586
Total assets	<u>\$ 21,202,947</u>	<u>\$ 12,067,651</u>	<u>\$ 11,794,729</u>	<u>\$ 14,848,793</u>	<u>\$ 59,914,120</u>
Liabilities					
Accounts payable	\$ 706,736	\$ 451,604	\$ 1,286,904	\$ 127,972	\$ 2,573,216
Accrued payroll and benefits	831,891	8,115	-	90,563	930,569
Due to other governmental units	302,076	-	-	-	302,076
Due to other funds	175,187	3,295,871	871	174,523	3,646,452
Deposits	11,682	-	-	13,662	25,344
Unearned revenue	446,751	83,536	-	34,714	565,001
Total liabilities	<u>2,474,323</u>	<u>3,839,126</u>	<u>1,287,775</u>	<u>441,434</u>	<u>8,042,658</u>
Deferred inflows of resources					
Deferred lease amounts	224,515	-	-	-	224,515
Unavailable revenue:					
Special assessments receivable	-	-	-	328,398	328,398
Opioid settlement receivable	-	-	-	367,039	367,039
Total deferred inflows of resources	<u>224,515</u>	<u>-</u>	<u>-</u>	<u>695,437</u>	<u>919,952</u>
Fund balances					
Nonspendable	57,273	-	-	3,140,246	3,197,519
Restricted	-	7,996,093	2,760,223	9,032,775	19,789,091
Committed	-	232,432	7,746,731	1,506,955	9,486,118
Assigned	-	-	-	31,946	31,946
Unassigned	18,446,836	-	-	-	18,446,836
Total fund balances	<u>18,504,109</u>	<u>8,228,525</u>	<u>10,506,954</u>	<u>13,711,922</u>	<u>50,951,510</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 21,202,947</u>	<u>\$ 12,067,651</u>	<u>\$ 11,794,729</u>	<u>\$ 14,848,793</u>	<u>\$ 59,914,120</u>

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, 2025

Fund balances - total governmental funds \$ 50,951,510

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	16,798,657
Construction in progress	15,180,979
Capital assets being depreciated/amortized, net	155,663,368
Less capital assets accounted for in the internal service funds	(6,359,071)

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	12,505,762
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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	328,398
Deferred inflows from opioid settlement receivable	367,039

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	(66,928,076)
Lease liability	(43,186)
Subscription liability	(31,967)
Compensated absences	(2,964,001)
Unamortized premium on bonds payable	(1,984,651)
Accrued interest on bonds payable	(859,802)

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	(19,083,584)
Deferred outflows of resources related to the net pension liability	4,603,027
Net other postemployment benefit liability	(1,565,835)
Deferred outflows of resources related to the total other postemployment benefit liability	624,304
Deferred inflows of resources related to the total other postemployment benefit liability	(3,332,060)

Net position of governmental activities \$ 153,870,811

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, 2025

	General Fund	Infrastructure Projects	Municipal Facilities/Land Improvements Projects	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 15,393,142	\$ 227,989	\$ 386,848	\$ 8,304,202	\$ 24,312,181
Special assessments	-	-	-	1,040,354	1,040,354
Licenses and permits	1,658,985	-	-	-	1,658,985
Intergovernmental	7,133,203	6,173,367	1,419,471	9,169,013	23,895,054
Charges for services	2,217,993	-	-	348,239	2,566,232
Fines and fees	178,382	-	-	344,359	522,741
Contributions from private sector	-	10,000	12,500	200,346	222,846
Interest and rents	1,734,875	753,144	904,177	696,748	4,088,944
Miscellaneous	280,179	545,984	35,454	55,415	917,032
Total revenues	<u>28,596,759</u>	<u>7,710,484</u>	<u>2,758,450</u>	<u>20,158,676</u>	<u>59,224,369</u>
Expenditures					
Current:					
General government	5,255,620	-	-	448,278	5,703,898
Public safety	17,287,335	-	-	367,348	17,654,683
Public works	2,203,673	-	-	4,009,637	6,213,310
Welfare and social services	727,841	-	-	-	727,841
Parks and recreation	4,609,399	-	-	849,715	5,459,114
Other	957,034	-	-	-	957,034
Debt service:					
Principal retirement	48,611	-	-	4,266,687	4,315,298
Interest and fiscal charges	2,448	-	-	3,462,602	3,465,050
Capital outlay	-	21,924,822	16,519,312	3,384,835	41,828,969
Total expenditures	<u>31,091,961</u>	<u>21,924,822</u>	<u>16,519,312</u>	<u>16,789,102</u>	<u>86,325,197</u>
Revenues over (under) expenditures	<u>(2,495,202)</u>	<u>(14,214,338)</u>	<u>(13,760,862)</u>	<u>3,369,574</u>	<u>(27,100,828)</u>
Other financing sources (uses)					
Transfers in	6,317,666	3,720,217	4,033,730	1,417,435	15,489,048
Transfers out	(1,600,984)	-	(225,448)	(5,660,800)	(7,487,232)
Total other financing sources (uses)	<u>4,716,682</u>	<u>3,720,217</u>	<u>3,808,282</u>	<u>(4,243,365)</u>	<u>8,001,816</u>
Net changes in fund balances	<u>2,221,480</u>	<u>(10,494,121)</u>	<u>(9,952,580)</u>	<u>(873,791)</u>	<u>(19,099,012)</u>
Fund balances, beginning of year	<u>16,282,629</u>	<u>18,722,646</u>	<u>20,459,534</u>	<u>14,585,713</u>	<u>70,050,522</u>
Fund balances, end of year	<u>\$ 18,504,109</u>	<u>\$ 8,228,525</u>	<u>\$ 10,506,954</u>	<u>\$ 13,711,922</u>	<u>\$ 50,951,510</u>

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

CITY OF HOLLAND, MICHIGAN

Reconciliation

Net Changes in Fund Balances of Governmental Funds
to Change in Net Position of Governmental Activities
For the Year Ended June 30, 2025

Net changes in fund balances - total governmental funds \$ (19,099,012)

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 and amortization expense.

Capital assets purchased/constructed	26,140,574
Depreciation and amortization expense	(8,663,955)
Loss on disposal of capital assets	(964,987)

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

Principal payments on bonds, notes and other long-term liabilities	4,315,298
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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.

Income from governmental activities in internal service funds	46,487
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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	(111,912)
Net change in opioid settlement receivable	(21,828)

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 premium on bonds payable	132,157
Change in accrued interest on bonds payable	392,917
Change in compensated absences	(180,126)
Change in the net pension liability and related deferred amounts	(858,219)
Change in the net other postemployment benefit liability and related deferred amounts	590,384

Change in net position of governmental activities \$ 1,717,778

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, 2025

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ 15,211,250	\$ 15,336,150	\$ 15,393,142	\$ 56,992
Licenses and permits	1,795,100	1,578,100	1,658,985	80,885
Intergovernmental	6,327,600	7,181,600	7,133,203	(48,397)
Charges for services	2,209,577	2,250,177	2,217,993	(32,184)
Fines and fees	130,600	157,100	178,382	21,282
Interest and rents	834,375	1,283,975	1,734,875	450,900
Miscellaneous	25,250	218,800	280,179	61,379
Total revenues	26,533,752	28,005,902	28,596,759	590,857
Expenditures				
Current:				
General government	5,558,433	5,593,555	5,255,620	(337,935)
Public safety	17,593,528	18,106,243	17,287,335	(818,908)
Public works	2,030,072	2,198,442	2,203,673	5,231
Welfare and social services	817,333	757,560	727,841	(29,719)
Parks and recreation	4,821,475	4,888,372	4,609,399	(278,973)
Other	1,109,196	785,696	957,034	171,338
Debt service:				
Principal retirement	-	48,700	48,611	(89)
Interest and fiscal charges	-	2,500	2,448	(52)
Total expenditures	31,930,037	32,381,068	31,091,961	(1,289,107)
Revenues over (under) expenditures	(5,396,285)	(4,375,166)	(2,495,202)	1,879,964
Other financing sources (uses)				
Transfers in	6,324,629	6,310,179	6,317,666	7,487
Transfers out	(1,111,617)	(1,638,396)	(1,600,984)	(37,412)
Total other financing sources (uses)	5,213,012	4,671,783	4,716,682	44,899
Net changes in fund balance	(183,273)	296,617	2,221,480	1,924,863
Fund balance, beginning of year	16,282,629	16,282,629	16,282,629	-
Fund balance, end of year	\$ 16,099,356	\$ 16,579,246	\$ 18,504,109	\$ 1,924,863

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, 2025

	Business-type Activities - Enterprise Funds		
	Electric Utility	Wastewater Utility	Water Utility
Assets			
Current assets:			
Cash and pooled investments	\$ 30,075,860	\$ 1,470,765	\$ 8,331,097
Investments	34,041,873	13,538,177	12,359,035
Receivables, net:			
Accounts	17,842,012	13,656,601	5,205,394
Taxes and special assessments	-	13,221	-
Interest	487,248	34,903	45,769
Due from other funds	3,297,905	18,194	329,923
Inventories	10,386,560	40,483	673,872
Prepaid items	2,336,021	111,973	88,898
Total current assets	98,467,479	28,884,317	27,033,988
Noncurrent assets:			
Restricted assets:			
Cash and pooled investments	-	8,658,245	-
Investments	3,246,602	-	-
Other assets	809,473	-	-
Long-term investments	22,677,703	1,624,478	2,130,226
Due from local units	-	10,982,924	1,104,510
Regulatory cost for future recovery, net	9,414,596	-	-
Net other postemployment benefit asset	63,732	15,980	13,464
Capital assets:			
Land	21,098,280	260,673	2,178,242
Construction in progress	13,130,661	2,502,285	4,178,126
Machinery and equipment	533,680,844	154,226,494	122,705,958
Accumulated depreciation	(262,498,630)	(66,947,574)	(44,433,521)
Total noncurrent assets	341,623,261	111,323,505	87,877,005
Total assets	440,090,740	140,207,822	114,910,993
Deferred outflows of resources			
Deferred pension amounts	1,973,445	568,112	448,509

Business-type Activities - Enterprise Funds		Governmental Activities
Nonmajor Enterprise Funds	Total	Internal Service Funds
\$ 6,757,074	\$ 46,634,796	\$ 5,475,183
-	59,939,085	-
457,960	37,161,967	219,056
2	13,223	-
-	567,920	-
466,916	4,112,938	62,844
-	11,100,915	738,752
-	2,536,892	354,847
<u>7,681,952</u>	<u>162,067,736</u>	<u>6,850,682</u>
-	8,658,245	-
-	3,246,602	-
-	809,473	-
-	26,432,407	-
-	12,087,434	-
-	9,414,596	-
-	93,176	-
5,761,937	29,299,132	-
-	19,811,072	180,965
19,191,249	829,804,545	14,847,772
(16,532,773)	(390,412,498)	(8,669,666)
<u>8,420,413</u>	<u>549,244,184</u>	<u>6,359,071</u>
<u>16,102,365</u>	<u>711,311,920</u>	<u>13,209,753</u>
-	2,990,066	-

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CITY OF HOLLAND, MICHIGAN

Statement of Net Position

Proprietary Funds

June 30, 2025

	Business-type Activities - Enterprise Funds		
	Electric Utility	Wastewater Utility	Water Utility
Liabilities			
Current liabilities:			
Accounts payable	\$ 9,976,566	\$ 2,078,161	\$ 2,634,998
Claims payable	-	-	-
Accrued payroll and benefits	741,512	200,353	148,563
Accrued interest payable	2,989	124,915	325,774
Due to other funds	628,420	4,800	37,308
Deposits	1,091,696	-	24,877
Unearned revenue	-	-	-
Current portion of bonds, notes and other long-term liabilities	1,988,867	2,066,316	1,683,449
Total current liabilities	<u>14,430,050</u>	<u>4,474,545</u>	<u>4,854,969</u>
Noncurrent liabilities:			
Bonds, notes and other long-term liabilities, net of current portion	580,250	25,991,749	29,397,210
Net pension liability	7,225,784	2,080,148	1,642,224
Total noncurrent liabilities	<u>7,806,034</u>	<u>28,071,897</u>	<u>31,039,434</u>
Total liabilities	<u>22,236,084</u>	<u>32,546,442</u>	<u>35,894,403</u>
Deferred inflows of resources			
Regulatory credits, net	15,768,168	37,932,981	741,093
Deferred other postemployment benefit amounts	266,973	66,939	56,400
Total deferred inflows of resources	<u>16,035,141</u>	<u>37,999,920</u>	<u>797,493</u>
Net position			
Net investment in capital assets	304,465,590	60,853,279	62,875,415
Restricted for:			
Other postemployment benefits	63,732	15,980	13,464
Debt service	-	240,000	-
Capital projects and by agreement	4,056,075	8,418,245	-
Unrestricted	95,207,563	702,068	15,778,727
Total net position	<u>\$ 403,792,960</u>	<u>\$ 70,229,572</u>	<u>\$ 78,667,606</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
\$ 427,296	\$ 15,117,021	\$ 82,255
-	-	255,852
51,236	1,141,664	63,499
-	453,678	-
27,431	697,959	79,056
14,400	1,130,973	-
-	-	5,571
53,400	5,792,032	217,758
<u>573,763</u>	<u>24,333,327</u>	<u>703,991</u>
-	55,969,209	-
-	10,948,156	-
-	<u>66,917,365</u>	-
<u>573,763</u>	<u>91,250,692</u>	<u>703,991</u>
-	54,442,242	-
-	390,312	-
-	<u>54,832,554</u>	-
8,420,413	436,614,697	6,359,071
-	93,176	-
-	240,000	-
-	12,474,320	-
<u>7,108,189</u>	<u>118,796,547</u>	<u>6,146,691</u>
<u>\$ 15,528,602</u>	<u>\$ 568,218,740</u>	<u>\$ 12,505,762</u>

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CITY OF HOLLAND, MICHIGAN

Statement of Revenues, Expenses and Change in Fund Net Position

Proprietary Funds

For the Year Ended June 30, 2025

	Business-type Activities - Enterprise Funds		
	Electric Utility	Wastewater Utility	Water Utility
Operating revenues			
Usage fees and charges for services	\$ 113,518,952	\$ 14,106,958	\$ 15,256,141
Premiums	-	-	-
Admissions and fares	-	-	-
Rentals	-	-	-
Miscellaneous	-	-	-
Total operating revenues	<u>113,518,952</u>	<u>14,106,958</u>	<u>15,256,141</u>
Operating expenses			
Personnel services	9,747,804	2,893,697	2,257,703
Other current expenses	63,561,019	6,733,419	5,173,710
Depreciation and amortization	14,418,058	3,827,360	3,006,862
Total operating expenses	<u>87,726,881</u>	<u>13,454,476</u>	<u>10,438,275</u>
Operating income (loss)	<u>25,792,071</u>	<u>652,482</u>	<u>4,817,866</u>
Nonoperating revenues (expenses)			
Property taxes	-	-	-
Other private donations	-	-	-
Investment income	3,590,485	709,708	433,956
Interest expense	(54,450)	(416,343)	(861,179)
Other income (expense), net	135,243	-	(51,276)
Insurance recovery	-	-	-
Gain (loss) on sale and disposal of capital assets	122,545	24,968	36,584
Total nonoperating revenues (expenses)	<u>3,793,823</u>	<u>318,333</u>	<u>(441,915)</u>
Income (loss) before contributions, transfers and special item	<u>29,585,894</u>	<u>970,815</u>	<u>4,375,951</u>
Contributions and transfers			
Capital contributions	-	542,492	274,576
Contributions from other local units	362,049	5,323,782	-
Regulatory credits	(11,828,119)	(11,630,795)	-
Federal and/or state capital grants	11,846,372	5,763,627	-
Transfers in	-	-	-
Transfers out	(9,163,402)	-	-
Net contributions and transfers	<u>(8,783,100)</u>	<u>(894)</u>	<u>274,576</u>
Change in net position before special item	<u>20,802,794</u>	<u>969,921</u>	<u>4,650,527</u>
Special item (Note 24)	-	-	2,906,919
Change in net position	<u>20,802,794</u>	<u>969,921</u>	<u>7,557,446</u>
Net position, beginning of year	<u>382,990,166</u>	<u>69,259,651</u>	<u>71,110,160</u>
Net position, end of year	<u>\$ 403,792,960</u>	<u>\$ 70,229,572</u>	<u>\$ 78,667,606</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
\$ 3,364,545	\$ 146,246,596	\$ 3,007,720
-	-	6,845,937
2,211,543	2,211,543	-
42,600	42,600	3,306,413
191	191	103,590
<u>5,618,879</u>	<u>148,500,930</u>	<u>13,263,660</u>
912,213	15,811,417	1,667,675
4,160,418	79,628,566	11,430,452
474,514	21,726,794	900,083
<u>5,547,145</u>	<u>117,166,777</u>	<u>13,998,210</u>
<u>71,734</u>	<u>31,334,153</u>	<u>(734,550)</u>
140,748	140,748	-
8,413	8,413	-
248,977	4,983,126	158,874
-	(1,331,972)	-
-	83,967	-
-	-	522,451
-	184,097	(288)
<u>398,138</u>	<u>4,068,379</u>	<u>681,037</u>
<u>469,872</u>	<u>35,402,532</u>	<u>(53,513)</u>
-	817,068	-
-	5,685,831	-
-	(23,458,914)	-
-	17,609,999	-
1,061,586	1,061,586	100,000
-	(9,163,402)	-
<u>1,061,586</u>	<u>(7,447,832)</u>	<u>100,000</u>
1,531,458	27,954,700	46,487
-	2,906,919	-
1,531,458	30,861,619	46,487
<u>13,997,144</u>	<u>537,357,121</u>	<u>12,459,275</u>
<u>\$ 15,528,602</u>	<u>\$ 568,218,740</u>	<u>\$ 12,505,762</u>

CITY OF HOLLAND, MICHIGAN

Statement of Cash Flows

Proprietary Funds

For the Year Ended June 30, 2025

	Business-type Activities - Enterprise Funds		
	Electric Utility	Wastewater Utility	Water Utility
Cash flows from operating activities			
Receipts from customers and users	\$ 110,318,037	\$ 13,953,112	\$ 16,336,659
Receipts from interfund services provided	-	-	-
Payments to suppliers	(62,247,817)	(8,368,037)	(5,347,395)
Payments to employees	(9,996,019)	(2,757,340)	(2,151,089)
Net cash provided by (used in) operating activities	<u>38,074,201</u>	<u>2,827,735</u>	<u>8,838,175</u>
Cash flows from noncapital financing activities			
Property taxes	-	-	-
Private donations	-	-	-
Insurance refunds	-	-	-
Intragovernmental receipts	-	-	-
Intragovernmental payments	(9,163,402)	-	-
Principal paid on pension bonds	(1,017,354)	(292,875)	(231,216)
Interest paid on pension bonds	(57,223)	(15,134)	(11,948)
Net cash provided by (used in) noncapital financing activities	<u>(10,237,979)</u>	<u>(308,009)</u>	<u>(243,164)</u>
Cash flows from capital and related financing activities			
Principal paid on capital related debt	-	(1,477,500)	(1,560,000)
Interest paid on capital related debt	-	(407,032)	(849,859)
Issuance of capital related debt	-	-	11,430,000
Premium on issuance of bonds	-	-	622,563
Capital contributions	12,208,420	2,471,004	274,576
Proceeds from sale of capital assets	176,817	25,671	40,568
Regulatory cost for future recovery	(8,249,153)	-	-
Purchase/construction of capital assets	(18,113,147)	(1,925,124)	(7,864,632)
Net cash provided by (used in) capital and related financing activities	<u>(13,977,063)</u>	<u>(1,312,981)</u>	<u>2,093,216</u>
Cash flows from investing activities			
Proceeds from sales of investments	59,696,981	14,458,624	5,094,461
Purchase of investments	(58,659,725)	(15,078,488)	(14,378,891)
Investment income	2,272,735	624,732	322,525
Net cash provided by (used in) investing activities	<u>3,309,991</u>	<u>4,868</u>	<u>(8,961,905)</u>
Net increase (decrease) in cash and pooled investments	<u>17,169,150</u>	<u>1,211,613</u>	<u>1,726,322</u>
Cash and pooled investments, beginning of year	<u>12,906,710</u>	<u>8,917,397</u>	<u>6,604,775</u>
Cash and pooled investments, end of year	<u>\$ 30,075,860</u>	<u>\$ 10,129,010</u>	<u>\$ 8,331,097</u>

Business-type Activities - Enterprise Funds		Governmental Activities
Nonmajor Enterprise Funds	Total	Internal Service Funds
\$ 5,525,258	\$ 146,133,066	\$ -
-	-	13,160,523
(4,032,838)	(79,996,087)	(11,838,650)
(897,218)	(15,801,666)	(1,630,242)
<u>595,202</u>	<u>50,335,313</u>	<u>(308,369)</u>
140,758	140,758	-
8,413	8,413	-
-	-	522,451
1,095,890	1,095,890	100,000
-	(9,163,402)	-
-	(1,541,445)	-
-	(84,305)	-
<u>1,245,061</u>	<u>(9,544,091)</u>	<u>622,451</u>
-	(3,037,500)	-
-	(1,256,891)	-
-	11,430,000	-
-	622,563	-
-	14,954,000	-
-	243,056	32,634
-	(8,249,153)	-
<u>(137,413)</u>	<u>(28,040,316)</u>	<u>(1,580,764)</u>
<u>(137,413)</u>	<u>(13,334,241)</u>	<u>(1,548,130)</u>
-	79,250,066	-
-	(88,117,104)	-
<u>248,977</u>	<u>3,468,969</u>	<u>158,874</u>
<u>248,977</u>	<u>(5,398,069)</u>	<u>158,874</u>
1,951,827	22,058,912	(1,075,174)
<u>4,805,247</u>	<u>33,234,129</u>	<u>6,550,357</u>
<u>\$ 6,757,074</u>	<u>\$ 55,293,041</u>	<u>\$ 5,475,183</u>

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CITY OF HOLLAND, MICHIGAN

Statement of Cash Flows

Proprietary Funds

For the Year Ended June 30, 2025

	Business-type Activities - Enterprise Funds		
	Electric Utility	Wastewater Utility	Water Utility
Classified on the statement of net position as			
Cash and pooled investments	\$ 30,075,860	\$ 1,470,765	\$ 8,331,097
Restricted cash and pooled investments	-	8,658,245	-
	<u>\$ 30,075,860</u>	<u>\$ 10,129,010</u>	<u>\$ 8,331,097</u>
Cash flows from operating activities			
Operating income (loss)	\$ 25,792,071	\$ 652,482	\$ 4,817,866
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	14,418,058	3,827,360	3,006,862
Nonoperating income (expense) reported in operating activity for cash flow purposes	135,243	-	(51,276)
Change in:			
Accounts receivable	(2,026,158)	(139,282)	926,852
Due from other governmental units	-	-	155,714
Due from other funds	(1,079,648)	(14,564)	(3,108)
Inventories	(360,662)	(26,680)	130,514
Prepaid items	243,766	28,178	19,756
Accounts payable	1,234,526	(1,595,159)	1,155,197
Claims payable	-	-	-
Accrued payroll and benefits	77,468	21,367	12,383
Due to other funds	73,266	(40,957)	(1,427,876)
Unearned revenue	-	-	-
Compensated absences	(212,438)	141,173	116,344
Deposits	(84,836)	-	1,060
Landfill postclosure liability	(23,210)	-	-
Net pension liability	(354,345)	(102,009)	(80,533)
Deferred outflows of resources related to the net pension liability	336,270	96,806	76,425
Net other postemployment benefit asset	(61,909)	(15,540)	(13,091)
Deferred inflows of resources related to the net other postemployment benefit asset	(33,261)	(5,440)	(4,914)
Net cash provided by (used in) operating activities	<u>\$ 38,074,201</u>	<u>\$ 2,827,735</u>	<u>\$ 8,838,175</u>

Non-cash transactions

The City has purchases/construction of capital assets through accounts payable for the fiscal year ended June 30, 2025 of \$945,565 for the electric fund, \$1,686,850 for the wastewater fund, and \$227,988 for the water fund.

The City's Water fund had \$2,906,919 of accounts receivable related to the special item.

The City's Wastewater fund had \$11,504,758 of accounts receivable related to tax credits.

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
\$ 6,757,074	\$ 46,634,796	\$ 5,475,183
-	8,658,245	-
<u>\$ 6,757,074</u>	<u>\$ 55,293,041</u>	<u>\$ 5,475,183</u>
\$ 71,734	\$ 31,334,153	\$ (734,550)
474,514	21,726,794	900,083
-	83,967	-
(86,146)	(1,324,734)	(20,108)
-	155,714	-
-	(1,097,320)	(11,589)
-	(256,828)	15,613
-	291,700	(119,460)
127,580	922,144	(286,414)
-	-	(17,937)
9,625	120,843	9,300
-	(1,395,567)	(71,515)
(7,475)	(7,475)	76
5,370	50,449	28,132
-	(83,776)	-
-	(23,210)	-
-	(536,887)	-
-	509,501	-
-	(90,540)	-
-	(43,615)	-
<u>\$ 595,202</u>	<u>\$ 50,335,313</u>	<u>\$ (308,369)</u>

concluded

CITY OF HOLLAND, MICHIGAN

Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2025

	OPEB Trust Fund	Custodial Fund
Assets		
Cash and pooled investments	\$ -	\$ 2,723,543
MERS total market portfolio	794,387	-
Contribution receivable	-	1,053
	<hr/>	<hr/>
Total assets	<u>794,387</u>	<u>2,724,596</u>
Liabilities		
Due to other government	-	420
Undistributed receipts	-	30,233
	<hr/>	<hr/>
Total liabilities	<u>-</u>	<u>30,653</u>
Net position restricted for		
Other postemployment benefits	794,387	-
Other government units	-	2,693,943
	<hr/>	<hr/>
Total restricted net position	<u>\$ 794,387</u>	<u>\$ 2,693,943</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, 2025

	OPEB Trust Fund	Custodial Fund
Additions		
Employer contributions	\$ 21,577	\$ -
Investment income	69,785	-
Contributions/benefit from general operating funds	251,914	-
Airport collections	-	1,308,343
Registration fees collected	-	2,610
Property tax collected	-	54,731,875
	<hr/>	<hr/>
Total additions	343,276	56,042,828
	<hr/>	<hr/>
Deductions		
Benefit payments, including refunds of employee contributions	251,914	-
Administrative expenses	1,568	-
Airport distributions	-	1,177,954
Registration fees distributed	-	2,610
Property tax distributed	-	54,731,875
	<hr/>	<hr/>
Total deductions	253,482	55,912,439
	<hr/>	<hr/>
Change in net position	89,794	130,389
	<hr/>	<hr/>
Net position, beginning of year	704,593	2,563,554
	<hr/>	<hr/>
Net position, end of year	\$ 794,387	\$ 2,693,943
	<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, 2025

	Downtown Development Authority	Brownfield Redevelopment Authority	SmartZone	Total
Assets				
Cash and pooled investments	\$ 314,064	\$ 2,360,547	\$ 1,079,921	\$ 3,754,532
Receivables, net	11,580	-	-	11,580
Prepaid items	200	-	-	200
Capital assets:				
Being depreciated, net of depreciation	73,917	-	-	73,917
Total assets	<u>399,761</u>	<u>2,360,547</u>	<u>1,079,921</u>	<u>3,840,229</u>
Liabilities				
Accounts payable	8,408	-	436,554	444,962
Accrued payroll and benefits	3,659	-	-	3,659
Due to other governmental units	-	484,250	-	484,250
Bonds, notes and other long-term liabilities:				
Due within one year	4,381	-	-	4,381
Total liabilities	<u>16,448</u>	<u>484,250</u>	<u>436,554</u>	<u>937,252</u>
Net position				
Investment in capital assets	73,917	-	-	73,917
Unrestricted	309,396	1,876,297	643,367	2,829,060
Total net position	<u>\$ 383,313</u>	<u>\$ 1,876,297</u>	<u>\$ 643,367</u>	<u>\$ 2,902,977</u>

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, 2025

	Downtown Development Authority	Brownfield Redevelopment Authority	SmartZone	Total
Expenses				
Downtown Development Authority	\$ 304,136	\$ -	\$ -	\$ 304,136
Brownfield Redevelopment Authority	-	4,140,114	-	4,140,114
SmartZone	-	-	1,466,593	1,466,593
Total expenses	<u>304,136</u>	<u>4,140,114</u>	<u>1,466,593</u>	<u>5,910,843</u>
Program revenues				
Charges for services	19,840	-	39,088	58,928
Operating grants and contributions	26,077	59,079	915,468	1,000,624
Total program revenues	<u>45,917</u>	<u>59,079</u>	<u>954,556</u>	<u>1,059,552</u>
Net expenses (revenues)	<u>(258,219)</u>	<u>(4,081,035)</u>	<u>(512,037)</u>	<u>(4,851,291)</u>
General revenues				
Property taxes	275,745	4,024,188	-	4,299,933
Unrestricted grants and contributions	-	2,226	-	2,226
Total general revenues	<u>275,745</u>	<u>4,026,414</u>	<u>-</u>	<u>4,302,159</u>
Change in net position	<u>17,526</u>	<u>(54,621)</u>	<u>(512,037)</u>	<u>(549,132)</u>
Net position, beginning of year	<u>365,787</u>	<u>1,930,918</u>	<u>1,155,404</u>	<u>3,452,109</u>
Net position, end of year	<u>\$ 383,313</u>	<u>\$ 1,876,297</u>	<u>\$ 643,367</u>	<u>\$ 2,902,977</u>

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. The Holland Building Authority had no activity during the year, and has therefore not been included in the financial statements.

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.

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.

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

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.

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*.

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

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.

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 funds:

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

The *Infrastructure Projects* and *Municipal Facilities/Land Improvements Projects* 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.

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

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 21). 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.

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.

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

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

The *Custodial Fund* is used to account for assets that the government holds for others in a custodial capacity (such as property tax collections and 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.

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.

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

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

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

Beneficial Interest in Assets Held by Others

Beneficial interest in assets held by others represent assets transferred to the Holland/Zeeland Area Community Foundation to establish the City of Holland Cemetery Perpetual Care Fund to provide support to the City 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.

Receivables

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

Leases

Lessee. The City is a lessee for a noncancellable lease of equipment. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The City recognizes lease liabilities with an initial, individual value of \$10,000 or more.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments. The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price (if applicable) that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lessor. The City is a lessor for a noncancellable lease of a train depot. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for prepaid lease payments received at lease inception. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts. The City uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Subscription-Based Information Technology Arrangements (SBITA)

The City has a noncancellable subscription-based information technology arrangement. The City recognizes a subscription liability and an intangible right-to-use subscription asset in the government-wide financial statements. The City recognizes subscription liabilities with an initial, individual value of \$10,000 or more.

At the commencement of a subscription, the City initially measures the subscription liability at the present value of payments expected to be made during the SBITA term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at or before the subscription commencement date, plus certain initial direct costs. Subsequently, the subscription asset is amortized on a straight-line basis over its useful life.

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

Key estimates and judgments related to subscriptions include how the City determines (1) the discount rate it uses to discount the expected SBITA payments to present value, (2) subscription term, and (3) subscription payments. The City uses the interest rate charged by the SBITA vendor as the discount rate. When the interest rate charged by the SBITA vendor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for SBITAs. The subscription term includes the noncancellable period of the subscription. Subscription payments included in the measurement of the subscription liability are composed of fixed payments and purchase option price (if applicable) that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its subscription and will remeasure the subscription asset and subscription liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

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

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 was completed during fiscal year 2024.

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

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 2025 were \$26.6 million, resulting in an accrued amount due from HCT of \$11.0 million, which includes accrued interest.

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, 2025 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 are expended as consumed and are valued at historical cost determined on a moving average basis. In other funds, payments for the inventory type supplies are recorded as expenditures at the time of purchase as they are immaterial to the City's financial position.

Capital Assets and Depreciation

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are valued at cost where historical records are available and at an estimated historical cost where no historical records 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.

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

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

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

Restricted Assets

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.

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.

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

Unearned Revenue

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

	Governmental Activities
Grant drawdowns in excess of amounts expended:	
Culture and community improvement	\$ 34,714
Infrastructure projects	83,536
General government	287,287
Other	5,571
Fees collected in excess of amounts earned	<u>159,464</u>
Total unearned revenue	<u><u>\$ 570,572</u></u>

Pensions and Other Postemployment Benefits

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

Property Taxes

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

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

The taxable value at December 31, 2024 was \$1,686,273,701 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	9.4220		
Street development and improvement	1.2000		
Sidewalk development and improvement	0.1500		
Municipal capital projects	0.2545		
Debt service general obligation	2.7500		
	13.7765	14.6447	1
		17.5000	City Charter
West Michigan Airport Authority	0.0927	0.1000	1 & 2

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

Interfund Transactions

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

Electric Utility Fund Transfers

The City Charter authorizes an annual transfer from the Electric Utility Fund to the general purposes of the City. The current method for determining the transfer is 6.25% of electric retail sales revenue from the annual average of the three most recent full calendar years. Based on this method, a \$6,138,000 transfer was made to the General Fund. Additionally, the City receives a portion of the electric wholesale sales designated for the capital improvement fund. This represents 50% of the improvement to the Electric Utility's net income in the most recent calendar year derived from wholesale electric energy and capacity sales revenue. The total for fiscal year 2025 was \$3,025,402 allocated to the Municipal Facilities/Land Improvements Projects Fund. For fiscal year 2025, total transfers of \$9,163,402 were made.

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

Compensated Absences

The City recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled during or upon separation from employment. Based on the criteria listed, the City has four type of leave that qualifies for liability recognition for compensated absences - paid time off/vacation, compensatory time off, sick and floating holiday. The liability for compensated absences includes salary-related benefits, where applicable.

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 and opioid settlement receivables. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In addition, the City reports deferred inflows of resources related to its other postemployment benefits plan.

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. See Note 21 Regulatory Accounting for details.

Finally, the statements of net position and governmental funds balance sheet report deferred inflows related to leases. The amounts are deferred and amortized over the remaining life of the lease.

Fund Balance

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. City Council has delegated the authority to assign fund balance to the City Manager, as documented in the City's fund balance policy. Unassigned fund balance is the residual classification for the General Fund. In other funds, the unassigned classification should be only used to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

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

Use of Estimates

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

2. BUDGETARY INFORMATION

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

1. The City Manager is responsible for submitting the proposed operating budget for the following fiscal year to the City Council. The City Council, during its review, holds a public hearing to obtain taxpayer comments. The budget is legally enacted by resolution of the Council.
2. The City 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

The Uniform Budgeting Act (P.A. 621 of 1978) of the State of Michigan requires that all General, Special Revenue, and Permanent Funds adopt annually balanced budgets on the modified accrual basis of accounting.

For the year ended June 30, 2025, 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:			
Elections	\$ 246,487	\$ 250,400	\$ 3,913
Legal services	324,950	363,066	38,116
City treasurer	210,188	220,270	10,082
Public works:			
Streets	1,766,775	1,782,928	16,153
Welfare and social services:			
Housing and neighborhood	114,710	129,181	14,471
Other:			
Insurance	635,696	857,034	221,338
Budget stabilization:			
General government:			
Other services and charges	10,600	24,281	13,681
Public Parking System Fund	418,934	421,021	2,087
Other General Grants Fund	-	22,098	22,098
Public Safety Grant Funds	17,200	348,693	331,493
Culture and Community Improvement Fund	11,378	478,611	467,233
Cemetery Perpetual Care Fund	57,200	75,028	17,828

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

4. DEPOSITS AND INVESTMENTS

The City's reporting entity deposits and investments as of June 30, 2025 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	\$ 57,434,132	\$ 46,634,796	\$ 3,754,532	\$ 2,723,543	\$ 110,547,003
Investments	-	86,371,492	-	-	86,371,492
Restricted assets:					
Cash and pooled investments	-	8,658,245	-	-	8,658,245
Investments	-	3,246,602	-	-	3,246,602
MERS total market portfolio	-	-	-	794,387	794,387
Total	<u>\$ 57,434,132</u>	<u>\$ 144,911,135</u>	<u>\$ 3,754,532</u>	<u>\$ 3,517,930</u>	<u>\$ 209,617,729</u>

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

Petty cash	\$ 13,299
Deposits (checking/savings accounts)	52,350,574
Certificate of deposit	4,685,167
Investments:	
Primary government	151,774,302
Fiduciary funds	794,387
	<u>\$ 209,617,729</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.

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

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

	No maturity	Due < 1 year	Due in 1-5 years	Totals
Treasury notes	\$ -	\$ 7,372,667	\$ 36,722,751	\$ 44,095,418
Government bonds	-	17,716,572	22,683,413	40,399,985
Commercial paper	-	2,457,873	-	2,457,873
Municipal bonds	-	1,288,716	1,405,096	2,693,812
Money market funds	49,467,311	-	-	49,467,311
Michigan CLASS government investment pool	9,413,301	-	-	9,413,301
MPPA investments	3,246,602	-	-	3,246,602
MERS total market portfolio	794,387	-	-	794,387
	<u>\$ 62,921,601</u>	<u>\$ 28,835,828</u>	<u>\$ 60,811,260</u>	<u>\$ 152,568,689</u>

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

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

S&P AAAm	\$ 45,720,615
S&P AA+	77,929,787
S&P AA	1,099,894
S&P AA-	767,378
S&P A-1	2,457,873
Moody's Aa1	5,230,597
Not subject to credit risk	<u>19,362,545</u>
	<u>\$ 152,568,689</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, \$51,825,704 of the bank balance of \$57,201,724 was exposed to custodial credit risk because it was uninsured and uncollateralized.

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

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

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

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

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

The City has the following recurring fair value measurements as of June 30, 2025:

	Level 1	Level 2	Level 3	Total
Treasury notes	\$ -	\$ 44,095,418	\$ -	\$ 44,095,418
Government bonds	-	40,399,985	-	40,399,985
Commercial paper	-	2,457,873	-	2,457,873
Municipal bonds	-	2,693,812	-	2,693,812
Michigan Public Power Agency	-	3,246,602	-	3,246,602
MERS total market portfolio	794,387	-	-	794,387
	<u>\$ 794,387</u>	<u>\$ 92,893,690</u>	<u>\$ -</u>	<u>93,688,077</u>
Assets carried at amortized cost:				
Money market funds				49,467,311
Assets carried at net asset value:				
Michigan CLASS government investment pool				<u>9,413,301</u>
Total investments				<u>\$ 152,568,689</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.

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

At year end, the net asset value of the City's investment in Michigan CLASS was \$9,413,301. The investment pool had no unfunded commitments, specific redemption frequency or redemption notice period required. The Michigan CLASS investment pool invests in U.S. treasury obligations, federal agency obligations of the U.S. government, high-grade commercial paper (rated 'A-1' or better) collateralized bank deposits, repurchase agreements (collateralized at 102% by Treasuries and agencies), and approved money-market funds. The program seeks to provide safety, liquidity, convenience, and competitive rates of return, and is designed to meet the needs of Michigan public sector investors. It purchases securities that are legally permissible under state statutes and are available for investment by Michigan counties, cities, townships, school districts, authorities and other public agencies.

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

City trunkage	\$ 4,240,362
System expansion and decommissioning	27,390,588
Future debt payments	4,711,952
Maintenance	8,918,874
Operating	9,136,927
Insurance/risk retention	<u>8,539,616</u>
	<u>\$ 62,938,319</u>

5. RECEIVABLES

Receivables are comprised of the following at year-end:

	Governmental Activities	Business-type Activities	Component Units
Accounts	\$ 1,580,129	\$ 37,261,958	\$ 11,580
Allowance for uncollectible accounts receivable	(190,673)	(99,991)	-
Taxes and special assessments	364,155	13,423	659
Allowance for uncollectible taxes and special assessments	(32,148)	(200)	(659)
Notes	651,762	-	-
Allowance for notes receivable	(30,000)	-	-
Interest	206,655	567,920	-
Due from other governmental units	2,259,742	12,087,434	-
Leases	237,438	-	-
	<u>\$ 5,047,060</u>	<u>\$ 49,830,544</u>	<u>\$ 11,580</u>

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

Of the amounts reported for receivables above the following amounts are not expected to be collected within one year:

	Governmental Activities	Business-type Activities
Accounts	\$ 325,777	\$ -
Taxes and special assessments	237,474	-
Notes	570,187	-
Due from other governmental units	-	12,087,434
Leases	165,188	-
	<u>\$ 1,298,626</u>	<u>\$ 12,087,434</u>

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, 2025, was as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Governmental activities					
Capital assets, not being depreciated/amortized:					
Land	\$ 16,798,657	\$ -	\$ -	\$ -	\$ 16,798,657
Construction in progress	7,804,263	26,263,386	(336,182)	(18,550,488)	15,180,979
	<u>24,602,920</u>	<u>26,263,386</u>	<u>(336,182)</u>	<u>(18,550,488)</u>	<u>31,979,636</u>
Capital assets, being depreciated/amortized:					
Land improvements	33,855,526	15,530	(125,476)	371,503	34,117,083
Buildings	65,456,784	-	(1,144,006)	7,571,972	71,884,750
Machinery and equipment	12,231,743	811,787	(215,668)	451,926	13,279,788
Vehicles	12,632,920	630,635	(190,240)	-	13,073,315
Infrastructure	153,076,901	-	(1,023,475)	10,155,087	162,208,513
Lease equipment (Note 9)	125,259	-	-	-	125,259
Subscription asset (Note 10)	92,539	-	-	-	92,539
	<u>277,471,672</u>	<u>1,457,952</u>	<u>(2,698,865)</u>	<u>18,550,488</u>	<u>294,781,247</u>
Less accumulated depreciation/amortization for:					
Land improvements	(20,906,052)	(1,258,146)	91,768	-	(22,072,430)
Buildings	(26,711,530)	(1,674,526)	902,965	-	(27,483,091)
Machinery and equipment	(7,434,943)	(644,346)	183,989	-	(7,895,300)
Vehicles	(6,319,983)	(811,269)	168,145	-	(6,963,107)
Infrastructure	(70,131,344)	(5,132,187)	690,271	-	(74,573,260)
Lease equipment (Note 9)	(50,112)	(25,056)	-	-	(75,168)
Subscription asset (Note 10)	(37,015)	(18,508)	-	-	(55,523)
	<u>(131,590,979)</u>	<u>(9,564,038)</u>	<u>2,037,138</u>	<u>-</u>	<u>(139,117,879)</u>
Total capital assets being depreciated/amortized, net	<u>145,880,693</u>	<u>(8,106,086)</u>	<u>(661,727)</u>	<u>18,550,488</u>	<u>155,663,368</u>
Governmental activities capital assets, net	<u>\$ 170,483,613</u>	<u>\$ 18,157,300</u>	<u>\$ (997,909)</u>	<u>\$ -</u>	<u>\$ 187,643,004</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	\$ 29,228,124	\$ -	\$ -	\$ 71,008	\$ 29,299,132
Construction in progress	19,642,169	30,756,706	-	(30,587,803)	19,811,072
	<u>48,870,293</u>	<u>30,756,706</u>	<u>-</u>	<u>(30,516,795)</u>	<u>49,110,204</u>
Capital assets, being depreciated:					
Land improvements	15,466,757	-	-	-	15,466,757
Buildings	2,525,208	144,013	-	-	2,669,221
Machinery and equipment	777,027,651	-	(1,177,564)	28,975,619	804,825,706
Vehicles	5,901,029	-	(599,344)	1,541,176	6,842,861
	<u>800,920,645</u>	<u>144,013</u>	<u>(1,776,908)</u>	<u>30,516,795</u>	<u>829,804,545</u>
Less accumulated depreciation for:					
Land improvements	(13,479,033)	(415,439)	-	-	(13,894,472)
Buildings	(1,701,181)	(41,436)	-	-	(1,742,617)
Machinery and equipment	(349,701,831)	(22,127,058)	1,122,725	-	(370,706,164)
Vehicles	(4,130,938)	(533,531)	595,224	-	(4,069,245)
	<u>(369,012,983)</u>	<u>(23,117,464)</u>	<u>1,717,949</u>	<u>-</u>	<u>(390,412,498)</u>
Total capital assets being depreciated, net	<u>431,907,662</u>	<u>(22,973,451)</u>	<u>(58,959)</u>	<u>30,516,795</u>	<u>439,392,047</u>
Business-type activities					
capital assets, net	<u>\$ 480,777,955</u>	<u>\$ 7,783,255</u>	<u>\$ (58,959)</u>	<u>\$ -</u>	<u>\$ 488,502,251</u>

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

Depreciation/amortization of governmental activities by function	
General government	\$ 335,529
Public safety	991,812
Public works	5,453,790
Parks and recreation	1,850,758
Welfare and social services	32,066
Internal service funds	900,083
	<u>\$ 9,564,038</u>

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

Depreciation of business-type activities by function

Electric Utility	\$ 14,418,058
Wastewater Utility	3,827,360
Water Utility	3,006,862
Nonmajor enterprise funds	474,514
Amortization (see note below)	<u>1,390,670</u>
	<u>\$ 23,117,464</u>

Total business-type activities depreciation and amortization expense of \$23,117,464 includes \$1,390,670 of current year amortization expense related to regulatory credits, see Note 21 Regulatory Accounting.

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	<u>(342,258)</u>	<u>(11,082)</u>	<u>-</u>	<u>-</u>	<u>(353,340)</u>
Downtown Development Authority					
capital assets, net	<u>\$ 84,999</u>	<u>\$ (11,082)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 73,917</u>

7. PAYABLES

Payables are comprised of the following at year-end:

	Governmental Activities	Business-type Activities	Component Units
Accounts	\$ 2,655,471	\$ 15,117,021	\$ 444,962
Accrued payroll and benefits	994,068	1,141,664	3,659
Claims payable	255,852	-	-
Accrued interest payable	859,802	453,678	-
Due to other governmental units	<u>302,076</u>	<u>-</u>	<u>484,250</u>
	<u>\$ 5,067,269</u>	<u>\$ 16,712,363</u>	<u>\$ 932,871</u>

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

8. BONDS, NOTES AND OTHER LONG-TERM LIABILITIES

Bonds, notes and other long-term liabilities at June 30, 2025, is comprised of the following:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Governmental activities					
General obligation bonds	\$ 50,895,000	\$ -	\$ (1,805,000)	\$ 49,090,000	\$ 2,415,000
Pension bonds	18,241,385	-	(1,938,555)	16,302,830	2,002,830
Bonds and notes from direct borrowings and direct placements	2,058,378	-	(523,132)	1,535,246	545,246
Lease liability (Note 9)	71,119	-	(27,933)	43,186	28,614
Subscription liability (Note 10)	52,645	-	(20,678)	31,967	21,183
Total installment liabilities	71,318,527	-	(4,315,298)	67,003,229	5,012,873
Premium on bonds payable	2,116,808	-	(132,157)	1,984,651	132,157
Compensated absences	2,973,500	208,259	-	3,181,759	1,960,000
Totals governmental activities	<u>\$ 76,408,835</u>	<u>\$ 208,259</u>	<u>\$ (4,447,455)</u>	<u>\$ 72,169,639</u>	<u>\$ 7,105,030</u>

The changes in compensated absences are shown net.

General obligation bonds

\$17,270,000 2022 Capital Improvement Bonds, due in annual installments of \$200,000 to \$1,175,000, plus interest at 5.0%, payable semi-annually, through May 1, 2047.	\$ 16,280,000
\$9,835,000 2016B Limited Tax General Obligation Bonds, due in annual installments of \$175,000 to \$750,000, plus interest ranging from 1.18 to 4.36%, payable semi-annually, through August 1, 2036.	7,935,000
\$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.	1,250,000
\$7,000,000 2018 Capital Improvement Bonds, due in annual installments of \$100,000 to \$500,000, plus interest ranging from 3.25 to 3.625% payable semi-annually, through November 1, 2042.	6,470,000
\$17,535,000 2023 Unlimited Tax Obligation Bonds, due in annual installments of \$380,000 to \$1,1200,000, plus interest at 5.00% payable semi-annually, through May 1, 2043.	<u>17,155,000</u>
Total general obligation bonds	<u>\$ 49,090,000</u>

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

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.

\$ 1,232,830

\$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.

15,070,000

Total pension bonds

\$ 16,302,830

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.

\$ 1,205,000

\$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.

330,246

Total bonds and notes from direct borrowings and direct placements

\$ 1,535,246

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Business-type activities					
Direct placement revenue bonds	\$ 1,250,000	\$ -	\$ (1,250,000)	\$ -	\$ -
Revenue bonds	40,910,359	11,430,000	(1,315,000)	51,025,359	2,075,000
Pension bonds	3,133,615	-	(1,541,445)	1,592,170	1,592,170
Installment sales agreement	6,117,500	-	(472,500)	5,645,000	485,000
Total installment liabilities	<u>51,411,474</u>	<u>11,430,000</u>	<u>(4,578,945)</u>	<u>58,262,529</u>	<u>4,152,170</u>
Premium on bonds payable	970,871	622,563	(146,599)	1,446,835	168,235
Landfill liability	603,460	-	(23,210)	580,250	-
Compensated absences	<u>1,421,178</u>	<u>50,449</u>	<u>-</u>	<u>1,471,627</u>	<u>1,471,627</u>
Total business-type activities	<u><u>\$ 54,406,983</u></u>	<u><u>\$ 12,103,012</u></u>	<u><u>\$ (4,748,754)</u></u>	<u><u>\$ 61,761,241</u></u>	<u><u>\$ 5,792,032</u></u>

The changes in compensated absences are shown net.

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

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.	\$ 2,403,610
\$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, \$27,999,141 drawn as of June 30, 2023, net of \$5,999,828 forgiveness, due in annual installments of \$990,000 to \$1,440,000 plus interest at 2.0%, payable semi-annually, through April 1, 2043.	21,856,749
\$11,430,000 2025 Water Revenue Bonds, due in annual installments of \$300,000 to \$1,270,000 plus interest ranging from 4.0% to 5.0%., payable semi-annually, through April 1, 2044.	<u>11,430,000</u>
Total revenue bonds	<u><u>\$ 51,025,359</u></u>

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.	<u><u>\$ 1,592,170</u></u>
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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.	<u><u>\$ 5,645,000</u></u>
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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.

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
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Component Unit - Downtown Development Authority

Compensated absences	\$ 3,620	\$ 761	\$ -	\$ 4,381	\$ 4,381
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The changes in compensated absences are shown net.

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

The annual requirements to pay principal and interest on general obligation, pension and revenue bonds outstanding at June 30, 2025 are as follows:

Year Ended June 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2026	\$ 4,417,830	\$ 2,808,704	\$ 3,667,170	\$ 1,716,398
2027	3,165,000	2,655,258	2,195,000	1,572,922
2028	3,055,000	2,529,838	2,265,000	1,502,798
2029	3,155,000	2,403,739	2,335,000	1,430,022
2030	3,265,000	2,271,108	2,410,000	1,354,598
2031-2035	17,945,000	9,142,576	13,313,610	5,515,242
2036-2040	18,495,000	5,090,249	15,685,000	3,141,604
2041-2045	9,600,000	1,737,454	10,895,000	746,012
2046-2047	2,295,000	173,500	-	-
	<u>\$ 65,392,830</u>	<u>\$ 28,812,426</u>	52,765,780	<u>\$ 16,979,596</u>
Less amounts not yet drawn			<u>(148,251)</u>	
			<u>\$ 52,617,529</u>	

The annual requirements to maturity on installment sales agreement outstanding as of June 30, 2025 are as follows:

Year Ended June 30,	Business-type Activities	
	Principal	Interest
2026	\$ 485,000	\$ 168,598
2027	500,000	156,957
2028	512,500	144,208
2029	532,500	130,626
2030	550,000	115,716
2031-2035	<u>3,065,000</u>	<u>310,743</u>
	<u>\$ 5,645,000</u>	<u>\$ 1,026,848</u>

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

The annual requirements to pay principal and interest notes from direct borrowings and direct placements outstanding at June 30, 2025 are as follows:

Year Ended June 30,	Governmental Activities	
	Principal	Interest
2026	\$ 545,246	\$ 26,156
2027	230,000	17,028
2028	245,000	13,072
2029	255,000	8,858
2030	260,000	4,472
	<u>\$ 1,535,246</u>	<u>\$ 69,586</u>

Revenue Bonds

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

Pledged Revenues

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 5% of net revenues. The total principal and interest paid for the current year and total customer net revenues were \$651,965 and \$4,479,842 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 11% of net revenues. The total principal and interest paid for the current year and total customer net revenues were \$1,461,494 and \$4,479,842, respectively.

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

Water. The Board has pledged future water customer revenues, net of specified operating expenses, to repay \$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 4% of net revenues. The total principal and interest paid for the current year and total customer net revenues were \$625,231 and \$7,824,728, respectively.

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 1% of net revenues. The total principal and interest paid for the current year and total customer net revenues were \$377,840 and \$7,824,728, respectively.

The Board has pledged future water customer revenues, net of specified operating expenses, to repay \$11.43 million in Water supply system revenue bonds issued in February 2025. Proceeds from the bonds provided financing for provided financing for designing, acquiring, constructing and installing improvements to the City's water supply and distribution system. The bonds are payable solely from water customer net revenues and are payable through 2044. Annual principal and interest payments on the bonds are expected to require less than 6% of net revenues. The total principal and interest paid for the current year and total customer net revenues were \$0 and \$7,824,728, respectively.

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 25 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, 2025, the closure and postclosure costs have been assured by a \$100,000 letter of credit and \$18,913 held in trust.

Compensated Absences

As the balance of earned compensated absences at June 30, 2025 for the business-type activities and internal service funds is substantially equal to amounts estimated to be paid out for such balances during the next year, all compensated balances for business-type activities and internal service funds are believed to be due in one year.

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

9. LEASES

Lessee - The City is involved in one agreement as a lessee that qualifies as a long-term lease agreement. Below is a summary of the nature of this agreement. This agreement qualifies as an intangible, right-to-use asset and not a financed purchase, as the City will not own the asset at the end of the contract term and the noncancelable term of the agreement surpasses one year.

Asset Type	Remaining Term of Agreement
Equipment	18 months

The right-to-use asset and the related activity are included in Note 6, Capital Assets. The lease liability and related activity is presented in Note 8, Bonds, Notes and Other Long-term Liabilities.

The net present value of future minimum payments as of June 30, 2025, were as follows:

Year Ended June 30,	Principal	Interest
2026	\$ 28,614	\$ 726
2027	14,572	98
	<u>\$ 43,186</u>	<u>\$ 824</u>

Lessor - The City is involved in an agreement as a lessor that qualifies as a long-term lease agreement. Below is a summary of this agreement. This agreement qualifies as long-term lease agreement as the City will not surrender control of the asset at the end of the term and the noncancelable term of the agreement surpasses one year. Total lease revenue for the year ended June 30, 2025 was \$72,615.

Asset Type	Remaining Term of Agreement
Train depot	37 months

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

10. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

The City is involved in an arrangement that qualifies as a long-term subscription-based information technology arrangement (SBITA). Below is a summary of the nature of this arrangement. This arrangement qualifies as an intangible, right-to-use subscription asset as the City has the control of the right to use another party's IT software and the noncancelable term of the arrangement surpasses one year. The present values are discounted using an interest rate of 2.41 percent based on the City's incremental borrowing rate.

Asset Type	Remaining Term of Arrangement
Subscription asset	18 months

The right-to-use subscription and the related activity are included in Note 6, Capital Assets. The subscription liability and related activity is presented in Note 8, Bonds, Notes and Other Long-term Liabilities.

The net present value of future minimum payments as of June 30, 2025, were as follows:

Year Ended June 30,	Principal	Interest
2026	\$ 21,183	\$ 537
2027	<u>10,784</u>	<u>76</u>
	<u>\$ 31,967</u>	<u>\$ 613</u>

11. JOINT VENTURES

The Board is part of a joint venture, the Michigan Public Power Agency (MPPA), with 21 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.

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

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, 2025, the Board recognized expenses totaling \$11,871,492 under the terms of the contracts which represented \$447,731 for fixed operating costs, \$357,892 for debt service and \$11,065,869 for the purchase of power. Accounts payable to MPPA totaled net \$421,160 at June 30, 2025. 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 AMP's Fremont Energy Center Project (AFEC). The estimated required payments presented below consider the dynamics of the PJM and MISO markets. Debt service payments assume no early calls or refinancing of existing revenue bonds.

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

Year Ended June 30,	Debt Service	Fixed Operating	Total
2026	\$ 357,892	\$ 447,731	\$ 805,623
2027	357,576	470,118	827,694
2028	357,854	493,624	851,478
2029	357,380	518,305	875,685
2030	358,167	544,220	902,387
2031-2032	714,795	1,230,006	1,944,801
	<u>\$ 2,503,664</u>	<u>\$ 3,704,004</u>	<u>\$ 6,207,668</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, 2025, the total debt service for Fremont was \$2,506,963, 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

12. INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2025, was as follows:

	Due from Other Funds			
	General Fund	Infrastructure Projects	Municipal Facilities/Land Improvements Projects	Nonmajor Governmental Funds
Due to other funds				
General Fund	\$ -	\$ -	\$ -	\$ -
Infrastructure Projects	-	-	-	-
Municipal Facilities/Land Improvements	-	-	-	-
Nonmajor Governmental Funds	-	-	47,631	-
Electric Utility	20,303	20,019	16,389	75,217
Wastewater Utility	155	153	125	575
Water Utility	1,205	1,188	974	4,465
Nonmajor Enterprise Funds	-	-	-	-
Internal Service Funds	-	-	59,286	-
	<u>\$ 21,663</u>	<u>\$ 21,360</u>	<u>\$ 124,405</u>	<u>\$ 80,257</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, 2025, interfund transfers consisted of the following:

	Transfers in			
	General Fund	Infrastructure Projects	Municipal Facilities/Land Improvements Projects	Nonmajor Governmental Funds
Transfers out				
General Fund	\$ -	\$ -	\$ -	\$ 539,398
Municipal Facilities/Land Improvement Projects	-	225,448	-	-
Nonmajor Governmental Funds	179,666	3,494,769	1,008,328	878,037
Electric Utility	6,138,000	-	3,025,402	-
	<u>\$ 6,317,666</u>	<u>\$ 3,720,217</u>	<u>\$ 4,033,730</u>	<u>\$ 1,417,435</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.



Due from Other Funds					
Electric Utility	Wastewater Utility	Water Utility	Nonmajor Enterprise Funds	Internal Service Funds	Total
\$ 158,461	\$ 874	\$ 15,852	\$ -	\$ -	\$ 175,187
2,981,186	16,447	298,238	-	-	3,295,871
788	4	79	-	-	871
114,777	633	11,482	-	-	174,523
-	-	-	437,594	58,898	628,420
-	-	-	3,342	450	4,800
-	-	-	25,980	3,496	37,308
24,812	137	2,482	-	-	27,431
17,881	99	1,790	-	-	79,056
<u>\$ 3,297,905</u>	<u>\$ 18,194</u>	<u>\$ 329,923</u>	<u>\$ 466,916</u>	<u>\$ 62,844</u>	<u>\$ 4,423,467</u>

Transfers in		
Nonmajor Enterprise Funds	Internal Service Funds	Total
\$ 1,061,586	\$ -	\$ 1,600,984
-	-	225,448
-	100,000	5,660,800
-	-	9,163,402
<u>\$ 1,061,586</u>	<u>\$ 100,000</u>	<u>\$ 16,650,634</u>

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

General Fund transfer to nonmajor government funds include funding for capital related projects and City matching share of grants. General Fund transfers to nonmajor enterprise funds represents funding for Civic Center Place operations. Nonmajor governmental funds transfers primarily consist of infrastructure projects financed by interfund transfers from several special revenue funds. Also included are transfers for General Fund contributions to support other fund operations. The Electric Utility fund transfer is authorized by City Charter and for the year ended June 30, 2025 is 6.25% of the average of the previous three year sales. Internal service funds transfers include allocation for capital expenditures.

13. NET INVESTMENT IN CAPITAL ASSETS

The composition of net investment in capital assets as of June 30, 2025, was as follows:

	Governmental Activities	Business-type Activities	Component Units
Capital assets:			
Land	\$ 16,798,657	\$ 29,299,132	\$ -
Construction in progress	15,180,979	19,811,072	-
Capital assets being depreciated/amortized, net	155,663,368	439,392,047	73,917
	<u>187,643,004</u>	<u>488,502,251</u>	<u>73,917</u>
Related debt:			
Total installment liabilities	67,003,229	58,262,529	-
Less: bonds payable related to pension obligations	(16,302,830)	(1,592,170)	-
Net bond premium	1,984,651	1,446,835	-
Unspent bond proceeds	(7,829,125)	(9,090,043)	-
Payables related to capital purchases	1,738,508	2,860,403	-
	<u>46,594,433</u>	<u>51,887,554</u>	<u>-</u>
Net investment in capital assets	<u>\$ 141,048,571</u>	<u>\$ 436,614,697</u>	<u>\$ 73,917</u>

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

14. FUND BALANCES - GOVERNMENTAL FUNDS

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

	General Fund	Infrastructure Projects	Municipal Facilities/Land Improvements Projects	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable					
Prepaid items	\$ 57,273	\$ -	\$ -	\$ 207,313	\$ 264,586
Cemetery endowment corpus	-	-	-	2,932,933	2,932,933
	<u>57,273</u>			<u>3,140,246</u>	<u>3,197,519</u>
Restricted					
Street construction and maintenance	-	-	-	5,309,650	5,309,650
Cemetery maintenance and improvements	-	-	-	34,544	34,544
Parking system and maintenance	-	-	-	319,861	319,861
Downtown promotion	-	-	-	66,012	66,012
Grant and support programs	-	-	-	28,336	28,336
Specified donations	-	-	-	1,228,820	1,228,820
Assistance programs	-	-	-	231,291	231,291
Opioid	-	-	-	80,809	80,809
Unspent bond proceeds	-	6,594,813	1,234,312	-	7,829,125
Capital improvements	-	1,401,280	1,525,911	-	2,927,191
Debt service	-	-	-	1,733,452	1,733,452
	<u>-</u>	<u>7,996,093</u>	<u>2,760,223</u>	<u>9,032,775</u>	<u>19,789,091</u>
Committed					
Public access television	-	-	-	192,812	192,812
Dangerous structures	-	-	-	4,269	4,269
Capital improvements	-	232,432	7,746,731	-	7,979,163
Energy conservation	-	-	-	1,309,874	1,309,874
	<u>-</u>	<u>232,432</u>	<u>7,746,731</u>	<u>1,506,955</u>	<u>9,486,118</u>
Assigned					
Grant and support programs	-	-	-	31,946	31,946
Unassigned	<u>18,446,836</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,446,836</u>
Total fund balances - governmental funds	<u>\$ 18,504,109</u>	<u>\$ 8,228,525</u>	<u>\$ 10,506,954</u>	<u>\$ 13,711,922</u>	<u>\$ 50,951,510</u>

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

15. 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 5 year period) and multipliers ranging from 2.0 to 2.5%. Participants are considered to be fully vested in the plan after 10 years. Normal retirement age is 60 with early retirement at age 50 with 25 years of service, or age 55 with 25 years of service, depending on division/bargaining unit.

Employees Covered by Benefit Terms. At the December 31, 2024 valuation date, plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits	388
Inactive employees entitled to but not yet receiving benefits	46
Active employees	85
Total membership	519

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, 2025:

Division/Bargaining Unit	Employer Contribution	Employee Contribution	Status
01 - Gen. NonUnion	\$46,286/month	3.00%	Closed
02 - Public Safety Command	\$13,145/month	3.00%	Closed
11 - PubWks Local 586	\$66,551/month	3.00%	Closed
13 - PubWks-NonUnion	\$31,736/month	3.00%	Closed
14 - Clerical	\$6,790/month	3.00%	Closed
20 - Police FOP	\$52,100/month	6.00%	Closed
50 - Fire Local 759	\$27,028/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, 2024, 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, 2024 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	6.93%, net of investment and administrative expense including inflation

The base mortality tables used are constructed as described below and are based on 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
- Disabled 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, 2024 valuation were based on the results of the most recent actuarial experience study of 2019-2023.

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	<u>20.0%</u>	7.00%	1.40%
	<u>100.0%</u>		
Inflation			2.50%
Dedicated gains adjustment			-0.07%
Administrative expenses netted above			<u>0.25%</u>
Investment rate of return			<u><u>7.18%</u></u>

In February 2022, the MERS Retirement Board adopted a Dedicated Gains Policy. The purpose of the Policy is to automatically reduce the assumed rate of investment return for annual actuarial valuation purposes if the plan year's market value of investment income exceeds the expected investment income.

Discount Rate. The discount rate used to measure the total pension liability as of December 31, 2024 was 7.18%. 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, 2023	\$ 164,407,962	\$ 134,160,542	\$ 30,247,420
Changes for the year:			
Service cost	987,563	-	987,563
Interest	11,438,013	-	11,438,013
Differences between expected and actual experience	473,166	-	473,166
Changes in assumptions	(206,278)	-	(206,278)
Employer contributions	-	2,684,532	(2,684,532)
Employee contributions	-	605,497	(605,497)
Net investment income	-	9,909,789	(9,909,789)
Benefit payments, including refunds of employee contributions	(11,195,912)	(11,195,912)	-
Administrative expense	-	(291,674)	291,674
Net changes	<u>1,496,552</u>	<u>1,712,232</u>	<u>(215,680)</u>
Balances at December 31, 2024	<u><u>\$ 165,904,514</u></u>	<u><u>\$ 135,872,774</u></u>	<u><u>\$ 30,031,740</u></u>

The statement of net position presents a net pension liability of \$19,083,584 and \$10,948,156 for governmental and business-type activities, respectively.

Changes in assumptions. A 5-year experience study analyzing historical experience from 2019 through 2023 was completed in February 2025. The experience study recommended updated demographic assumptions, including adjustments to the following actuarial assumptions: mortality, retirement, and termination rates.

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 7.18%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1% lower (6.18%) or 1% higher (8.18%) than the current rate:

	1% Decrease (6.18%)	Current Discount Rate (7.18%)	1% Increase (8.18%)
Net pension liability	\$ 47,268,684	\$ 30,031,740	\$ 15,387,032

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, 2025, the City recognized pension expense of \$4,131,659. 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
Net difference between projected and actual earnings on pension plan investments	\$ 5,757,574	\$ -	\$ 5,757,574
Contributions subsequent to the measurement date	1,835,519	-	1,835,519
Total	\$ 7,593,093	\$ -	\$ 7,593,093

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, 2026. 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
2026	\$ 2,699,362
2027	4,325,681
2028	(1,153,198)
2029	(114,271)
Total	\$ 5,757,574

Payable to the Pension Plan. At June 30, 2025, the City reported a payable of \$105,077 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2025.

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 \$2,266,812 and employees contributed \$695,594 to the defined contribution plan for the year ended June 30, 2025.

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 \$514,814 to the defined compensation plan.

16. 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, 2024, the date of the most recent actuarial valuation, OPEB Plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefit payments	29
Active plan members	<u>257</u>
Total membership	<u><u>286</u></u>

Net OPEB Asset/Liability. The City's net OPEB asset/liability was measured as of June 30, 2025, and the total OPEB liability used to calculate the net OPEB asset/liability was determined by an actuarial valuation as of June 30, 2024, rolled forward to the measurement date of June 30, 2025.

Actuarial Assumptions. The total OPEB liability was determined by an actuarial valuation as of June 30, 2024 rolled forward to June 30, 2025 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5%
Salary increases	3.25%
Investment rate of return	6.93%
Healthcare cost trend rate	N/A as this is a stipend only plan
Utilization	85% of eligible employees will elect coverage at early retirement; actual coverage used for non-active
Mortality	Public General 2016 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, 2025 is summarized in the table below.

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

Rate of Return. For the year ended June 30, 2025, the actual annual money-weighted rate of return on investments, net of investment expense, was 9.65 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	20.0%	7.00%	1.40%
	100.0%		
Inflation			2.50%
Investment rate of return			7.00%

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, 2025 was 4.81% (up from 4.21% at June 30, 2024). 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.

Discount Rate – Board of Public Works. In connection with the amount of the net OPEB asset allocated to the Holland Board of Public Works, the discount rate used to measure the total OPEB liability as of June 30, 2025 was 6.93% (down from 7.00% at June 30, 2024.) 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.

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

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, 2024	\$ 2,308,546	\$ 704,593	\$ 1,603,953
Changes for the year:			
Service cost	61,820	-	61,820
Interest	114,001	-	114,001
Differences between expected and actual experience	67,635	-	67,635
Changes in assumptions	(33,042)	-	(33,042)
Employer contributions	-	21,577	(21,577)
Contributions/benefit from general operating funds	-	251,914	(251,914)
Net investment income	-	69,785	(69,785)
Benefit payments, including refunds of employee contributions	(251,914)	(251,914)	-
Administrative expense	-	(1,568)	1,568
Net changes	<u>(41,500)</u>	<u>89,794</u>	<u>(131,294)</u>
Balances at June 30, 2025	<u><u>\$ 2,267,046</u></u>	<u><u>\$ 794,387</u></u>	<u><u>\$ 1,472,659</u></u>

Plan fiduciary net position as a percentage of
total pension liability

35.0%

The statement of net position presents a net OPEB liability of \$1,565,835 and a net OPEB asset of \$93,176 for governmental and business-type activities, respectively.

Changes in Assumptions. Mortality tables changed from Public General and Public Safety 2010 to 2016 Employee and Healthy Retiree, headcount weighted. The City's discount rate increased from 4.21% to 4.81%. The Board's discount rate decreased from 7.00% to 6.93%.

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 4.81% for the City and 6.93% 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 (3.81% / 5.93%) or 1% higher (5.81% / 7.93%) than the current rate:

	1% Decrease (3.81% / 5.93%)	Current Discount Rate (4.81% / 6.93%)	1% Increase (5.81% / 7.93%)
Net OPEB liability	\$ 1,604,291	\$ 1,472,659	\$ 1,348,738

The sensitivity of the net OPEB liability to changes in the healthcare cost trend rate is not applicable as this is a stipend only plan.

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

For the year ended June 30, 2025, the City recognized an OPEB benefit of \$433,159. 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	\$ 270,910	\$ 3,026,350	\$ (2,755,440)
Changes of assumptions	353,394	643,725	(290,331)
Net difference between projected and actual earnings on OPEB plan investments	-	52,297	(52,297)
Total	\$ 624,304	\$ 3,722,372	\$ (3,098,068)

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
2026	\$ (572,762)
2027	(581,041)
2028	(575,311)
2029	(563,108)
2030	(520,862)
Thereafter	<u>(284,984)</u>
Total	<u>\$ (3,098,068)</u>

Payable to the OPEB Plan. At June 30, 2025, the City had no payables for contributions to the OPEB plan.

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

17. 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

18. 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, 2023	\$ 198,990	\$ -	\$ -	\$ 2,083	\$ 201,073
Estimated claims incurred	7,346,285	134,538	465,172	74,442	8,020,437
Claim payments	(7,271,486)	(134,538)	(465,172)	(76,525)	(7,947,721)
Estimated liability, June 30, 2024	273,789	-	-	-	273,789
Estimated claims incurred	7,144,273	181,231	530,842	151,386	8,007,732
Claim payments	(7,162,210)	(181,231)	(530,842)	(149,063)	(8,023,346)
Estimated liability, June 30, 2025	\$ 255,852	\$ -	\$ -	\$ 2,323	\$ 258,175

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 \$250,000 deductible 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 events.

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 insured coverage for fiscal years ended June 30, 2025 and 2024, but the settlements did exceed insured coverage for the fiscal year ended June 30, 2023.

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

19. COMMITMENTS

At June 30, 2025, the City had the following outstanding commitments:

- \$7,829,000 for road construction and related infrastructure projects
- \$49,630,000 for various electric utility projects
- \$17,093,000 for various water utility projects
- \$8,112,000 for various wastewater utility projects

20. 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, 2024, and the amount of taxes abated for each of the programs for the year ended June 30, 2025 were as follows:

Industrial Facility Tax Exemption (IFT)	\$	597,985
Payment in Lieu of Taxes (PILOT)		286,127
Michigan Renaissance Zone		593,297
Neighborhood Enterprise Zone Act (NEZ)		74,371
TIFA - LDFA SmartZone		171,109
Brownfield Redevelopment Financing Act		1,155,381
State Land Bank		18,825
		<hr/>
	\$	<u>2,897,095</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

21. REGULATORY ACCOUNTING

The Board has established various regulatory assets and credits that result in differences between the recognition of revenues and expenses for ratemaking purposes, as described above. These actions result in regulatory assets and credits (deferred inflow of resources), which are summarized below. Changes to these balances, and their inclusion in rates, occur only at the direction of the Board. A summary of the balances of regulatory assets and credits as of June 30, 2025 is as follows:

	Electric Utility	Wastewater Utility	Water Utility	Total
Regulatory Assets				
Gas Pipeline Inspection	\$ 302,751	\$ -	\$ -	\$ 302,751
Holland Energy Park Planned Outage	652,653	-	-	652,653
Unit 9 Planned Outage	2,523,679	-	-	2,523,679
MPPA Belle River - Debt Cash Election	5,089,500	-	-	5,089,500
Holland Energy Park Inspections	481,464	-	-	481,464
Unit 8 Inspection	364,549	-	-	364,549
	<u>\$ 9,414,596</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,414,596</u>
Regulatory Credits				
Contributions in aid of construction:				
Biosolids Improvement	\$ -	\$ 5,196,178	\$ -	\$ 5,196,178
Vista Green Housing	-	215,239	322,848	538,087
Anaerobic Digester	-	19,766,283	-	19,766,283
NSA Equipment Replacement	-	4,209,123	-	4,209,123
Grant contributions:				
Anaerobic Digester	-	8,546,158	-	8,546,158
Interconnect	-	-	418,245	418,245
Holland Fiber	15,768,168	-	-	15,768,168
	<u>\$ 15,768,168</u>	<u>\$ 37,932,981</u>	<u>\$ 741,093</u>	<u>\$ 54,442,242</u>

Regulatory Assets - Regulatory Cost for Future Recovery

Regulatory assets are amortized against related expenses in the future period(s) the expenses are incurred.

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.

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

Holland Energy Park Planned Outage – \$796,458 was expended in fiscal year 2024 to perform inspection and maintenance on generating units and balance of plant equipment at the Holland Energy Park. These inspections are required every 6 years.

48th Street Peaking Plant Unit 9 Planned Outage – \$2,819,074 was expended in fiscal year 2025 for scheduled inspection and maintenance. These inspections are required every 7 and 15 years.

MPPA Belle River – Debt Cash Election – \$5,481,000 was expended in fiscal year 2025 for the Board's share of the conversion cost. Please see Note 9 for details on the Board's 15.66% interest in MPPA's 18.61% ownership of Detroit Edison's Belle River plant. These amounts are recognized over the life of the debt service payments of 7 years.

Holland Energy Park Units 10 & 11 Combustion Inspections – \$507,484 was expended in fiscal year 2025 for scheduled inspection and maintenance. These inspections are required every 7 years.

48th Street Peaking Plant Unit 8 Combustion Inspection – \$371,779 was expended in fiscal year 2025 for scheduled inspection and maintenance. These inspections are required every 7 years.

Regulatory Credits - Deferred Inflows of Resources

Regulatory credits are amortized against depreciation expense over the estimated lives of the underlying assets.

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 in the fiscal years received.

Vista Green Housing Project – Developer contributed wastewater and water infrastructure assets valued at \$228,000 and \$342,000, respectively, during fiscal year 2023.

Anaerobic Digester – Construction started in fiscal year 2021 with completion in fiscal year 2024. Contributed capital from the Northern Service Area is \$13,315,006. The project also qualified for direct pay energy tax credits of \$11,482,254 under the Inflation Reduction Act. These have also been recognized as regulatory credits.

NSA Equipment Replacement Fund Contributions – Pursuant to an agreement between the Northern Service Area (NSA) and the Board, the NSA makes annual payments to the Board to be used for the acquisition of new or replacement capital equipment. As the funds are expended, they will be recognized as contributed capital on the Statement of Revenues, Expenses, and Changes in Net Position.

The NSA, comprised of all of Holland and Park Townships located north of Lake Macatawa and the Macatawa River (excluding those areas of Holland Township located within the City of Zeeland Waste Water Treatment Plant service area) has contracted for a 50% capacity interest in the Board's wastewater reclamation facility.

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

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.

Holland Fiber – The City of Holland is making American Rescue Plan and Unlimited Tax General Obligation Bond funds available to provide funding related to build out of a fiber network within the city limits of Holland. Through June 30, 2025, \$15,768,168 has been received.

22. 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, 2025 are as follows:

Balance, beginning of year	\$ 2,422,962
Change in value of investments	213,191
Administrative fees	<u>(21,257)</u>
Balance, end of year	<u>\$ 2,614,896</u>

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

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.

Beneficial interest in assets held by others in the amount of \$2,614,896 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.

In addition to the amount listed above, the Foundation maintains donor funds for the benefit of the City which have not been included in the accompanying financial statements. Resources of the donor funds can be requested and expended by the City under the provisions of the fund agreement and upon approval by the Foundation. The balance in these donor funds at June 30, 2025 was \$4,125,650.

23. OPIOID SETTLEMENT

The City is part of a \$21 billion nationwide settlement reached in July 2021 to resolve all Opioids litigation brought by states and local political subdivisions against the three largest pharmaceutical distributors: McKesson, Cardinal Health, and AmerisourceBergen (Distributors), and a \$5 billion nationwide settlement with manufacturer Janssen Pharmaceuticals, Inc. and its parent company Johnson & Johnson (Janssen). The term of the settlement varies by entity; however, the City expects to receive eighteen (18) installments from the Distributors with the first two installments being paid early in 2023 and the remaining 16 installments expected to be made annually beginning in 2024. Additionally, the City expects to receive eleven (11) installments from Janssen with the first five installments being paid early in 2023 and the remaining installments expected to be made annually beginning in 2026. The City is currently allocated approximately 0.096% of the total State of Michigan local unit settlement and the total amount of the settlement is expected to be \$263,373 and \$61,909 from the Distributors and Janssen, respectively.

In 2022, additional settlements with pharmacies and manufacturers were announced, including CVS, Walgreens, Walmart, Allergan, and Teva, and the associated state-subdivision agreement was finalized in 2023. In 2023, additional settlements with Mallinckrodt and Meijer were announced. The term of the settlement varies by pharmacy and manufacturer; however, the City expects to receive installment payments beginning in 2024. The total amount of these settlements is expected to be \$278,575. Additional settlements with other pharmacies and manufacturers may be forthcoming as well. However, as of June 30, 2025, the amounts to be allocated to and collected by the City were not able to be determined, and as such, no amounts have been reported related to these settlements in the financial statements.

CITY OF HOLLAND, MICHIGAN

Notes to Financial Statements

The receivable for the various settlement agreements was recorded at the net present value, using a discount rate for payments to be received subsequent to 2025 of 3%. The net present value of the combined settlement payments to be received as of June 30, 2025 is \$367,039.

24. SPECIAL ITEM

The Board received notice of settlement proceeds related to the nationwide class action lawsuit against 3M Company concerning contamination of public water systems from per- and polyfluoroalkyl substances (PFAS). The settlement agreement was approved by the U.S. District Court for the District of South Carolina on March 29, 2024. The Board was determined to be an eligible claimant and was correspondingly notified that it will receive a total settlement of \$2,906,919, to be paid out via ten installment payments issued between calendar years 2025 and 2033.

25. RESTATEMENT TO BEGINNING NET POSITION

For the year ended June 30, 2025, the City had the following restatement to beginning net position:

	Governmental Activities
Net position, beginning of year, as previously reported	\$ 152,972,874
Change in accounting principle - Implementation of new standard - GASB 101	<u>(819,841)</u>
Net position, beginning of year, as restated	<u><u>\$ 152,153,033</u></u>



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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,			
	2025	2024	2023	2022
Total pension liability				
Service cost	\$ 987,563	\$ 1,063,684	\$ 1,154,127	\$ 1,077,831
Interest	11,438,013	11,256,365	11,066,663	10,970,359
Changes in benefit terms	-	-	-	-
Differences between expected and actual experience	473,166	1,533,263	825,135	974,146
Changes of assumptions	(206,278)	1,111,457	-	5,294,071
Benefit payments, including refunds of employee contributions	(11,195,912)	(10,570,355)	(10,197,887)	(9,917,610)
Net change in total pension liability	<u>1,496,552</u>	<u>4,394,414</u>	<u>2,848,038</u>	<u>8,398,797</u>
Total pension liability, beginning of year	<u>164,407,962</u>	<u>160,013,548</u>	<u>157,165,510</u>	<u>148,766,713</u>
Total pension liability, end of year	<u>165,904,514</u>	<u>164,407,962</u>	<u>160,013,548</u>	<u>157,165,510</u>
Plan fiduciary net position				
Employer contributions	2,684,532	2,510,264	3,059,635	2,754,448
Employee contributions	605,497	461,657	581,756	558,437
Net investment income (loss)	9,909,789	14,179,415	(16,667,528)	18,489,966
Benefit payments, including refunds of employee contributions	(11,195,912)	(10,570,355)	(10,197,887)	(9,917,610)
Administrative expense	(291,674)	(295,071)	(273,373)	(219,566)
Net change in plan fiduciary net position	<u>1,712,232</u>	<u>6,285,910</u>	<u>(23,497,397)</u>	<u>11,665,675</u>
Plan fiduciary net position, beginning of year	<u>134,160,542</u>	<u>127,874,632</u>	<u>151,372,029</u>	<u>139,706,354</u>
Plan fiduciary net position, end of year	<u>135,872,774</u>	<u>134,160,542</u>	<u>127,874,632</u>	<u>151,372,029</u>
City's net pension liability	<u>\$ 30,031,740</u>	<u>\$ 30,247,420</u>	<u>\$ 32,138,916</u>	<u>\$ 5,793,481</u>
Plan fiduciary net position as a percentage of total pension liability	81.9%	81.6%	79.9%	96.3%
Covered payroll	\$ 8,366,871	\$ 9,264,655	\$ 10,196,261	\$ 10,398,594
City's net pension liability as a percentage of covered payroll	358.9%	326.5%	315.2%	55.7%

See notes to required supplementary information.

Year Ended June 30,					
2021	2020	2019	2018	2017	2016
\$ 1,213,447	\$ 1,318,778	\$ 1,333,190	\$ 1,403,351	\$ 1,422,305	\$ 1,395,000
10,630,795	10,591,696	10,403,124	10,216,997	10,095,787	9,806,547
-	-	7,165	27,530	-	(35,121)
(1,212,317)	414,602	(559,110)	(767,736)	(1,674,442)	(1,624,003)
3,608,442	4,468,033	-	-	-	6,009,942
(9,491,615)	(9,023,916)	(8,616,101)	(8,420,858)	(8,217,231)	(8,254,623)
4,748,752	7,769,193	2,568,268	2,459,284	1,626,419	7,297,742
144,017,961	136,248,768	133,680,500	131,221,216	129,594,797	122,297,055
148,766,713	144,017,961	136,248,768	133,680,500	131,221,216	129,594,797
2,581,911	1,852,924	21,016,269	1,924,547	3,033,757	28,953,539
492,738	764,175	603,517	680,007	667,112	592,609
17,575,093	15,974,927	(5,051,853)	13,521,596	11,009,981	(1,046,066)
(9,491,615)	(9,023,916)	(8,616,101)	(8,420,858)	(8,217,231)	(8,254,623)
(255,384)	(275,124)	(246,616)	(214,540)	(217,181)	(172,535)
10,902,743	9,292,986	7,705,216	7,490,752	6,276,438	20,072,924
128,803,611	119,510,625	111,805,409	104,314,657	98,038,219	77,965,295
139,706,354	128,803,611	119,510,625	111,805,409	104,314,657	98,038,219
<u>\$ 9,060,359</u>	<u>\$ 15,214,350</u>	<u>\$ 16,738,143</u>	<u>\$ 21,875,091</u>	<u>\$ 26,906,559</u>	<u>\$ 31,556,578</u>
93.9%	89.4%	87.7%	83.6%	79.5%	75.6%
\$ 10,642,964	\$ 11,549,838	\$ 11,648,336	\$ 12,718,509	\$ 12,389,202	\$ 12,891,251
85.1%	131.7%	143.7%	172.0%	217.2%	244.8%

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
2025	\$ 2,923,424	\$ 3,297,124	\$ 373,700	\$ 8,668,923	38.0%
2024	1,972,400	2,205,400	233,000	10,099,793	21.8%
2023	2,343,060	2,693,060	350,000	10,548,420	25.5%
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%

See notes to required supplementary information.

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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,			
	2025	2024	2023	2022
Total OPEB liability				
Service cost	\$ 61,820	\$ 113,146	\$ 113,548	\$ 191,749
Interest	114,001	187,938	175,885	148,007
Differences between expected and actual experience	67,635	(2,160,883)	56,955	(1,134,546)
Changes of assumptions	(33,042)	173,082	29,175	(559,330)
Benefit payments, including refunds of employee contributions	(251,914)	(47,345)	(177,038)	(32,937)
Net change in total OPEB liability	(41,500)	(1,734,062)	198,525	(1,387,057)
Total OPEB liability, beginning of year	2,308,546	4,042,608	3,844,083	5,231,140
Total OPEB liability, end of year	2,267,046	2,308,546	4,042,608	3,844,083
Plan fiduciary net position				
Employer contributions	21,577	113,805	116,472	119,881
Contributions/benefit from general operating funds	251,914	47,345	177,038	32,937
Net investment income (loss)	69,785	63,516	28,631	(37,000)
Benefit payments, including refunds of employee contributions	(251,914)	(47,345)	(177,038)	(32,937)
Administrative expense	(1,568)	(1,301)	(725)	(654)
Net change in plan fiduciary net position	89,794	176,020	144,378	82,227
Plan fiduciary net position, beginning of year	704,593	528,573	384,195	301,968
Plan fiduciary net position, end of year	794,387	704,593	528,573	384,195
City's net OPEB liability	\$ 1,472,659	\$ 1,603,953	\$ 3,514,035	\$ 3,459,888
Plan fiduciary net position as a percentage of total pension liability	35.0%	30.5%	13.1%	10.0%
Covered payroll	\$ 24,426,776	\$ 24,149,222	\$ 23,056,949	\$ 22,453,714
City's net OPEB liability as a percentage of covered payroll	6.0%	6.6%	15.2%	15.4%

See notes to required supplementary information.



Year Ended June 30,			
2021	2020	2019	2018
\$ 200,343	\$ 230,274	\$ 235,620	\$ 255,182
142,627	171,123	164,726	177,821
(140,437)	(1,088,406)	(57,067)	39,706
(120,737)	453,601	-	(684,747)
(24,502)	(133,175)	(116,165)	(293,674)
<u>57,294</u>	<u>(366,583)</u>	<u>227,114</u>	<u>(505,712)</u>
<u>5,173,846</u>	<u>5,540,429</u>	<u>5,313,315</u>	<u>5,819,027</u>
<u>5,231,140</u>	<u>5,173,846</u>	<u>5,540,429</u>	<u>5,313,315</u>
270,382	-	-	-
24,502	-	-	-
31,855	-	-	-
(24,502)	-	-	-
(269)	-	-	-
<u>301,968</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>301,968</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 4,929,172</u>	<u>\$ 5,173,846</u>	<u>\$ 5,540,429</u>	<u>\$ 5,313,315</u>
5.8%	0.0%	0.0%	0.00%
\$ 22,181,457	\$ 21,879,905	\$ 24,991,574	23,993,330
23.6%	23.6%	22.2%	22.1%

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
2025	\$ 264,931	\$ 273,491	\$ 8,560	\$ 24,426,776	1.1%
2024	610,785	161,150	(449,635)	24,149,222	0.7%
2023	585,566	293,510	(292,056)	23,056,949	1.3%
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, 2025, the actuarially determined contribution for the Holland Board of Public Works was \$21,577 and for the remaining funds of the City \$243,354. Contributions in relation to the actuarially determined contribution for the Holland Board of Public Works were \$67,581 and for the remaining funds of the City \$205,910.

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
2025	9.65%
2024	10.28%
2023	7.47%
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.

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%.

In 2024, amounts reported as changes in assumptions resulted from a decrease in the assumed rate of return from 7.00% to 6.93%.

In 2025, amounts reported as changes in assumptions related to updated demographic assumptions, including adjustments to the following actuarial assumptions: mortality, retirement, and termination rates.

Notes to Schedule of Contributions

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

Methods and assumptions used to determine contribution rates (2025, based on the 12/31/2022 actuarial valuation):

Actuarial cost method	Entry-age normal
Amortization method	Level percent of payroll, open
Remaining amortization period	2-10 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	7.00%, net of investment and administrative expense including inflation
Normal retirement age	Age 60

CITY OF HOLLAND, MICHIGAN

Notes to Required Supplementary Information

Mortality

- 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
- Disabled 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

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.

Changes in assumptions for the June 30, 2023 actuarial valuation resulted from an increase in the discount rate from 4.09% to 4.13% (City rate), and medical trends updated.

Changes in assumptions for the June 30, 2024 actuarial valuation resulted from a change in the future salary increases from 3.25% to 3.50%. The City's discount rate increased from 4.13% to 4.21%.

CITY OF HOLLAND, MICHIGAN

Notes to Required Supplementary Information

Changes in assumptions for the June 30, 2025 actuarial valuation resulted from mortality tables changed from Public General and Public Safety 2010 to 2016 Employee and Healthy Retiree, headcount weighted. The City's discount rate increased from 4.21% to 4.81%. The Board's discount rate decreased from 7.00% to 6.93%.

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, 2024

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-age normal
Amortization method	Level percent of payroll, open
Remaining amortization period	9 years
Asset valuation method	Market value of assets
Inflation	2.5%
Salary increases	3.5%
Investment rate of return	7.00%, including inflation
Mortality	Public General 2016 Employee and Healthy Retiree, Headcount weighted, MP-2021
Healthcare cost trend rates	N/A as this is a stipend only plan

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.

The City's fund balance policy recommends maintaining an unassigned 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.

In accordance with City ordinance, the City maintains a minimum of 5% of the General Fund operating appropriations for the ensuing fiscal year. Furthermore, the balance should not exceed 15% of the average of the City's five most recent General Fund budgets. 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, 2025

	General	Budget Stabilization	Total General Fund
Assets			
Cash and pooled investments	\$ 17,287,459	\$ 2,428,540	\$ 19,715,999
Receivables, net:			
Accounts	239,164	-	239,164
Taxes	1,343	-	1,343
Interest	172,971	-	172,971
Due from other governmental units	757,096	-	757,096
Leases	237,438	-	237,438
Due from other funds	21,663	-	21,663
Prepaid items	57,273	-	57,273
Total assets	<u>\$ 18,774,407</u>	<u>\$ 2,428,540</u>	<u>\$ 21,202,947</u>
Liabilities			
Accounts payable	\$ 706,736	\$ -	\$ 706,736
Accrued payroll and benefits	831,891	-	831,891
Due to other governmental units	291,666	10,410	302,076
Due to other funds	175,187	-	175,187
Deposits	11,682	-	11,682
Unearned revenue	446,751	-	446,751
Total liabilities	<u>2,463,913</u>	<u>10,410</u>	<u>2,474,323</u>
Deferred inflows of resources			
Deferred lease amounts	224,515	-	224,515
Fund balances			
Nonspendable	57,273	-	57,273
Unassigned	16,028,706	2,418,130	18,446,836
Total fund balances	<u>16,085,979</u>	<u>2,418,130</u>	<u>18,504,109</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 18,774,407</u>	<u>\$ 2,428,540</u>	<u>\$ 21,202,947</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, 2025

	General	Budget Stabilization	Elimination	Total General Fund
Revenues				
Taxes	\$ 15,393,142	\$ -	\$ -	\$ 15,393,142
Licenses and permits	1,658,985	-	-	1,658,985
Intergovernmental	7,133,203	-	-	7,133,203
Charges for services	2,217,993	-	-	2,217,993
Fines and fees	178,382	-	-	178,382
Interest and rents	1,734,875	-	-	1,734,875
Miscellaneous	280,179	-	-	280,179
Total revenues	28,596,759	-	-	28,596,759
Expenditures				
Current:				
General government	5,231,339	24,281	-	5,255,620
Public safety	17,287,335	-	-	17,287,335
Public works	2,203,673	-	-	2,203,673
Welfare and social services	727,841	-	-	727,841
Parks and recreation	4,609,399	-	-	4,609,399
Other	957,034	-	-	957,034
Debt service:				
Principal retirement	48,611	-	-	48,611
Interest and fiscal charges	2,448	-	-	2,448
Total expenditures	31,067,680	24,281	-	31,091,961
Revenue over (under) expenditures	(2,470,921)	(24,281)	-	(2,495,202)
Other financing sources (uses)				
Transfers in	6,317,666	305,200	(305,200)	6,317,666
Transfers out	(1,906,184)	-	305,200	(1,600,984)
Total other financing sources (uses)	4,411,482	305,200	-	4,716,682
Net changes in fund balances	1,940,561	280,919	-	2,221,480
Fund balances, beginning of year	14,145,418	2,137,211	-	16,282,629
Fund balances, end of year	\$ 16,085,979	\$ 2,418,130	\$ -	\$ 18,504,109

CITY OF HOLLAND, MICHIGAN

Detailed Schedule of Revenues

Budget and Actual - General Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
<i>General Fund revenues</i>				
Taxes:				
Property	\$ 14,320,650	\$ 14,329,550	\$ 14,333,121	\$ 3,571
Penalties and interest on delinquent taxes	80,000	95,000	129,606	34,606
Administration fee	738,100	838,000	849,946	11,946
Public service charge in lieu of property tax	71,000	72,100	78,355	6,255
Other miscellaneous taxes	1,500	1,500	2,114	614
Total taxes	15,211,250	15,336,150	15,393,142	56,992
Licenses and permits:				
Business	24,100	24,100	36,646	12,546
Nonbusiness	1,771,000	1,554,000	1,622,339	68,339
Total licenses and permits	1,795,100	1,578,100	1,658,985	80,885
Intergovernmental:				
State	6,147,600	6,998,000	6,946,087	(51,913)
Federal	36,000	32,300	34,664	2,364
Other	144,000	151,300	152,452	1,152
Total intergovernmental	6,327,600	7,181,600	7,133,203	(48,397)
Charges for services:				
Fees	1,059,075	990,275	1,007,576	17,301
Services rendered	897,602	1,028,002	1,036,720	8,718
Sales	252,900	231,900	173,697	(58,203)
Total charges for services	2,209,577	2,250,177	2,217,993	(32,184)
Fines and fees	130,600	157,100	178,382	21,282
Interest and rents:				
Investment earnings	420,000	910,000	1,349,718	439,718
Rents	414,375	373,975	385,157	11,182
Total interest and rents	834,375	1,283,975	1,734,875	450,900
Miscellaneous	25,250	218,800	280,179	61,379
Total general fund revenues	26,533,752	28,005,902	28,596,759	590,857
Total revenues	\$ 26,533,752	\$ 28,005,902	\$ 28,596,759	\$ 590,857

CITY OF HOLLAND, MICHIGAN

Detailed Schedule of Expenditures

Budget and Actual - General Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Expenditures				
<i>General Fund expenditures</i>				
General government:				
City council	\$ 321,723	\$ 308,223	\$ 234,998	\$ (73,225)
City manager	504,254	507,381	495,882	(11,499)
Elections	299,487	246,487	250,400	3,913
City finance	864,336	874,009	830,812	(43,197)
Independent audit	56,300	53,300	53,108	(192)
City assessor	540,238	515,660	487,997	(27,663)
Legal services	274,450	324,950	363,066	38,116
City clerk	321,728	321,628	312,800	(8,828)
Human resources	522,598	551,598	453,194	(98,404)
City treasurer	202,188	210,188	220,270	10,082
City hall and grounds	239,733	236,333	230,663	(5,670)
Cemetery	931,009	938,209	893,017	(45,192)
Boards and commissions	9,916	9,316	9,009	(307)
Planning commission	465,473	485,673	396,123	(89,550)
Total general government	<u>5,553,433</u>	<u>5,582,955</u>	<u>5,231,339</u>	<u>(351,616)</u>
Public safety:				
Police	11,727,551	11,951,772	11,374,806	(576,966)
Fire	4,096,575	4,386,569	4,191,641	(194,928)
Environmental health/inspections	555,915	566,015	542,081	(23,934)
Construction inspections	1,213,487	1,201,887	1,178,807	(23,080)
Total public safety	<u>17,593,528</u>	<u>18,106,243</u>	<u>17,287,335</u>	<u>(818,908)</u>
Public works:				
Streets	1,659,005	1,766,775	1,782,928	16,153
Transportation management/engineering	371,067	431,667	420,745	(10,922)
Total public works	<u>2,030,072</u>	<u>2,198,442</u>	<u>2,203,673</u>	<u>5,231</u>
Welfare and social services:				
Housing and neighborhood	145,310	114,710	129,181	14,471
Economic development assistance	288,925	289,625	267,583	(22,042)
Human relations commission	383,098	353,225	331,077	(22,148)
Total welfare and social services	<u>817,333</u>	<u>757,560</u>	<u>727,841</u>	<u>(29,719)</u>

continued...

CITY OF HOLLAND, MICHIGAN

Detailed Schedule of Expenditures

Budget and Actual - General Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Expenditures (concluded)				
<i>General Fund expenditures (concluded)</i>				
Parks and recreation:				
Parks	\$ 2,628,131	\$ 2,725,731	\$ 2,512,758	\$ (212,973)
Nature center	54,735	49,435	36,397	(13,038)
Cultural-recreational	-	100	-	(100)
Recreation	1,931,012	1,867,219	1,836,514	(30,705)
Market	207,597	245,887	223,730	(22,157)
Total parks and recreation	<u>4,821,475</u>	<u>4,888,372</u>	<u>4,609,399</u>	<u>(278,973)</u>
Other:				
Insurance	633,496	635,696	857,034	221,338
Allocation to Holland Historical Trust	-	100,000	100,000	-
Contingencies	475,700	50,000	-	(50,000)
Total other	<u>1,109,196</u>	<u>785,696</u>	<u>957,034</u>	<u>171,338</u>
Debt service:				
Principal retirement	-	48,700	48,611	(89)
Interest and fiscal charges	-	2,500	2,448	(52)
Total debt service	<u>-</u>	<u>51,200</u>	<u>51,059</u>	<u>(141)</u>
Total general fund expenditures	31,925,037	32,370,468	31,067,680	(1,302,788)
<i>Budget Stabilization Fund expenditures</i>				
General government:				
Other services and charges	<u>5,000</u>	<u>10,600</u>	<u>24,281</u>	<u>13,681</u>
Total expenditures	<u><u>\$ 31,930,037</u></u>	<u><u>\$ 32,381,068</u></u>	<u><u>\$ 31,091,961</u></u>	<u><u>\$ (1,289,107)</u></u>

concluded

CITY OF HOLLAND, MICHIGAN

Detailed Schedule of Transfers

Budget and Actual - General Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Transfers in				
Permanent Fund:				
Cemetery Perpetual Care	\$ 58,000	\$ 57,150	\$ 75,028	\$ 17,878
Special Revenue Funds:				
Miscellaneous Government Functions:				
Specified Donations	-	25,000	-	(25,000)
Dangerous Structures	19,529	29	-	(29)
Culture and Community:				
Culture and Community Improvement	-	-	14,638	14,638
Welfare and Social:				
Opioid Settlement	-	90,000	90,000	-
Capital Projects Funds:				
Municipal Facilities/Land Improvement Projects	109,100	-	-	-
Enterprise Funds:				
Electric Utility	6,138,000	6,138,000	6,138,000	-
Budget Stabilization Fund Elimination	178,273 (178,273)	- -	- -	- -
Total transfers in	\$ 6,324,629	\$ 6,310,179	\$ 6,317,666	\$ 7,487
Transfers out				
Special Revenue Funds:				
Public Safety:				
Public Safety Grants	\$ -	\$ 260,000	\$ 264,398	\$ 4,398
Public Works:				
Holland Energy	-	275,000	275,000	-
Capital Projects Funds:				
Municipal Facilities/Land Improvement Projects	1,111,617	17	-	(17)
Enterprise Funds:				
Civic Center	-	1,103,379	1,061,586	(41,793)
Budget Stabilization Fund Elimination	- -	305,273 (305,273)	305,200 (305,200)	(73) 73
Total transfers out	\$ 1,111,617	\$ 1,638,396	\$ 1,600,984	\$ (37,412)

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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.

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.

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)

Downtown Operations Snowmelt Operating System Fund (Concluded)

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

Downtown Operations Principal Shopping District Fund

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

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

CATV (Public Access Channels) Fund

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

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

Revolving Cash Assistance Fund

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

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

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

CITY OF HOLLAND, MICHIGAN

Nonmajor Governmental Funds

Special Revenue Funds (Continued)

Other General Grants Fund

This 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.

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.

Public Safety Grants Fund

This fund provides financial accountability for revenue and expenditure operations, as well as balance sheet items, for public safety-related grants. The following grants are among those accounted for in this fund in fiscal year 2025:

Michigan 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. Via the law enforcement distribution (LED), the State distributes 60% of assessments to local governments. These monies are provided to law enforcement agencies for direct costs in support of in-service training for licensed law enforcement officers. Distributions are made on a per-full time equivalent (FTE) basis to eligible agencies determined by total hours worked by officers in the prior calendar year.

CITY OF HOLLAND, MICHIGAN

Nonmajor Governmental Funds

Special Revenue Funds (Continued)

Public Safety Grants Fund (Concluded)

Edward Byrne Memorial Justice Assistance Grant (JAG) – JAG is a federal grant program that provides states, tribes, and local governments with critical funding necessary to support a range of program areas including law enforcement, prosecution, indigent defense, courts, crime prevention and education, corrections, drug treatment and enforcement, planning, evaluation, technology improvement, crime victim and witness initiatives, mental health programs, and related law enforcement and corrections programs, including behavioral programs and crisis intervention teams, and implementation of state crisis intervention court proceedings and related programs or initiatives including but not limited to mental health courts, drug courts, veterans courts, and extreme risk protection order programs. The City of Holland benefitted from two JAG awards in FY 2025, one which supported the regional West Michigan Enforcement Team (WMET) and one which supported several small local projects.

Office of Highway Safety Planning (OHSP) – The Michigan OHSP provides grants to eligible entities to conduct effective traffic safety programs with federal funding received through the National Highway Traffic Safety Administration (NHTSA).

Patrick Leahy Bulletproof Vest Partnership (BVP) – Created by the Bulletproof Vest Partnership Grant Act of 1998, the BVP is a federal grant program administered by the Bureau of Justice Assistance (BJA) that reimburses states, units of local government, and federally recognized Indian tribes for up to 50 percent of the cost of body armor vests purchased for law enforcement officers.

Culture and Community Improvement 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, 2025, of estimated revenues and appropriations are carried forward to the ensuing fiscal year.

Opioid Settlement Fund

The City is part of a \$21 billion nationwide settlement reached in July 2021 to resolve all Opioids litigation brought by states and local political subdivisions against the three largest pharmaceutical distributors. The funding will be used for the allowable purposes in the settlement.

CITY OF HOLLAND, MICHIGAN

Nonmajor Governmental Funds

Special Revenue Funds (Concluded)

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.

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, 2018 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.
- as "debt service payment" of annual principal and interest on a twenty-five year Capital Improvement bond dated October 18, 2022 for construction of the Waverly Fire Station and remodel of the Kollen Park Fire Station.
- as "debt service payment" of annual principal and interest on a twenty year refunding General Obligation bond dated October 19, 2023 for infrastructure and expansion of City Broadband.

CITY OF HOLLAND, MICHIGAN

Nonmajor Governmental Funds

Debt Service Funds (Concluded)

Alternative Special Assessments 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).

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, 2025, of estimated revenues and appropriations are carried forward to the ensuing fiscal year.

CITY OF HOLLAND, MICHIGAN

Nonmajor Governmental Funds

Capital Projects Funds (Concluded)

Infrastructure Projects and Municipal Facilities/Land Improvements Projects Funds (Concluded)

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

- Replacing Playground Equipment
- Moran Park Improvements
- DeGraaf Nature Center Improvements

All Other Municipal Projects & Programs

- Community and Neighborhood:
 - Snowmelt Improvements
- Planning:
 - Waterfront Redevelopment
 - Museum Renovation
 - Ice Rink
- Facilities:
 - Fire Station Renovation

Street Development and/or Redevelopment Projects

- Annual Resurfacing Program of Various Streets
- 6th Street Improvements
- 16th Street widening
- 28th Street & Wildwood
- Columbia Avenue, 10th Street to 24th Street
- 40th Street Improvements
- VanRaalte Avenue, 10th Street to 24th Street

Sidewalk Projects:

- Sidewalk Repair / Replacement

Drain Projects:

- 32nd Street Culvert Replacement

Permanent Fund

Cemetery Perpetual Care Fund

The City maintains a permanent Cemetery Trust, which provides funds for perpetual care of cemetery lots and cremains 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, 2025

	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	\$ 1,530,682	\$ 276,821	\$ 1,062,578	\$ 726,305	\$ 942,411
Beneficial interest in assets held by others	-	-	-	-	-
Receivables:					
Accounts	47,592	79	-	-	-
Taxes and special assessments	-	-	-	-	-
Notes	-	-	-	-	-
Due from other governmental units	697,383	196,171	-	-	-
Due from other funds	5,728	2,800	-	-	-
Prepaid items	6,508	7,757	-	-	184,993
Total assets	<u>\$ 2,287,893</u>	<u>\$ 483,628</u>	<u>\$ 1,062,578</u>	<u>\$ 726,305</u>	<u>\$ 1,127,404</u>
Liabilities					
Accounts payable	\$ 37,211	\$ 7,505	\$ -	\$ -	\$ -
Accrued payroll and benefits	33,103	18,468	-	-	-
Due to other funds	80,551	2,062	-	-	-
Deposits	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Total liabilities	<u>150,865</u>	<u>28,035</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources					
Unavailable revenue:					
Special assessment receivable	-	-	-	-	-
Opioid settlement receivable	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances					
Nonspendable	6,508	7,757	-	-	184,993
Restricted	2,130,520	447,836	1,062,578	726,305	942,411
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Total fund balances	<u>2,137,028</u>	<u>455,593</u>	<u>1,062,578</u>	<u>726,305</u>	<u>1,127,404</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,287,893</u>	<u>\$ 483,628</u>	<u>\$ 1,062,578</u>	<u>\$ 726,305</u>	<u>\$ 1,127,404</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	Other General Grants	Specified Donations	Dangerous Structures
\$ 102,753	\$ 210,366	\$ 76,099	\$ 122,700	\$ 231,291	\$ -	\$ 1,252,735	\$ 4,291
-	-	-	-	-	-	-	-
35,632	-	814	83,511	-	-	-	-
-	-	-	-	317,881	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	803	-	-
-	-	-	-	-	-	-	-
7,560	-	300	-	-	-	-	-
<u>\$ 145,945</u>	<u>\$ 210,366</u>	<u>\$ 77,213</u>	<u>\$ 206,211</u>	<u>\$ 549,172</u>	<u>\$ 803</u>	<u>\$ 1,252,735</u>	<u>\$ 4,291</u>
\$ 2,876	\$ -	\$ 4,780	\$ 618	\$ -	\$ -	\$ 23,915	\$ 22
2,948	-	6,121	12,781	-	310	-	-
2,981	20,085	-	-	-	493	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>8,805</u>	<u>20,085</u>	<u>10,901</u>	<u>13,399</u>	<u>-</u>	<u>803</u>	<u>23,915</u>	<u>22</u>
-	-	-	-	317,881	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	317,881	-	-	-
7,560	-	300	-	-	-	-	-
129,580	190,281	66,012	-	231,291	-	1,228,820	-
-	-	-	192,812	-	-	-	4,269
-	-	-	-	-	-	-	-
<u>137,140</u>	<u>190,281</u>	<u>66,312</u>	<u>192,812</u>	<u>231,291</u>	<u>-</u>	<u>1,228,820</u>	<u>4,269</u>
<u>\$ 145,945</u>	<u>\$ 210,366</u>	<u>\$ 77,213</u>	<u>\$ 206,211</u>	<u>\$ 549,172</u>	<u>\$ 803</u>	<u>\$ 1,252,735</u>	<u>\$ 4,291</u>

continued...

CITY OF HOLLAND, MICHIGAN

Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2025

	Special Revenue Funds				
	Public Safety	Culture and Community	Welfare & Social Services	Public Works	Debt Service Funds
	Public Safety Grants	Culture and Community Improvement	Opioid Settlement	Holland Energy	General Obligation Debt Service
Assets					
Cash and pooled investments	\$ 32,452	\$ 50,272	\$ 80,809	\$ 596,303	\$ 1,703,960
Beneficial interest in assets held by others	-	-	-	-	-
Receivables:					
Accounts	-	-	367,039	1,179	-
Taxes and special assessments	-	-	-	-	2,266
Notes	-	-	-	621,762	-
Due from other governmental units	20,644	106,823	-	80,822	-
Due from other funds	-	-	-	44,503	27,226
Prepaid items	-	195	-	-	-
Total assets	<u>\$ 53,096</u>	<u>\$ 157,290</u>	<u>\$ 447,848</u>	<u>\$ 1,344,569</u>	<u>\$ 1,733,452</u>
Liabilities					
Accounts payable	\$ 650	\$ 38,557	\$ -	\$ 11,838	\$ -
Accrued payroll and benefits	11,982	3,206	-	1,644	-
Due to other funds	8,518	38,620	-	21,213	-
Deposits	-	13,662	-	-	-
Unearned revenue	-	34,714	-	-	-
Total liabilities	<u>21,150</u>	<u>128,759</u>	<u>-</u>	<u>34,695</u>	<u>-</u>
Deferred inflows of resources					
Unavailable revenue:					
Special assessment receivable	-	-	-	-	-
Opioid settlement receivable	-	-	367,039	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>367,039</u>	<u>-</u>	<u>-</u>
Fund balances					
Nonspendable	-	195	-	-	-
Restricted	-	28,336	80,809	-	1,733,452
Committed	-	-	-	1,309,874	-
Assigned	31,946	-	-	-	-
Total fund balances	<u>31,946</u>	<u>28,531</u>	<u>80,809</u>	<u>1,309,874</u>	<u>1,733,452</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 53,096</u>	<u>\$ 157,290</u>	<u>\$ 447,848</u>	<u>\$ 1,344,569</u>	<u>\$ 1,733,452</u>



Debt Service Funds		Permanent Fund	
Alternative Special Assessments	Act 99 Debt Service	Cemetery Perpetual Care	Total
\$ -	\$ -	\$ 351,881	\$ 9,354,709
-	-	2,614,896	2,614,896
-	-	700	536,546
10,517	-	-	330,664
-	-	-	621,762
-	-	-	1,102,646
-	-	-	80,257
-	-	-	207,313
<u>\$ 10,517</u>	<u>\$ -</u>	<u>\$ 2,967,477</u>	<u>\$ 14,848,793</u>
\$ -	\$ -	\$ -	\$ 127,972
-	-	-	90,563
-	-	-	174,523
-	-	-	13,662
-	-	-	34,714
-	-	-	441,434
10,517	-	-	328,398
-	-	-	367,039
10,517	-	-	695,437
-	-	2,932,933	3,140,246
-	-	34,544	9,032,775
-	-	-	1,506,955
-	-	-	31,946
-	-	2,967,477	13,711,922
<u>\$ 10,517</u>	<u>\$ -</u>	<u>\$ 2,967,477</u>	<u>\$ 14,848,793</u>

concluded

CITY OF HOLLAND, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds
For the Year Ended June 30, 2025

	Special Revenue Funds				
	Street Maintenance and Improvements				
	Major Street	Local Street	Allegan County Road Tax	Ottawa County Road Tax	Street Improvements Reserve
Revenues					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 1,824,278
Special assessments	-	-	-	-	-
Intergovernmental	4,756,455	1,230,705	683,907	499,653	175,936
Charges for services	40,912	36,803	-	-	-
Fines and fees	-	-	-	-	-
Contributions from private sector	-	-	-	-	-
Interest and rents	98,838	6,858	41,896	13,661	30,026
Miscellaneous	36,935	-	-	-	5,198
Total revenues	<u>4,933,140</u>	<u>1,274,366</u>	<u>725,803</u>	<u>513,314</u>	<u>2,035,438</u>
Expenditures					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	1,866,413	1,333,661	-	-	-
Parks and recreation	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Capital outlay	3,378,629	-	-	-	-
Total expenditures	<u>5,245,042</u>	<u>1,333,661</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenue over (under) expenditures	<u>(311,902)</u>	<u>(59,295)</u>	<u>725,803</u>	<u>513,314</u>	<u>2,035,438</u>
Other financing sources (uses)					
Transfers in	-	200,000	-	200,000	-
Transfers out	(200,000)	-	(661,595)	-	(2,833,174)
Total other financing sources (uses)	<u>(200,000)</u>	<u>200,000</u>	<u>(661,595)</u>	<u>200,000</u>	<u>(2,833,174)</u>
Net changes in fund balances	(511,902)	140,705	64,208	713,314	(797,736)
Fund balances, beginning of year	<u>2,648,930</u>	<u>314,888</u>	<u>998,370</u>	<u>12,991</u>	<u>1,925,140</u>
Fund balances, end of year	<u>\$ 2,137,028</u>	<u>\$ 455,593</u>	<u>\$ 1,062,578</u>	<u>\$ 726,305</u>	<u>\$ 1,127,404</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	Other General Grants	Specified Donations	Dangerous Structures
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
270,787	424,368	233,287	-	111,912	-	-	-
-	-	-	-	-	22,098	-	-
73,090	-	55,868	6,810	-	-	19,972	-
-	-	-	344,359	-	-	-	-
-	-	39,739	-	-	-	112,031	-
3,764	2,562	1,824	9,287	43,646	-	71,949	(76)
-	-	-	1,500	-	-	-	-
<u>347,641</u>	<u>426,930</u>	<u>330,718</u>	<u>361,956</u>	<u>155,558</u>	<u>22,098</u>	<u>203,952</u>	<u>(76)</u>
-	-	-	340,524	-	-	100,701	7,053
-	-	-	-	-	22,098	-	-
421,021	209,927	-	-	-	-	-	-
-	-	385,742	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	1,810	-	-	953	-
<u>421,021</u>	<u>209,927</u>	<u>385,742</u>	<u>342,334</u>	<u>-</u>	<u>22,098</u>	<u>101,654</u>	<u>7,053</u>
<u>(73,380)</u>	<u>217,003</u>	<u>(55,024)</u>	<u>19,622</u>	<u>155,558</u>	<u>-</u>	<u>102,298</u>	<u>(7,129)</u>
-	-	-	-	-	-	-	-
-	(142,356)	-	(100,000)	(200,000)	-	(1,008,328)	-
-	(142,356)	-	(100,000)	(200,000)	-	(1,008,328)	-
(73,380)	74,647	(55,024)	(80,378)	(44,442)	-	(906,030)	(7,129)
<u>210,520</u>	<u>115,634</u>	<u>121,336</u>	<u>273,190</u>	<u>275,733</u>	<u>-</u>	<u>2,134,850</u>	<u>11,398</u>
<u>\$ 137,140</u>	<u>\$ 190,281</u>	<u>\$ 66,312</u>	<u>\$ 192,812</u>	<u>\$ 231,291</u>	<u>\$ -</u>	<u>\$ 1,228,820</u>	<u>\$ 4,269</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, 2025

	Special Revenue Funds				
	Public Safety	Culture and Community	Welfare & Social Services	Public Works	Debt Service Funds
	Public Safety Grants	Culture and Community Improvement	Opioid Settlement	Holland Energy	General Obligation Debt Service
Revenues					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 6,479,924
Special assessments	-	-	-	-	-
Intergovernmental	98,707	396,147	-	75,063	1,230,342
Charges for services	-	-	34,809	-	-
Fines and fees	-	-	-	-	-
Contributions from private sector	-	48,076	-	500	-
Interest and rents	-	-	-	69,349	95,972
Miscellaneous	-	11,776	-	6	-
Total revenues	<u>98,707</u>	<u>455,999</u>	<u>34,809</u>	<u>144,918</u>	<u>7,806,238</u>
Expenditures					
Current:					
General government	-	-	-	-	-
Public safety	345,250	-	-	-	-
Public works	-	-	-	178,615	-
Parks and recreation	-	463,973	-	-	-
Debt service:					
Principal retirement	-	-	-	-	3,943,555
Interest and fiscal charges	-	-	-	-	3,450,053
Capital outlay	3,443	-	-	-	-
Total expenditures	<u>348,693</u>	<u>463,973</u>	<u>-</u>	<u>178,615</u>	<u>7,393,608</u>
Revenue over (under) expenditures	<u>(249,986)</u>	<u>(7,974)</u>	<u>34,809</u>	<u>(33,697)</u>	<u>412,630</u>
Other financing sources (uses)					
Transfers in	264,398	-	-	275,000	142,356
Transfers out	-	(14,638)	(90,000)	-	(335,681)
Total other financing sources (uses)	<u>264,398</u>	<u>(14,638)</u>	<u>(90,000)</u>	<u>275,000</u>	<u>(193,325)</u>
Net changes in fund balances	<u>14,412</u>	<u>(22,612)</u>	<u>(55,191)</u>	<u>241,303</u>	<u>219,305</u>
Fund balances, beginning of year	<u>17,534</u>	<u>51,143</u>	<u>136,000</u>	<u>1,068,571</u>	<u>1,514,147</u>
Fund balances, end of year	<u>\$ 31,946</u>	<u>\$ 28,531</u>	<u>\$ 80,809</u>	<u>\$ 1,309,874</u>	<u>\$ 1,733,452</u>



Debt Service Funds		Permanent Fund	
Alternative Special Assessments	Act 99 Debt Service	Cemetery Perpetual Care	Total
\$ -	\$ -	\$ -	\$ 8,304,202
-	-	-	1,040,354
-	-	-	9,169,013
-	-	79,975	348,239
-	-	-	344,359
-	-	-	200,346
-	-	207,192	696,748
-	-	-	55,415
-	-	287,167	20,158,676
-	-	-	448,278
-	-	-	367,348
-	-	-	4,009,637
-	-	-	849,715
-	323,132	-	4,266,687
-	12,549	-	3,462,602
-	-	-	3,384,835
-	335,681	-	16,789,102
-	(335,681)	287,167	3,369,574
-	335,681	-	1,417,435
-	-	(75,028)	(5,660,800)
-	335,681	(75,028)	(4,243,365)
-	-	212,139	(873,791)
-	-	2,755,338	14,585,713
\$ -	\$ -	\$ 2,967,477	\$ 13,711,922

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, 2025

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Intergovernmental	\$ 4,643,439	\$ 4,642,339	\$ 4,756,455	\$ 114,116
Charges for services	30,000	35,000	40,912	5,912
Interest and rents	40,000	40,000	98,838	58,838
Miscellaneous	10,000	-	36,935	36,935
Total revenues	<u>4,723,439</u>	<u>4,717,339</u>	<u>4,933,140</u>	<u>215,801</u>
Expenditures				
Current:				
Public works:				
Personnel services	736,200	645,500	616,287	(29,213)
Other services and charges	5,737,081	5,634,636	1,250,126	(4,384,510)
Capital outlay	-	-	3,378,629	3,378,629
Total expenditures	<u>6,473,281</u>	<u>6,280,136</u>	<u>5,245,042</u>	<u>(1,035,094)</u>
Revenues over (under) expenditures	(1,749,842)	(1,562,797)	(311,902)	1,250,895
Other financing uses				
Transfers out	(200,000)	(200,000)	(200,000)	-
Net changes in fund balances	<u>(1,949,842)</u>	<u>(1,762,797)</u>	<u>(511,902)</u>	<u>1,250,895</u>
Fund balances, beginning of year	<u>2,648,930</u>	<u>2,648,930</u>	<u>2,648,930</u>	<u>-</u>
Fund balances, end of year	<u>\$ 699,088</u>	<u>\$ 886,133</u>	<u>\$ 2,137,028</u>	<u>\$ 1,250,895</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, 2025

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Intergovernmental	\$ 1,167,091	\$ 1,198,291	\$ 1,230,705	\$ 32,414
Charges for services	40,000	45,000	36,803	(8,197)
Interest and rents	200	2,500	6,858	4,358
Total revenues	<u>1,207,291</u>	<u>1,245,791</u>	<u>1,274,366</u>	<u>28,575</u>
Expenditures				
Current:				
Public works:				
Personnel services	638,140	555,040	529,824	(25,216)
Other services and charges	920,700	941,800	803,837	(137,963)
Total expenditures	<u>1,558,840</u>	<u>1,496,840</u>	<u>1,333,661</u>	<u>(163,179)</u>
Revenues over (under) expenditures	(351,549)	(251,049)	(59,295)	191,754
Other financing sources				
Transfers in	200,000	200,000	200,000	-
Net changes in fund balances	<u>(151,549)</u>	<u>(51,049)</u>	<u>140,705</u>	<u>191,754</u>
Fund balances, beginning of year	<u>314,888</u>	<u>314,888</u>	<u>314,888</u>	<u>-</u>
Fund balances, end of year	<u>\$ 163,339</u>	<u>\$ 263,839</u>	<u>\$ 455,593</u>	<u>\$ 191,754</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, 2025

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Intergovernmental	\$ 540,000	\$ 525,000	\$ 683,907	\$ 158,907
Interest and rents	10,000	15,000	41,896	26,896
Total revenues	550,000	540,000	725,803	185,803
Other financing uses				
Transfers out	(865,000)	(865,000)	(661,595)	(203,405)
Net changes in fund balances	(315,000)	(325,000)	64,208	389,208
Fund balances, beginning of year	998,370	998,370	998,370	-
Fund balances, end of year	<u>\$ 683,370</u>	<u>\$ 673,370</u>	<u>\$ 1,062,578</u>	<u>\$ 389,208</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, 2025

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Intergovernmental	\$ 405,000	\$ 405,000	\$ 499,653	\$ 94,653
Interest and rents	2,000	500	13,661	13,161
Total revenues	<u>407,000</u>	<u>405,500</u>	<u>513,314</u>	<u>107,814</u>
Other financing sources (uses)				
Transfers in	-	200,000	200,000	-
Transfers out	(500,000)	(500,000)	-	(500,000)
Total other financing sources (uses)	<u>(500,000)</u>	<u>(300,000)</u>	<u>200,000</u>	<u>(500,000)</u>
Net changes in fund balances	(93,000)	105,500	713,314	607,814
Fund balances, beginning of year	<u>12,991</u>	<u>12,991</u>	<u>12,991</u>	<u>-</u>
Fund balances, end of year	<u>\$ (80,009)</u>	<u>\$ 118,491</u>	<u>\$ 726,305</u>	<u>\$ 607,814</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, 2025

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ 1,823,899	\$ 1,821,999	\$ 1,824,278	\$ 2,279
Intergovernmental	184,500	175,900	175,936	36
Interest and rents	5,000	20,000	30,026	10,026
Miscellaneous	-	-	5,198	5,198
Total revenues	2,013,399	2,017,899	2,035,438	17,539
Other financing uses				
Transfers out	(3,257,000)	(3,257,000)	(2,833,174)	(423,826)
Net changes in fund balances	(1,243,601)	(1,239,101)	(797,736)	441,365
Fund balances, beginning of year	1,925,140	1,925,140	1,925,140	-
Fund balances, end of year	<u>\$ 681,539</u>	<u>\$ 686,039</u>	<u>\$ 1,127,404</u>	<u>\$ 441,365</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, 2025

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Special assessments	\$ 268,785	\$ 270,817	\$ 270,787	\$ (30)
Charges for services	79,523	83,078	73,090	(9,988)
Interest and rents	1,500	2,500	3,764	1,264
Total revenues	<u>349,808</u>	<u>356,395</u>	<u>347,641</u>	<u>(8,754)</u>
Expenditures				
Current:				
Public works:				
Personnel services	113,101	174,601	149,798	(24,803)
Other services and charges	324,648	244,333	271,223	26,890
Total expenditures	<u>437,749</u>	<u>418,934</u>	<u>421,021</u>	<u>2,087</u>
Net changes in fund balances	(87,941)	(62,539)	(73,380)	(10,841)
Fund balances, beginning of year	<u>210,520</u>	<u>210,520</u>	<u>210,520</u>	-
Fund balances, end of year	<u>\$ 122,579</u>	<u>\$ 147,981</u>	<u>\$ 137,140</u>	<u>\$ (10,841)</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, 2025

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Special assessments	\$ 419,089	\$ 424,389	\$ 424,368	\$ (21)
Interest and rents	1,000	1,000	2,562	1,562
Total revenues	420,089	425,389	426,930	1,541
Expenditures				
Current:				
Public works:				
Other services and charges	251,599	235,399	209,927	(25,472)
Revenues over (under) expenditures	168,490	189,990	217,003	27,013
Other financing uses				
Transfers out	(142,356)	(142,356)	(142,356)	-
Net changes in fund balances	26,134	47,634	74,647	27,013
Fund balances, beginning of year	115,634	115,634	115,634	-
Fund balances, end of year	<u>\$ 141,768</u>	<u>\$ 163,268</u>	<u>\$ 190,281</u>	<u>\$ 27,013</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, 2025

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Special assessments	\$ 255,000	\$ 233,300	\$ 233,287	\$ (13)
Charges for services	84,600	54,700	55,868	1,168
Contributions from private sector	47,600	37,200	39,739	2,539
Interest and rents	1,500	(600)	1,824	2,424
Total revenues	<u>388,700</u>	<u>324,600</u>	<u>330,718</u>	<u>6,118</u>
Expenditures				
Current:				
Parks and recreation:				
Personnel services	160,819	159,219	159,593	374
Other services and charges	228,325	229,925	226,149	(3,776)
Total expenditures	<u>389,144</u>	<u>389,144</u>	<u>385,742</u>	<u>(3,402)</u>
Net changes in fund balances	(444)	(64,544)	(55,024)	9,520
Fund balances, beginning of year	<u>121,336</u>	<u>121,336</u>	<u>121,336</u>	-
Fund balances, end of year	<u>\$ 120,892</u>	<u>\$ 56,792</u>	<u>\$ 66,312</u>	<u>\$ 9,520</u>

CITY OF HOLLAND, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - CATV (Public Access Channels) Fund

For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Charges for services	\$ 1,500	\$ 5,400	\$ 6,810	\$ 1,410
Fines and fees	380,000	353,000	344,359	(8,641)
Interest and rents	2,400	4,000	9,287	5,287
Miscellaneous	1,500	1,500	1,500	-
Total revenues	<u>385,400</u>	<u>363,900</u>	<u>361,956</u>	<u>(1,944)</u>
Expenditures				
Current:				
General government:				
Personnel services	301,488	324,288	305,041	(19,247)
Other services and charges	58,140	25,440	35,483	10,043
Capital outlay	-	-	1,810	1,810
Total expenditures	<u>359,628</u>	<u>349,728</u>	<u>342,334</u>	<u>(7,394)</u>
Revenues over (under) expenditures	25,772	14,172	19,622	5,450
Other financing uses				
Transfers out	(100,000)	(100,000)	(100,000)	-
Net changes in fund balances	<u>(74,228)</u>	<u>(85,828)</u>	<u>(80,378)</u>	<u>5,450</u>
Fund balances, beginning of year,	<u>273,190</u>	<u>273,190</u>	<u>273,190</u>	<u>-</u>
Fund balances, end of year	<u>\$ 198,962</u>	<u>\$ 187,362</u>	<u>\$ 192,812</u>	<u>\$ 5,450</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, 2025

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Special assessments	\$ 170,875	\$ 170,875	\$ 111,912	\$ (58,963)
Interest and rents	42,425	42,425	43,646	1,221
Total revenues	213,300	213,300	155,558	(57,742)
Other financing uses				
Transfers out	-	(200,000)	(200,000)	-
Net changes in fund balances	213,300	13,300	(44,442)	(57,742)
Fund balances, beginning of year	275,733	275,733	275,733	-
Fund balances, end of year	<u>\$ 489,033</u>	<u>\$ 289,033</u>	<u>\$ 231,291</u>	<u>\$ (57,742)</u>

CITY OF HOLLAND, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Other General Grants Fund
 For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Intergovernmental	\$ -	\$ -	\$ 22,098	\$ 22,098
Expenditures				
Current:				
Public safety:				
Personnel services	-	-	22,098	22,098
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 - Specified Donations Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Charges for services	\$ -	\$ 452	\$ 19,972	\$ 19,520
Contributions from private sector	-	12,312	112,031	99,719
Interest and rents	-	-	71,949	71,949
Total revenues	-	12,764	203,952	191,188
Expenditures				
Current:				
General government:				
Other services and charges	-	370,492	100,701	(269,791)
Capital outlay	-	567	953	386
Total expenditures	-	371,059	101,654	(269,405)
Revenues over (under) expenditures	-	(358,295)	102,298	460,593
Other financing uses				
Transfers out	-	(1,755,452)	(1,008,328)	(747,124)
Net changes in fund balances	-	(2,113,747)	(906,030)	1,207,717
Fund balances, beginning of year	2,134,850	2,134,850	2,134,850	-
Fund balances, end of year	<u>\$ 2,134,850</u>	<u>\$ 21,103</u>	<u>\$ 1,228,820</u>	<u>\$ 1,207,717</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, 2025

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Charges for services	\$ -	\$ 8,100	\$ -	\$ (8,100)
Interest and rents	-	-	(76)	(76)
Total revenues	-	8,100	(76)	(8,176)
Expenditures				
Current:				
General government:				
Other services and charges	5,900	8,100	7,053	(1,047)
Revenues over (under) expenditures	(5,900)	-	(7,129)	(7,129)
Other financing uses				
Transfers out	(19,529)	(29)	-	(29)
Net changes in fund balances	(25,429)	(29)	(7,129)	(7,100)
Fund balances, beginning of year	11,398	11,398	11,398	-
Fund balances, end of year	<u>\$ (14,031)</u>	<u>\$ 11,369</u>	<u>\$ 4,269</u>	<u>\$ (7,100)</u>

CITY OF HOLLAND, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Public Safety Grant Funds
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Intergovernmental	\$ 17,200	\$ 267,200	\$ 98,707	\$ (168,493)
Expenditures				
Current:				
Public safety:				
Personal services	-	-	332,614	332,614
Other services and charges	17,200	17,200	12,636	(4,564)
Capital outlay	-	-	3,443	3,443
Total expenditures	17,200	17,200	348,693	331,493
Revenues over (under) expenditures	-	250,000	(249,986)	(499,986)
Other financing sources				
Transfers in	-	-	264,398	264,398
Net changes in fund balances	-	250,000	14,412	(235,588)
Fund balances, beginning of year	17,534	17,534	17,534	-
Fund balances, end of year	\$ 17,534	\$ 267,534	\$ 31,946	\$ (235,588)

CITY OF HOLLAND, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Culture and Community Improvement Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Intergovernmental	\$ -	\$ -	\$ 396,147	\$ 396,147
Contributions from private sector	-	11,278	48,076	36,798
Miscellaneous	-	-	11,776	11,776
Total revenues	-	11,278	455,999	444,721
Expenditures				
Current:				
Parks and recreation:				
Personnel services	-	-	85,242	85,242
Other services and charges	-	11,378	378,731	367,353
Total expenditures	-	11,378	463,973	452,595
Revenues over (under) expenditures	-	(100)	(7,974)	(7,874)
Other financing uses				
Transfers out	-	-	(14,638)	14,638
Net changes in fund balances	-	(100)	(22,612)	(22,512)
Fund balances, beginning of year	51,143	51,143	51,143	-
Fund balances, end of year	<u>\$ 51,143</u>	<u>\$ 51,043</u>	<u>\$ 28,531</u>	<u>\$ (22,512)</u>

CITY OF HOLLAND, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Opioid Settlement Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Charges for services	\$ -	\$ 32,100	\$ 34,809	\$ 2,709
Other financing uses				
Transfers out	-	(90,000)	(90,000)	-
Net changes in fund balances	-	(57,900)	(55,191)	2,709
Fund balances, beginning of year	136,000	136,000	136,000	-
Fund balances, end of year	<u>\$ 136,000</u>	<u>\$ 78,100</u>	<u>\$ 80,809</u>	<u>\$ 2,709</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, 2025

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Intergovernmental	\$ -	\$ 70,000	\$ 75,063	\$ 5,063
Contributions from private sector	1,000	500	500	-
Interest and rents	39,000	57,000	69,349	12,349
Miscellaneous	-	-	6	6
Total revenues	<u>40,000</u>	<u>127,500</u>	<u>144,918</u>	<u>17,418</u>
Expenditures				
Current:				
Public works:				
Personnel services	38,335	38,335	37,957	(378)
Other services and charges	359,000	328,700	140,658	(188,042)
Total expenditures	<u>397,335</u>	<u>367,035</u>	<u>178,615</u>	<u>(188,420)</u>
Revenues over (under) expenditures	(357,335)	(239,535)	(33,697)	205,838
Other financing sources				
Transfers in	275,000	275,000	275,000	-
Net changes in fund balances	<u>(82,335)</u>	<u>35,465</u>	<u>241,303</u>	<u>205,838</u>
Fund balances, beginning of year	<u>1,068,571</u>	<u>1,068,571</u>	<u>1,068,571</u>	<u>-</u>
Fund balances, end of year	<u>\$ 986,236</u>	<u>\$ 1,104,036</u>	<u>\$ 1,309,874</u>	<u>\$ 205,838</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, 2025

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Charges for services	\$ 64,500	\$ 95,000	\$ 79,975	\$ (15,025)
Interest and rents	4,000	8,000	207,192	199,192
Total revenues	68,500	103,000	287,167	184,167
Other financing uses				
Transfers out	(58,000)	(57,200)	(75,028)	17,828
Net changes in fund balances	10,500	45,800	212,139	166,339
Fund balances, beginning of year	2,755,338	2,755,338	2,755,338	-
Fund balances, end of year	<u>\$ 2,765,838</u>	<u>\$ 2,801,138</u>	<u>\$ 2,967,477</u>	<u>\$ 166,339</u>

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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

Windmill Island Fund (Concluded)

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.

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.

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.

CITY OF HOLLAND, MICHIGAN

Enterprise Funds

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.

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.



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CITY OF HOLLAND, MICHIGAN

Combining Statement of Net Position

Nonmajor Enterprise Funds

June 30, 2025

	Refuse and Recycling Pickup	Windmill Island	Airport Facilities and Management System
Assets			
Current assets:			
Cash and pooled investments	\$ 1,240,542	\$ 5,335,826	\$ 630
Receivables:			
Accounts	371,352	36,608	-
Taxes and special assessments	-	-	2
Due from other funds	466,916	-	-
Total current assets	<u>2,078,810</u>	<u>5,372,434</u>	<u>632</u>
Noncurrent assets:			
Capital assets:			
Land	-	99,809	5,662,128
Machinery and equipment	-	5,197,540	13,993,709
Accumulated depreciation	-	(3,094,282)	(13,438,491)
Total noncurrent assets	<u>-</u>	<u>2,203,067</u>	<u>6,217,346</u>
Total assets	<u>2,078,810</u>	<u>7,575,501</u>	<u>6,217,978</u>
Liabilities			
Current liabilities:			
Accounts payable	202,729	22,508	-
Accrued payroll and benefits	5,687	43,986	-
Due to other funds	24,686	2,452	-
Deposits	-	14,400	-
Current portion of bonds, notes and other long-term liabilities	10,484	37,501	-
Total liabilities (all current)	<u>243,586</u>	<u>120,847</u>	<u>-</u>
Net position			
Investment in capital assets	-	2,203,067	6,217,346
Unrestricted	1,835,224	5,251,587	632
Total net position	<u>\$ 1,835,224</u>	<u>\$ 7,454,654</u>	<u>\$ 6,217,978</u>



Civic Center	Employee Benefit Fund	Total
--------------	-----------------------	-------

\$ 158,721	\$ 21,355	\$ 6,757,074
50,000	-	457,960
-	-	2
-	-	466,916
<u>208,721</u>	<u>21,355</u>	<u>7,681,952</u>

-	-	5,761,937
-	-	19,191,249
-	-	(16,532,773)
-	-	<u>8,420,413</u>
<u>208,721</u>	<u>21,355</u>	<u>16,102,365</u>

201,450	609	427,296
1,563	-	51,236
293	-	27,431
-	-	14,400
<u>5,415</u>	<u>-</u>	<u>53,400</u>
<u>208,721</u>	<u>609</u>	<u>573,763</u>

-	-	8,420,413
-	20,746	7,108,189
<u>\$ -</u>	<u>\$ 20,746</u>	<u>\$ 15,528,602</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, 2025

	Refuse and Recycling Pickup	Windmill Island	Airport Facilities and Management System
Operating revenues			
Usage fees and charges for services	\$ 3,024,578	\$ 324,580	\$ -
Admissions and fares	-	2,211,543	-
Rentals	-	42,600	-
Miscellaneous	121	70	-
Total operating revenues	<u>3,024,699</u>	<u>2,578,793</u>	<u>-</u>
Operating expenses			
Personnel services	159,915	708,275	-
Other current expenses	2,598,263	392,953	140,849
Depreciation	-	164,967	309,547
Total operating expenses	<u>2,758,178</u>	<u>1,266,195</u>	<u>450,396</u>
Operating income (loss)	<u>266,521</u>	<u>1,312,598</u>	<u>(450,396)</u>
Nonoperating revenues			
Property taxes	-	-	140,748
Other private donations	4,845	3,568	-
Investment income	52,950	194,006	37
Total nonoperating revenues	<u>57,795</u>	<u>197,574</u>	<u>140,785</u>
Income (loss) before transfers	324,316	1,510,172	(309,611)
Transfers			
Transfers in	-	-	-
Change in net position	324,316	1,510,172	(309,611)
Net position, beginning of year	<u>1,510,908</u>	<u>5,944,482</u>	<u>6,527,589</u>
Net position, end of year	<u>\$ 1,835,224</u>	<u>\$ 7,454,654</u>	<u>\$ 6,217,978</u>



Civic Center	Employee Benefit Fund	Total
\$ -	\$ 15,387	\$ 3,364,545
-	-	2,211,543
-	-	42,600
-	-	191
<hr/>	<hr/>	<hr/>
-	15,387	5,618,879
<hr/>	<hr/>	<hr/>
41,932	2,091	912,213
1,019,725	8,628	4,160,418
-	-	474,514
<hr/>	<hr/>	<hr/>
1,061,657	10,719	5,547,145
<hr/>	<hr/>	<hr/>
(1,061,657)	4,668	71,734
<hr/>	<hr/>	<hr/>
-	-	140,748
-	-	8,413
-	1,984	248,977
<hr/>	<hr/>	<hr/>
-	1,984	398,138
<hr/>	<hr/>	<hr/>
(1,061,657)	6,652	469,872
<hr/>	<hr/>	<hr/>
1,061,586	-	1,061,586
<hr/>	<hr/>	<hr/>
(71)	6,652	1,531,458
<hr/>	<hr/>	<hr/>
71	14,094	13,997,144
<hr/>	<hr/>	<hr/>
\$ -	\$ 20,746	\$ 15,528,602
<hr/>	<hr/>	<hr/>

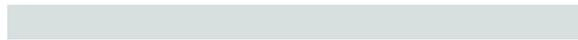
CITY OF HOLLAND, MICHIGAN

Combining Statement of Cash Flows

Nonmajor Enterprise Funds

For the Year Ended June 30, 2025

	Refuse and Recycling Pickup	Windmill Island	Airport Facilities and Management System
Cash flows from operating activities			
Receipts from customers and users	\$ 2,958,243	\$ 2,551,628	\$ -
Payments to suppliers	(2,597,273)	(388,406)	(140,849)
Payments to employees	(156,542)	(697,557)	-
Net cash provided by (used in) operating activities	<u>204,428</u>	<u>1,465,665</u>	<u>(140,849)</u>
Cash flows from noncapital financing activities			
Property taxes	-	-	140,758
Private donations	4,845	3,568	-
Intragovernmental receipts	34,130	234	-
Net cash provided by noncapital financing activities	<u>38,975</u>	<u>3,802</u>	<u>140,758</u>
Cash flows from capital and related financing activities			
Purchase/construction of capital assets	-	(137,413)	-
Cash flows from investing activities			
Investment income	52,950	194,006	37
Net increase (decrease) in cash and pooled investments	296,353	1,526,060	(54)
Cash and pooled investments, beginning of year	944,189	3,809,766	684
Cash and pooled investments, end of year	<u>\$ 1,240,542</u>	<u>\$ 5,335,826</u>	<u>\$ 630</u>
Cash flows from operating activities			
Operating income (loss)	\$ 266,521	\$ 1,312,598	\$ (450,396)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	-	164,967	309,547
Change in:			
Accounts receivable	(66,456)	(19,690)	-
Accounts payable	990	4,547	-
Accrued payroll and benefits	290	9,217	-
Unearned revenue	-	(7,475)	-
Compensated absences	3,083	1,501	-
Net cash provided by (used in) operating activities	<u>\$ 204,428</u>	<u>\$ 1,465,665</u>	<u>\$ (140,849)</u>



Civic Center	Employee Benefit Fund	Total
\$ -	\$ 15,387	\$ 5,525,258
(897,429)	(8,881)	(4,032,838)
<u>(41,028)</u>	<u>(2,091)</u>	<u>(897,218)</u>
<u>(938,457)</u>	<u>4,415</u>	<u>595,202</u>
-	-	140,758
-	-	8,413
<u>1,061,526</u>	<u>-</u>	<u>1,095,890</u>
<u>1,061,526</u>	<u>-</u>	<u>1,245,061</u>
<u>-</u>	<u>-</u>	<u>(137,413)</u>
<u>-</u>	<u>1,984</u>	<u>248,977</u>
123,069	6,399	1,951,827
<u>35,652</u>	<u>14,956</u>	<u>4,805,247</u>
<u>\$ 158,721</u>	<u>\$ 21,355</u>	<u>\$ 6,757,074</u>
\$ (1,061,657)	\$ 4,668	\$ 71,734
-	-	474,514
-	-	(86,146)
122,296	(253)	127,580
118	-	9,625
-	-	(7,475)
<u>786</u>	<u>-</u>	<u>5,370</u>
<u>\$ (938,457)</u>	<u>\$ 4,415</u>	<u>\$ 595,202</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.

Technology 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. The fund also manages postage services for the City.

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
- 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

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.

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

CITY OF HOLLAND, MICHIGAN

Internal Service Funds

Centralized Vehicle/Equipment Fund (Concluded)

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

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.

General Insurance 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

General Insurance Fund (Continued)

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.

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'.

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.

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 \$250,000 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 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.

CITY OF HOLLAND, MICHIGAN

Internal Service Funds

General Insurance Fund (Concluded)

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 \$250,000. The commercial policies provide stop-loss protection at \$250,000 'per occurrence' and 'aggregate' after \$1,000,000 of individual occurrences. The commercial policies also provide additional 'umbrella coverage' up to \$20,000,000 '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.

Employee Insurance 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 the insurance company or insurance brokerage firm, 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.



CITY OF HOLLAND, MICHIGAN

Combining Statement of Net Position

Internal Service Funds

June 30, 2025

	Equipment Services		
	Technology Services	Fuel Dispensing	Centralized Vehicle / Equipment
Assets			
Current assets:			
Cash and pooled investments	\$ 167,180	\$ -	\$ 703,863
Receivables:			
Accounts	-	68,901	144,626
Due from other funds	-	8,718	54,049
Inventories	4,289	31,656	702,807
Prepaid items	111,975	-	410
Total current assets	<u>283,444</u>	<u>109,275</u>	<u>1,605,755</u>
Noncurrent assets:			
Capital assets:			
Construction in progress	-	-	180,965
Machinery and equipment	1,272,497	331,880	13,243,395
Accumulated depreciation	(901,093)	(148,661)	(7,619,912)
Total noncurrent assets	<u>371,404</u>	<u>183,219</u>	<u>5,804,448</u>
Total assets	<u>654,848</u>	<u>292,494</u>	<u>7,410,203</u>
Liabilities			
Current liabilities:			
Accounts payable	10,003	8,076	49,263
Claims payable	-	-	-
Accrued payroll and benefits	19,720	-	40,887
Due to other funds	1,904	21,511	121
Unearned revenue	-	-	5,571
Current portion of bonds, notes and other long-term liabilities	34,530	-	183,228
Total liabilities (all current)	<u>66,157</u>	<u>29,587</u>	<u>279,070</u>
Net position			
Investment in capital assets	371,404	183,219	5,804,448
Unrestricted	217,287	79,688	1,326,685
Total net position	<u>\$ 588,691</u>	<u>\$ 262,907</u>	<u>\$ 7,131,133</u>



Insurance Services		
General Insurance	Employee Insurance	Total
\$ 614,619	\$ 3,989,521	\$ 5,475,183
-	5,529	219,056
77	-	62,844
-	-	738,752
242,462	-	354,847
<u>857,158</u>	<u>3,995,050</u>	<u>6,850,682</u>
-	-	180,965
-	-	14,847,772
-	-	(8,669,666)
-	-	<u>6,359,071</u>
<u>857,158</u>	<u>3,995,050</u>	<u>13,209,753</u>
-	14,913	82,255
-	255,852	255,852
-	2,892	63,499
37,654	17,866	79,056
-	-	5,571
-	-	<u>217,758</u>
<u>37,654</u>	<u>291,523</u>	<u>703,991</u>
-	-	6,359,071
<u>819,504</u>	<u>3,703,527</u>	<u>6,146,691</u>
<u>\$ 819,504</u>	<u>\$ 3,703,527</u>	<u>\$ 12,505,762</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, 2025

	Equipment Services		
	Technology Services	Fuel Dispensing	Centralized Vehicle / Equipment
Operating revenues			
Charges for services	\$ 1,428,941	\$ 750,825	\$ 827,954
Premiums	-	-	-
Rentals	-	-	3,306,413
Miscellaneous	-	-	66,039
Total operating revenues	<u>1,428,941</u>	<u>750,825</u>	<u>4,200,406</u>
Operating expenses			
Personnel services	519,660	15,959	1,108,113
Other current expenses	708,695	717,903	1,695,539
Depreciation	52,087	16,804	831,192
Total operating expenses	<u>1,280,442</u>	<u>750,666</u>	<u>3,634,844</u>
Operating income (loss)	<u>148,499</u>	<u>159</u>	<u>565,562</u>
Nonoperating revenues (expenses)			
Investment income	(13,894)	(3,789)	(4,614)
Insurance recovery	-	-	-
Loss on sale and disposal of capital assets	-	-	(288)
Total nonoperating revenues (expenses)	<u>(13,894)</u>	<u>(3,789)</u>	<u>(4,902)</u>
Income (loss) before transfers	134,605	(3,630)	560,660
Transfers			
Transfers in	100,000	-	-
Change in net position	234,605	(3,630)	560,660
Net position, beginning of year	<u>354,086</u>	<u>266,537</u>	<u>6,570,473</u>
Net position, end of year	<u>\$ 588,691</u>	<u>\$ 262,907</u>	<u>\$ 7,131,133</u>



Insurance Services		
General Insurance	Employee Insurance	Total
\$ -	\$ -	\$ 3,007,720
914,535	5,931,402	6,845,937
-	-	3,306,413
35,077	2,474	103,590
<u>949,612</u>	<u>5,933,876</u>	<u>13,263,660</u>
-	23,943	1,667,675
1,029,253	7,279,062	11,430,452
-	-	900,083
<u>1,029,253</u>	<u>7,303,005</u>	<u>13,998,210</u>
<u>(79,641)</u>	<u>(1,369,129)</u>	<u>(734,550)</u>
19,859	161,312	158,874
-	522,451	522,451
-	-	(288)
<u>19,859</u>	<u>683,763</u>	<u>681,037</u>
(59,782)	(685,366)	(53,513)
-	-	100,000
(59,782)	(685,366)	46,487
<u>879,286</u>	<u>4,388,893</u>	<u>12,459,275</u>
<u>\$ 819,504</u>	<u>\$ 3,703,527</u>	<u>\$ 12,505,762</u>

CITY OF HOLLAND, MICHIGAN

Combining Statement of Cash Flows

Internal Service Funds

For the Year Ended June 30, 2025

	Equipment Services		
	Technology Services	Fuel Dispensing	Centralized Vehicle / Equipment
Cash flows from operating activities			
Receipts from interfund services provided	\$ 1,429,540	\$ 733,271	\$ 4,192,800
Payments to suppliers	(1,016,619)	(735,390)	(1,732,182)
Payments to employees	(516,476)	(15,959)	(1,076,756)
Net cash provided by (used in) operating activities	<u>(103,555)</u>	<u>(18,078)</u>	<u>1,383,862</u>
Cash flows from noncapital financing activities			
Insurance refunds	-	-	-
Intergovernmental receipts	100,000	-	-
Net cash provided by noncapital financing activities	<u>100,000</u>	<u>-</u>	<u>-</u>
Cash flows from capital and related financing activities			
Proceeds from sale of capital assets	-	-	32,634
Purchase/construction of capital assets	(342,683)	-	(1,238,081)
Net cash used in capital and related financing activities	<u>(342,683)</u>	<u>-</u>	<u>(1,205,447)</u>
Cash flows from investing activities			
Investment income	(13,894)	(3,789)	(4,614)
Net increase (decrease) in cash and pooled investments	<u>(360,132)</u>	<u>(21,867)</u>	<u>173,801</u>
Cash and pooled investments, beginning of year	<u>527,312</u>	<u>21,867</u>	<u>530,062</u>
Cash and pooled investments, end of year	<u>\$ 167,180</u>	<u>\$ -</u>	<u>\$ 703,863</u>



Insurance Services		
General Insurance	Employee Insurance	Total
\$ 1,001,229	\$ 5,803,683	\$ 13,160,523
(1,058,589)	(7,295,870)	(11,838,650)
-	(21,051)	(1,630,242)
<u>(57,360)</u>	<u>(1,513,238)</u>	<u>(308,369)</u>
-	522,451	522,451
-	-	100,000
<u>-</u>	<u>522,451</u>	<u>622,451</u>
-	-	32,634
-	-	(1,580,764)
<u>-</u>	<u>-</u>	<u>(1,548,130)</u>
<u>19,859</u>	<u>161,312</u>	<u>158,874</u>
(37,501)	(829,475)	(1,075,174)
<u>652,120</u>	<u>4,818,996</u>	<u>6,550,357</u>
<u>\$ 614,619</u>	<u>\$ 3,989,521</u>	<u>\$ 5,475,183</u>

continued...

CITY OF HOLLAND, MICHIGAN

Combining Statement of Cash Flows

Internal Service Funds

For the Year Ended June 30, 2025

	Equipment Services		
	Technology Services	Fuel Dispensing	Centralized Vehicle / Equipment
Cash flows from operating activities			
Operating income (loss)	\$ 148,499	\$ 159	\$ 565,562
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	52,087	16,804	831,192
Change in:			
Accounts receivable	-	(40,141)	18,947
Due from other funds	-	1,076	(26,628)
Inventories	(2,731)	(2,025)	20,369
Prepaid items	(97,025)	-	(410)
Accounts payable	(208,168)	(15,462)	(56,602)
Claims payable	-	-	-
Accrued payroll and benefits	1,310	-	5,098
Due to other funds	599	21,511	-
Unearned revenue	-	-	76
Compensated absences	1,874	-	26,258
Net cash provided by (used in) operating activities	<u>\$ (103,555)</u>	<u>\$ (18,078)</u>	<u>\$ 1,383,862</u>



Insurance Services		
General Insurance	Employee Insurance	Total
\$ (79,641)	\$ (1,369,129)	\$ (734,550)
-	-	900,083
-	1,086	(20,108)
13,963	-	(11,589)
-	-	15,613
(22,025)	-	(119,460)
(7,311)	1,129	(286,414)
-	(17,937)	(17,937)
-	2,892	9,300
37,654	(131,279)	(71,515)
-	-	76
-	-	28,132
<u>\$ (57,360)</u>	<u>\$ (1,513,238)</u>	<u>\$ (308,369)</u>

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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, 2025 twenty-seven individual Brownfield Redevelopment Projects have been approved of which fourteen currently have TIF capture. 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

CITY OF HOLLAND, MICHIGAN

Component Units

Brownfield Redevelopment Project Sites	TIF Capture Base Year	Brownfield Construction Activity
156 W 11 th St. (former Washington School, new residential development)	2016	Completed
Property located between 8th & 9th and between River & Pine Ave (formerly several buildings), new mixed use facilities and parking deck	2016	Completed
154 E. 15th St. (Minit Mart), refurbished commercial property	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	Completed
1162 Washington Avenue (former Muffler Man, new restaurant)	2019	Completed
60 E 40 th St (former vacant land and partial condo development), single family homes (10) and 46 duplex condo development	2021	Completed
159 River Avenue (former Youth for Christ building; new residential condos and commercial condos)	2022	Completed
285 W 36 th St and 906 Washington Avenue (former vacant land) 4 two - bedroom and 20 three - bedroom townhouses and 18 three - bedroom single family homes	2023	In Progress
467 Ottawa Ave (formerly vacant industrial office building); three residential buildings with 11 new townhomes and 11 self storage units	2025	In Progress
493 W 32nd St (formerly vacant nursing home); five new residential buildings and 25 housing units	2025	In Progress
717 E 24th St (formerly vacant land); mixed use residential and commercial redevelopment that includes 202 residential units plus 13,200 square feet of commercial space	2025	In Progress

CITY OF HOLLAND, MICHIGAN

Component Units

[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.]

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, 2025

Assets

Cash and pooled investments	\$ 314,064
Accounts receivable	11,580
Prepaid items	<u>200</u>

Total assets

\$ 325,844

Liabilities

Accounts payable	\$ 8,408
Accrued payroll and benefits	<u>3,659</u>

Total liabilities

12,067

Fund balances

Nonspendable for prepaid items	200
Unassigned	<u>313,577</u>

Total fund balances

313,777

Total liabilities and fund balances

\$ 325,844

CITY OF HOLLAND, MICHIGAN

Reconciliation

Fund Balance of the Governmental Fund
to Net Position of Component Unit
Downtown Development Authority Component Unit
June 30, 2025

Fund balance - total governmental fund \$ 313,777

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 being depreciated, net 73,917

Certain liabilities are not due and payable in the current period and
therefore are not reported in the funds.

Compensated absences (4,381)

Net position of component unit \$ 383,313

CITY OF HOLLAND, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balance

Downtown Development Authority Component Unit

For the Year Ended June 30, 2025

Revenues

Property taxes	\$ 275,745
Charges for services	19,840
Investment income	14,427
Other revenue	<u>11,650</u>

Total revenues

321,662

Expenditures

Current:

Economic development:

Personnel services	97,527
Current operating expenditures	187,330
Capital outlay	<u>7,436</u>

Total expenditures

292,293

Net changes in fund balance

29,369

Fund balance, beginning of year

284,408

Fund balance, end of year

\$ 313,777

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, 2025

Net changes in fund balance - total governmental fund \$ 29,369

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 (11,082)

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.

Change in compensated absences (761)

Change in net position of component unit \$ 17,526

CITY OF HOLLAND, MICHIGAN

Balance Sheet

Brownfield Redevelopment Authority Component Unit

June 30, 2025

Assets

Cash and pooled investments	<u>\$ 2,360,547</u>
-----------------------------	---------------------

Liabilities

Due to other governmental units	\$ 484,250
---------------------------------	------------

Fund balance

Unassigned	<u>1,876,297</u>
------------	------------------

Total liabilities and fund balances

	<u>\$ 2,360,547</u>
--	---------------------

CITY OF HOLLAND, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balance

Brownfield Redevelopment Authority Component Unit

For the Year Ended June 30, 2025

Revenues

Property taxes	\$ 4,024,188
Intergovernmental	2,226
Investment income	<u>59,079</u>

Total revenues

4,085,493

Expenditures

Current:

Economic development	<u>4,140,114</u>
----------------------	------------------

Net changes in fund balance

(54,621)

Fund balance, beginning of year

1,930,918

Fund balance, end of year

\$ 1,876,297

CITY OF HOLLAND, MICHIGAN

Balance Sheet

SmartZone Component Unit

June 30, 2025

Assets

Cash and pooled investments	<u>\$ 1,079,921</u>
-----------------------------	---------------------

Liabilities

Accounts payable	\$ 436,554
------------------	------------

Fund balance

Unassigned	<u>643,367</u>
------------	----------------

Total liabilities and fund balances

	<u>\$ 1,079,921</u>
--	---------------------

CITY OF HOLLAND, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balance

SmartZone Component Unit

For the Year Ended June 30, 2025

Revenues

Charges for services	\$ 39,088
Contributions	870,096
Investment income	<u>45,372</u>

Total revenues

954,556

Expenditures

Current:

Economic development	<u>1,466,593</u>
----------------------	------------------

Net changes in fund balance

(512,037)

Fund balance, beginning of year

1,155,404

Fund balance, end of year

\$ 643,367

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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.	226
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.	236
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.	242
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.	252
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.	254

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			
	2025	2024	2023	2022
Governmental activities				
Net investment in capital assets	\$ 141,048,571	\$ 137,489,212	\$ 132,371,659	\$ 129,246,420
Restricted	14,935,847	17,936,549	12,024,966	8,827,705
Unrestricted (deficit)	<u>(2,113,607)</u>	<u>(2,452,887)</u>	<u>(5,621,248)</u>	<u>(5,688,645)</u>
Total governmental activities net position	<u>\$ 153,870,811</u>	<u>\$ 152,972,874</u>	<u>\$ 138,775,377</u>	<u>\$ 132,385,480</u>
Business-type activities				
Net investment in capital assets	\$ 436,614,697	\$ 429,717,702	\$ 400,097,996	\$ 394,720,658
Restricted	12,807,496	12,350,307	26,343,300	10,931,710
Unrestricted	<u>118,796,547</u>	<u>95,289,112</u>	<u>86,237,000</u>	<u>92,049,608</u>
Total business-type activities net position	<u>\$ 568,218,740</u>	<u>\$ 537,357,121</u>	<u>\$ 512,678,296</u>	<u>\$ 497,701,976</u>
Primary government				
Net investment in capital assets	\$ 577,663,268	\$ 567,206,914	\$ 532,469,655	\$ 523,967,078
Restricted	27,743,343	30,286,856	38,368,266	19,759,415
Unrestricted	<u>116,682,940</u>	<u>92,836,225</u>	<u>80,615,752</u>	<u>86,360,963</u>
Total primary government net position	<u>\$ 722,089,551</u>	<u>\$ 690,329,995</u>	<u>\$ 651,453,673</u>	<u>\$ 630,087,456</u>

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.

During the year ended June 30, 2025, the City implemented the provisions of GASB Statement 101, *Compensated Absences*. See additional details in Note 25. Prior years were not restated.

Fiscal Year					
2021	2020	2019	2018	2017	2016
\$ 125,338,987	\$ 121,803,108	\$ 117,526,801	\$ 110,819,862	\$ 106,647,631	\$ 107,920,320
9,326,937	7,236,082	6,462,602	4,920,535	5,552,677	3,986,636
<u>(13,474,811)</u>	<u>(18,407,158)</u>	<u>(18,768,821)</u>	<u>(19,116,428)</u>	<u>(13,506,025)</u>	<u>(16,316,283)</u>
<u>\$ 121,191,113</u>	<u>\$ 110,632,032</u>	<u>\$ 105,220,582</u>	<u>\$ 96,623,969</u>	<u>\$ 98,694,283</u>	<u>\$ 95,590,673</u>
\$ 375,415,497	\$ 266,015,919	\$ 271,210,102	\$ 260,423,184	\$ 243,038,572	\$ 227,299,822
11,067,495	24,769,600	25,439,897	43,801,278	32,305,746	26,103,060
<u>112,483,693</u>	<u>171,377,014</u>	<u>137,904,515</u>	<u>98,489,792</u>	<u>100,980,789</u>	<u>93,263,171</u>
<u>\$ 498,966,685</u>	<u>\$ 462,162,533</u>	<u>\$ 434,554,514</u>	<u>\$ 402,714,254</u>	<u>\$ 376,325,107</u>	<u>\$ 346,666,053</u>
\$ 500,754,484	\$ 387,819,027	\$ 388,736,903	\$ 371,243,046	\$ 349,686,203	\$ 335,220,142
20,394,432	32,005,682	31,902,499	48,721,813	37,858,423	30,089,696
<u>99,008,882</u>	<u>152,969,856</u>	<u>119,135,694</u>	<u>79,373,364</u>	<u>87,474,764</u>	<u>76,946,888</u>
<u>\$ 620,157,798</u>	<u>\$ 572,794,565</u>	<u>\$ 539,775,096</u>	<u>\$ 499,338,223</u>	<u>\$ 475,019,390</u>	<u>\$ 442,256,726</u>

CITY OF HOLLAND, MICHIGAN

Changes in Net Position

Last Ten Fiscal Years

	Fiscal Year			
	2025	2024	2023	2022
Expenses				
Governmental activities:				
General government	\$ 7,728,370	\$ 7,604,872	\$ 7,659,810	\$ 5,687,293
Public safety	19,229,382	18,907,702	18,957,326	13,045,393
Public works	25,924,275	16,292,290	13,232,408	15,557,452
Welfare and social services	1,998,999	1,346,656	1,584,861	1,099,101
Parks and recreation	8,334,990	4,585,032	6,376,710	4,060,045
Interest on long-term liabilities	2,939,976	2,954,911	2,005,036	1,593,768
Total governmental activities expenses	66,155,992	51,691,463	49,816,151	41,043,052
Business-type activities:				
Electric utility	87,781,331	84,280,445	86,159,789	83,439,530
Wastewater utility	13,870,819	12,736,554	13,672,926	12,545,127
Water utility	11,299,454	10,847,805	10,236,364	8,677,612
Other enterprise activities	5,547,145	4,910,178	5,168,945	4,571,928
Total business-type activities expenses	118,498,749	112,774,982	115,238,024	109,234,197
Total primary government expenses	184,654,741	164,466,445	165,054,175	150,277,249
Program revenues				
Governmental activities:				
Charges for services:				
General government	1,640,478	2,429,983	1,867,247	1,559,285
Public safety	2,514,813	2,801,084	3,677,817	1,998,409
Parks and recreation	873,238	636,582	713,826	724,305
Other activities	1,313,731	1,953,533	1,286,022	1,146,155
Operating grants and contributions	11,922,845	16,747,207	12,318,735	7,874,622
Capital grants and contributions	7,436,671	1,140,516	864,783	6,515,282
Total governmental activities program revenues	25,701,776	25,708,905	20,728,430	19,818,058
Business-type activities:				
Charges for services:				
Electric utility	113,518,952	106,999,062	104,412,007	99,596,066
Wastewater utility	14,106,958	13,980,597	13,094,805	13,403,130
Water utility	15,256,141	14,007,722	13,047,847	12,468,325
Other enterprise activities	5,618,879	4,737,973	4,723,108	4,163,879
Operating grants and contributions	5,075,506	4,662,740	1,931,869	(1,233,299)
Capital grants and contributions	653,984	2,610,398	843,216	1,485,568
Total business-type activities program revenues	154,230,420	146,998,492	138,052,852	129,883,669
Total primary government program revenues	179,932,196	172,707,397	158,781,282	149,701,727
Net (expenses) revenues				
Governmental activities	(40,454,216)	(25,982,558)	(29,087,721)	(21,224,994)
Business-type activities	35,731,671	34,223,510	22,814,828	20,649,472
Total primary government net (expenses) revenues	(4,722,545)	8,240,952	(6,272,893)	(575,522)

Fiscal Year						
2021	2020	2019	2018	2017	2016	
\$ 5,413,608	\$ 6,553,853	\$ 6,167,196	\$ 5,909,809	\$ 5,908,892	\$ 4,903,394	
14,475,186	13,786,896	13,238,407	13,907,546	14,190,015	13,985,570	
9,462,061	11,512,480	10,550,613	10,875,928	10,765,351	10,443,197	
1,288,600	917,443	967,189	859,619	733,058	979,963	
4,568,078	4,405,764	5,764,976	4,047,132	4,112,906	5,289,399	
1,723,038	1,817,666	1,736,880	1,553,125	1,123,331	942,486	
<u>36,930,571</u>	<u>38,994,102</u>	<u>38,425,261</u>	<u>37,153,159</u>	<u>36,833,553</u>	<u>36,544,009</u>	
76,315,214	76,715,328	78,618,473	83,893,634	79,772,187	80,103,538	
11,610,812	11,664,304	11,394,066	10,839,049	9,857,338	9,672,514	
7,952,801	7,576,697	6,677,972	6,757,010	6,844,228	6,540,960	
4,637,042	4,140,407	4,315,014	3,541,088	2,981,978	3,124,822	
<u>100,515,869</u>	<u>100,096,736</u>	<u>101,005,525</u>	<u>105,030,781</u>	<u>99,455,731</u>	<u>99,441,834</u>	
137,446,440	139,090,838	139,430,786	142,183,940	136,289,284	135,985,843	
1,479,766	1,521,299	1,792,680	1,406,666	1,397,974	1,400,401	
1,920,107	1,464,756	1,496,018	1,664,917	1,435,896	1,156,746	
568,028	462,440	665,133	783,594	679,877	652,440	
1,121,537	992,002	1,234,051	957,068	1,551,928	1,181,296	
9,283,735	7,461,978	8,762,366	7,174,268	5,802,887	6,009,124	
1,694,559	2,047,450	4,272,296	869,568	1,756,505	2,006,264	
<u>16,067,732</u>	<u>13,949,925</u>	<u>18,222,544</u>	<u>12,856,081</u>	<u>12,625,067</u>	<u>12,406,271</u>	
108,456,418	104,674,832	107,400,748	109,961,111	111,706,239	106,199,176	
12,162,493	12,436,922	11,845,701	11,632,142	11,384,632	10,856,173	
12,478,970	10,831,789	10,796,706	10,723,043	10,009,506	9,338,887	
3,393,245	2,609,650	3,220,123	3,087,119	3,052,548	2,669,132	
650,593	3,863,515	3,942,707	3,414,566	1,440,753	1,977,470	
7,437,958	239,707	1,012,740	523,725	876,078	7,544,349	
<u>144,579,677</u>	<u>134,656,415</u>	<u>138,218,725</u>	<u>139,341,706</u>	<u>138,469,756</u>	<u>138,585,187</u>	
160,647,409	148,606,340	156,441,269	152,197,787	151,094,823	150,991,458	
(20,862,839)	(25,044,177)	(20,202,717)	(24,297,078)	(24,208,486)	(24,137,738)	
44,063,808	34,559,679	37,213,200	34,310,925	39,014,025	39,143,353	
<u>23,200,969</u>	<u>9,515,502</u>	<u>17,010,483</u>	<u>10,013,847</u>	<u>14,805,539</u>	<u>15,005,615</u>	

continued...

CITY OF HOLLAND, MICHIGAN

Changes in Net Position

Last Ten Fiscal Years

	Fiscal Year			
	2025	2024	2023	2022
General revenues and other changes in net position				
Governmental activities:				
Property taxes	\$ 24,312,181	\$ 20,415,674	\$ 18,919,152	\$ 17,750,575
State shared revenue	4,274,334	4,273,012	4,156,819	4,138,420
Grants and contributions not restricted to specific programs	3,497,689	3,432,332	3,307,940	3,160,308
Investment earnings (loss) - unrestricted	1,985,974	2,384,135	1,134,369	(648,361)
Gain on sale of capital assets	-	-	-	21,899
Transfers - internal activities	8,101,816	9,674,902	7,959,338	7,996,520
Total governmental activities	42,171,994	40,180,055	35,477,618	32,419,361
Business-type activities:				
Property taxes	140,748	130,217	120,830	115,397
Gain on sale of capital assets	184,097	-	-	-
Transfers - internal activities	(8,101,816)	(9,674,902)	(7,959,338)	(7,996,520)
Special item	2,906,919	-	-	-
Extraordinary item	-	-	-	-
Total business-type activities	(4,870,052)	(9,544,685)	(7,838,508)	(7,881,123)
Total primary government general revenues, transfers, special and extraordinary items	37,301,942	30,635,370	27,639,110	24,538,238
Change in net position				
Governmental activities	1,717,778	14,197,497	6,389,897	11,194,367
Business-type activities	30,861,619	24,678,825	14,976,320	12,768,349
Total primary government change in net position	\$ 32,579,397	\$ 38,876,322	\$ 21,366,217	\$ 23,962,716

Fiscal Year						
2021	2020	2019	2018	2017	2016	
\$ 16,859,353	\$ 16,093,740	\$ 15,531,723	\$ 14,954,459	\$ 15,837,255	\$ 16,862,893	
3,655,096	3,207,996	3,276,560	3,149,161	3,051,775	2,893,597	
3,319,261	3,247,960	3,860,869	417,737	2,396,125	-	
217,450	800,239	652,531	391,246	176,941	231,995	
-	-	-	-	-	-	
7,370,760	7,105,692	5,477,647	6,296,016	5,850,000	5,520,961	
<u>31,421,920</u>	<u>30,455,627</u>	<u>28,799,330</u>	<u>25,208,619</u>	<u>27,312,096</u>	<u>25,509,446</u>	
111,104	107,937	104,707	99,785	98,937	104,432	
-	46,095	-	152,397	-	-	
(7,370,760)	(7,105,692)	(5,477,647)	(6,296,016)	(5,850,000)	(5,520,961)	
-	-	-	-	-	(1,341,005)	
-	-	-	(1,605,380)	(3,603,908)	-	
<u>(7,259,656)</u>	<u>(6,951,660)</u>	<u>(5,372,940)</u>	<u>(7,649,214)</u>	<u>(9,354,971)</u>	<u>(6,757,534)</u>	
24,162,264	23,503,967	23,426,390	17,559,405	17,957,125	18,751,912	
10,559,081	5,411,450	8,596,613	911,541	3,103,610	1,371,708	
<u>36,804,152</u>	<u>27,608,019</u>	<u>31,840,260</u>	<u>26,661,711</u>	<u>29,659,054</u>	<u>32,385,819</u>	
<u>\$ 47,363,233</u>	<u>\$ 33,019,469</u>	<u>\$ 27,573,252</u>	<u>\$ 27,573,252</u>	<u>\$ 32,762,664</u>	<u>\$ 33,757,527</u>	

concluded

CITY OF HOLLAND, MICHIGAN

Fund Balances, Governmental Funds Last Ten Fiscal Years

	Fiscal Year			
	2025	2024	2023	2022
General fund				
Nonspendable	\$ 57,273	\$ 72,095	\$ 44,617	\$ 7,834
Committed	-	-	-	-
Unassigned	18,446,836	16,210,534	11,364,184	8,393,071
Total general fund	<u>\$ 18,504,109</u>	<u>\$ 16,282,629</u>	<u>\$ 11,408,801</u>	<u>\$ 8,400,905</u>
All other governmental funds				
Nonspendable	\$ 3,140,246	\$ 3,012,374	\$ 2,483,542	\$ 2,249,504
Restricted	19,789,091	37,547,265	26,528,508	6,510,869
Committed	9,486,118	13,208,254	11,612,647	10,173,379
Assigned	31,946	-	-	-
Total all other governmental funds	<u>\$ 32,447,401</u>	<u>\$ 53,767,893</u>	<u>\$ 40,624,697</u>	<u>\$ 18,933,752</u>

During the year ended June 30, 2024, the City removed the Compensated Absences internal service fund and moved the related liability to governmental activities. As a result, there were changes in the reporting entity that impacted the activity in the General Fund and nonmajor governmental funds. Prior years were not restated.

Fiscal Year						
2021	2020	2019	2018	2017	2016	
\$ 6,790	\$ -	\$ 3,083	\$ 19,920	\$ 60,057	\$ 12,483	
-	5,667	5,667	5,667	5,667	5,667	
<u>7,039,356</u>	<u>5,085,389</u>	<u>5,051,676</u>	<u>4,793,365</u>	<u>4,755,738</u>	<u>4,650,598</u>	
<u>\$ 7,046,146</u>	<u>\$ 5,091,056</u>	<u>\$ 5,060,426</u>	<u>\$ 4,818,952</u>	<u>\$ 4,821,462</u>	<u>\$ 4,668,748</u>	
\$ 2,377,222	\$ 1,800,198	\$ 2,132,525	\$ 1,655,807	\$ 1,586,687	\$ 1,586,687	
6,853,497	5,251,572	4,055,502	2,934,548	11,853,782	3,890,895	
6,582,998	5,385,493	4,279,608	6,060,178	7,841,778	4,827,247	
-	-	-	-	-	-	
<u>\$ 15,813,717</u>	<u>\$ 12,437,263</u>	<u>\$ 10,467,635</u>	<u>\$ 10,650,533</u>	<u>\$ 21,282,247</u>	<u>\$ 10,304,829</u>	

CITY OF HOLLAND, MICHIGAN

Changes in Fund Balances, Governmental Funds For the Last Ten Fiscal Years

	Fiscal Year			
	2025	2024	2023	2022
Revenues				
Taxes	\$ 24,312,181	\$ 20,415,674	\$ 18,919,152	\$ 17,750,575
Special assessments	1,040,354	1,279,487	903,998	911,305
Licenses and permits	1,658,985	2,084,697	3,039,686	1,375,622
Intergovernmental	23,895,054	22,520,447	16,190,174	15,124,534
Charges for services	2,566,232	2,309,476	2,248,977	2,101,944
Fines and fees	522,741	560,104	584,141	611,526
Contributions from private sector	222,846	554,953	2,648,950	5,813,773
Interest and rents	4,088,944	4,544,786	2,236,266	(429,745)
Miscellaneous	917,032	845,950	875,147	721,653
Total revenues	<u>59,224,369</u>	<u>55,115,574</u>	<u>47,646,491</u>	<u>43,981,187</u>
Expenditures				
Current:				
General government	5,703,898	5,497,715	5,247,496	4,547,910
Public safety	17,654,683	16,384,111	15,735,553	14,482,490
Public works	6,213,310	8,601,575	7,049,077	7,910,228
Welfare and social services	727,841	753,004	1,516,912	1,109,854
Parks and recreation	5,459,114	5,305,248	4,502,469	4,174,156
Other	957,034	648,582	662,904	770,083
Debt service:				
Principal retirement	4,315,298	3,905,403	3,555,484	4,656,692
Interest and fiscal charges	3,465,050	2,242,795	1,945,393	1,586,270
Bond issuance costs	-	-	-	33,156
Capital outlay	41,828,969	23,172,378	9,738,636	8,094,070
Total expenditures	<u>86,325,197</u>	<u>66,510,811</u>	<u>49,953,924</u>	<u>47,364,909</u>
Revenues under expenditures	<u>(27,100,828)</u>	<u>(11,395,237)</u>	<u>(2,307,433)</u>	<u>(3,383,722)</u>
Other financing sources (uses)				
Issuance of bonds and other long-term liabilities	-	17,535,000	17,487,798	-
Premium on issuance of bonds payable	-	1,052,775	1,060,699	-
Issuance of refunding bonds	-	-	-	1,955,000
Payment to refunded bond escrow agent	-	-	-	(1,993,004)
Proceeds from sale of capital assets	-	-	-	-
Transfers in	15,489,048	22,929,270	14,000,993	13,281,212
Transfers out	(7,487,232)	(13,934,368)	(5,543,216)	(5,384,692)
Total other financing sources (uses)	<u>8,001,816</u>	<u>27,582,677</u>	<u>27,006,274</u>	<u>7,858,516</u>
Net changes in fund balances	<u>\$ (19,099,012)</u>	<u>\$ 16,187,440</u>	<u>\$ 24,698,841</u>	<u>\$ 4,474,794</u>
Debt service as a percentage of noncapital expenditures	12.9%	14.3%	14.0%	16.2%

During the year ended June 30, 2024, the City removed the Compensated Absences internal service fund and moved the related liability to governmental activities. As a result, there were changes in the reporting entity that impacted the activity in the General Fund and nonmajor governmental funds. Prior years were not restated.

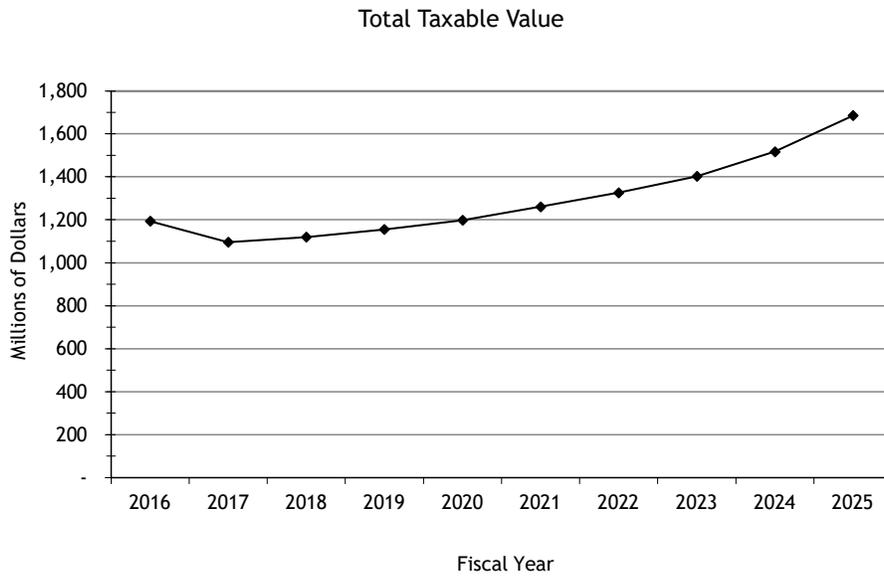
Fiscal Year						
2021	2020	2019	2018	2017	2016	
\$ 16,859,353	\$ 16,093,740	\$ 15,531,723	\$ 14,954,459	\$ 15,837,255	\$ 16,862,893	
855,518	889,170	894,603	831,764	1,287,641	773,449	
1,339,138	926,208	925,333	1,098,803	783,080	535,824	
16,032,892	14,045,247	13,965,370	9,545,504	11,622,410	8,134,798	
1,901,711	1,772,602	1,919,340	2,043,156	1,928,243	1,830,609	
588,225	572,900	634,373	595,113	622,228	628,994	
458,567	1,089,847	4,264,039	778,204	1,003,182	2,279,761	
1,042,372	1,073,492	945,128	662,260	901,379	994,305	
737,095	550,515	1,598,149	336,114	391,202	309,061	
<u>39,814,871</u>	<u>37,013,721</u>	<u>40,678,058</u>	<u>30,845,377</u>	<u>34,376,620</u>	<u>32,349,694</u>	
4,561,534	4,283,418	4,760,291	4,160,209	4,032,687	3,805,834	
13,625,121	12,683,646	12,024,646	11,882,548	11,857,849	11,936,561	
6,784,630	6,282,476	6,281,719	6,675,323	4,727,422	4,337,160	
1,266,963	885,730	920,254	824,813	717,689	961,655	
3,662,352	3,581,567	3,965,929	3,773,181	4,971,220	5,111,051	
379,819	897,675	86,894	19,970,496	87,808	11,115,067	
4,536,805	4,761,266	5,473,115	3,826,237	3,884,269	2,445,000	
1,721,470	1,822,499	1,705,838	1,401,951	721,854	696,684	
-	-	322,001	-	198,843	-	
5,075,393	6,570,878	16,508,292	14,885,440	11,035,036	10,994,683	
<u>41,614,087</u>	<u>41,769,155</u>	<u>52,048,979</u>	<u>67,400,198</u>	<u>42,234,677</u>	<u>51,403,695</u>	
<u>(1,799,216)</u>	<u>(4,755,434)</u>	<u>(11,370,921)</u>	<u>(36,554,821)</u>	<u>(7,858,057)</u>	<u>(19,054,001)</u>	
-	-	7,180,000	19,890,000	13,310,000	13,910,000	
-	-	71,850	-	293,266	-	
-	-	-	-	6,975,000	-	
-	-	-	-	(7,059,255)	-	
-	-	-	-	17,075	224,281	
12,345,983	12,739,441	11,920,999	14,283,879	13,226,579	19,322,548	
(5,215,223)	(5,983,749)	(7,743,352)	(8,253,282)	(7,774,476)	(13,935,348)	
<u>7,130,760</u>	<u>6,755,692</u>	<u>11,429,497</u>	<u>25,920,597</u>	<u>18,988,189</u>	<u>19,521,481</u>	
<u>\$ 5,331,544</u>	<u>\$ 2,000,258</u>	<u>\$ 58,576</u>	<u>\$ (10,634,224)</u>	<u>\$ 11,130,132</u>	<u>\$ 467,480</u>	
18.6%	18.8%	20.2%	10.0%	15.2%	7.4%	

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
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
2023	785,858,536	393,081,448	238,166,678	11,291,120	25,897,821	1,402,499,961	13.8692
2024	857,125,736	422,706,289	264,037,903	11,350,140	38,057,714	1,517,162,354	13.8692
2025	931,071,688	469,263,694	348,905,559	12,512,046	75,479,286	1,686,273,701	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
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
2023	8.7512	3.4200	1.6045	-	0.0935	13.8692	6.0000	1.4091	0.3953
2024	9.1562	3.0150	1.6045	-	0.0935	13.8692	6.0000	1.4091	0.3953
2025	9.4220	2.7500	1.6045	-	0.0927	13.8692	6.0000	1.3919	0.3912

1.5907 must be added to the City direct rate, for the fiscal year 2024, 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:

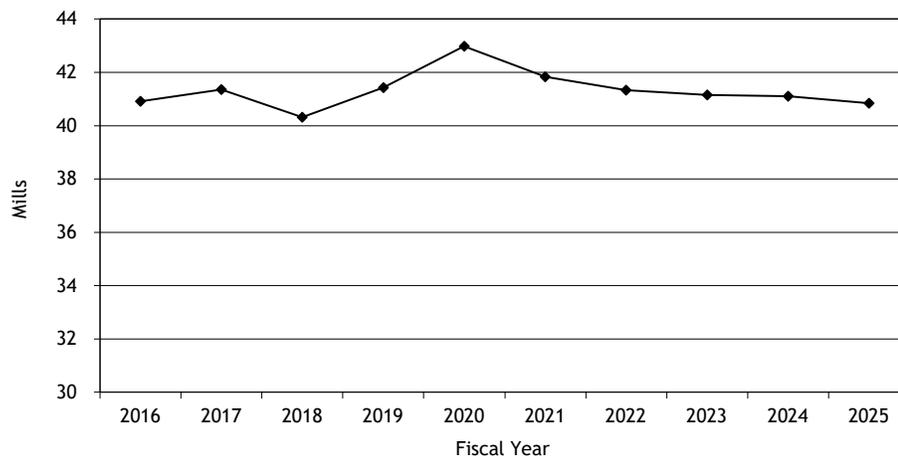
The City of Holland is located in both Ottawa and Allegan County and Holland, Hamilton and Zeeland School District. The county and school tax paid by property owners depends on the location of their property. Approximately 80% of the City of Holland is located in Ottawa County and 20% in Allegan County.

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	1.6675	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
6.1546	2.0105	5.3984	6.9483	5.9119	23.9119	2.1800	20.1800	8.8221	26.8221
6.1546	1.9705	5.3984	6.9630	5.9119	23.9119	4.3500	22.3500	8.9302	26.9302
6.0962	1.8172	5.3842	6.9902	5.8967	23.8967	4.3500	22.3500	8.9500	26.9500

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

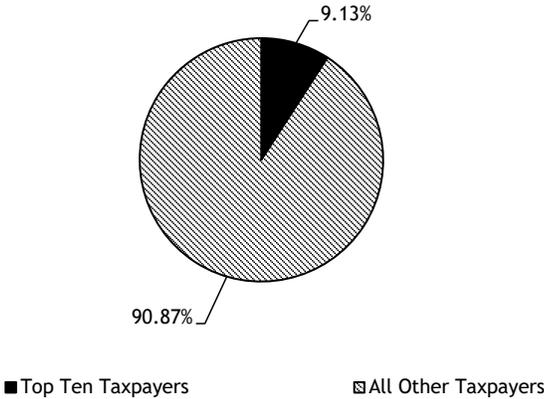
For the Current Fiscal Year and Nine Years Ago

Taxpayer	2025			2016		
	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	\$ 37,842,825	1	2.24 %	-----		---- %
Haworth, Inc	22,264,761	2	1.32	\$ 24,384,510	2	2.75
Dutch Developers III LLC	16,253,336	3	0.96	-----		----
Lumir LLC	14,780,471	4	0.88	13,881,239	3	1.56
Holland Waverly LLC	13,958,829	5	0.83	-----		----
Hudsonville Creamery & Ice Cream	12,655,576	6	0.75	-----		----
Shoreline Flats LLC	10,130,248	7	0.60	-----		----
3303 John F Donnelly Dr. LLC	9,176,283	8	0.54	-----		----
Hotel Holdings Holland DTW LLC	8,573,554	9	0.51	-----		----
Holland Southview LLC	8,372,138	10	0.50	-----		----
American Retirement Corp.	-----		----	31,354,800	1	3.53
Johnson Controls Interiors	-----		----	11,300,504	4	1.27
Benteler Aluminum Systems	-----		----	8,459,300	5	0.95
H J Heinz Co LP	-----		----	7,260,186	6	0.82
Johnson Controls, Inc	-----		----	6,991,400	7	0.79
American Bottling/Brooks Bev	-----		----	6,191,800	8	0.70
Semco Energy	-----		----	6,158,300	9	0.69
Sherwin-Williams Co	-----		----	5,220,562	10	0.59
	<u>\$154,008,021</u>		<u>9.13 %</u>	<u>\$121,202,601</u>		<u>13.65 %</u>

Source: City of Holland Assessor's Office

2025 Total Taxable Value is \$1,686,273,701, which includes IFT's at equivalency valuation.

Concentration of 2025 Taxpayers



Property Tax Levies and Collections
For the Last Ten Fiscal Years

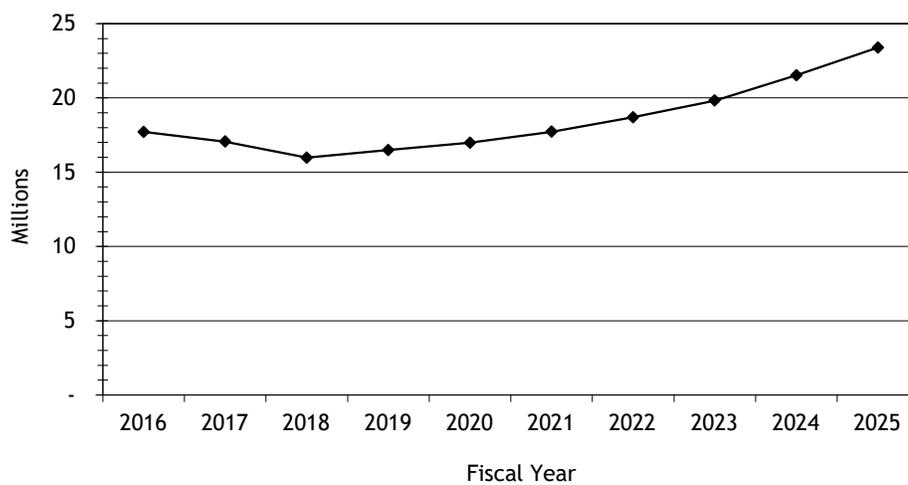
Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year*	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2016	\$ 17,714,681	\$ 17,704,725	99.94	\$ 4,063	\$ 17,708,788	99.97
2017	17,070,599	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	5,875	18,691,751	99.98
2023	19,827,746	19,821,658	99.97	361	19,822,019	99.97
2024	21,540,364	21,520,573	99.91	3,333	21,520,573	99.91
2025	23,524,925	23,388,459	99.42	-	23,388,459	99.42

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

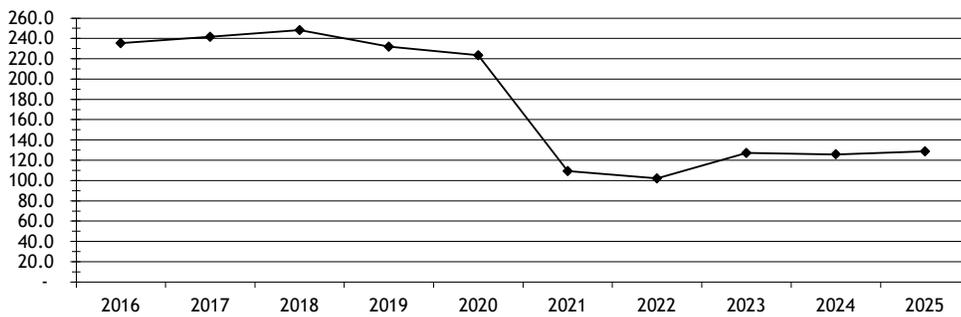
Fiscal Year	Governmental Activities							Total Governmental Activities
	Building Authority Bonds	General Obligation Bonds	Special Assessment Bonds	Capital Improvement Bonds	Pension Obligation Bonds	Notes Payable	Lease & Subscription Liabilities	
2016	\$ 10,340,000	\$ -	\$ 50,000	\$ 6,285,421	\$ 10,910,000	\$ 3,000,000	\$ -	\$ 30,585,421
2017	8,525,000	-	-	19,129,116	9,917,190	2,728,541	-	40,299,847
2018	150,000	-	-	24,879,872	28,803,470	2,451,024	-	56,284,366
2019	-	-	-	28,535,448	27,144,476	2,336,903	-	58,016,827
2020	-	-	-	25,735,494	25,455,844	2,029,269	-	53,220,607
2021	-	-	-	23,210,540	23,723,210	1,715,098	-	48,648,848
2022	-	-	-	20,600,410	21,947,210	1,394,406	-	43,942,026
2023	-	-	-	37,510,064	20,120,662	1,067,048	171,220	58,868,994
2024	-	18,548,613	-	35,868,195	18,241,385	653,378	123,764	73,435,335
2025	-	18,113,325	-	34,166,326	16,302,830	330,246	75,153	68,987,880

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**
Water Bonds	Wastewater Bonds	Electric Bonds	Pension Obligation Bonds	Installment Sales Agreement	Total Business-type Activities			
\$ 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
21,952,888	22,399,313	12,760,000	4,624,338	6,580,000	68,316,539	127,185,533	13.05	3,002
20,269,481	22,861,749	-	3,133,615	6,117,500	52,382,345	125,817,680	12.91	3,643
30,615,445	21,856,749	-	1,592,170	5,645,000	59,709,364	128,697,244	11.20	3,722

PRIMARY GOVERNMENT DEBT



Ratios of Net General Bonded Debt Outstanding
For the Last Ten Fiscal Years

Fiscal Year	Building Authority Bonds	General Obligation Bonds	Capital Improvement Bonds	Pension Obligation Bonds	Total	Less: Amounts Restricted to Repaying Principal	Net Bonded Debt Outstanding	Percentage of Actual Taxable Value* of Property	Per Capita**
2016	\$ 10,340,000	\$ -	\$ 6,285,421	\$ 25,000,000	\$ 41,625,421	\$ -	\$ 41,625,421	3.80	\$ 1,234
2017	8,525,000	-	19,129,116	22,725,001	50,379,117	-	50,379,117	5.84	1,502
2018	150,000	-	24,879,872	40,315,001	65,344,873	90,015	65,254,858	5.84	1,958
2019	-	-	28,535,448	37,340,001	65,875,449	529,123	65,346,326	5.70	1,977
2020	-	-	25,735,494	34,310,001	60,045,495	593,900	59,451,595	5.01	1,808
2021	-	-	23,210,540	31,205,000	54,415,540	924,747	53,490,793	4.31	1,583
2022	-	-	20,600,410	28,020,001	48,620,411	502,095	48,118,316	3.67	1,429
2023	-	-	37,510,064	24,745,000	62,255,064	1,088,579	61,166,485	4.44	1,831
2024	-	18,548,613	35,868,195	21,375,000	75,791,808	271,945	75,519,863	5.00	2,194
2025	-	18,113,325	34,166,326	17,895,000	70,174,651	884,167	69,290,484	4.16	2,029

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.

Direct and Overlapping Governmental Activities Debt

As of June 30, 2025

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable*	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Ottawa Area Intermediate School District	\$ 25,500,927	8.00%	\$ 2,040,074
Hamilton School District	60,842,882	15.20%	9,248,118
Holland School District	108,427,905	73.87%	80,095,693
Zeeland School District	123,552,284	0.00%	-
Allegan County	26,462,053	4.85%	1,283,410
Ottawa County	153,735,289	6.52%	10,023,541
Holland Area Community Swimming Pool Authority	20,083,976	73.87%	<u>14,836,033</u>
Subtotal, overlapping debt			115,486,795
City direct debt			<u>68,987,880</u>
Total direct and overlapping debt			<u><u>\$ 184,474,675</u></u>

Sources: Assessed value data used to estimate applicable percentages provided by the 2024 Allegan and 2024 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.

CITY OF HOLLAND, MICHIGAN

Legal Debt Margin Information

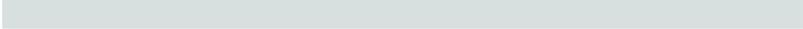
For the Last Ten Fiscal Years

Legal Debt Margin Calculation for Fiscal Year 2025

Assessed value	\$ 1,686,273,701
Debt limit (10% of assessed value)	168,627,370
Debt applicable to limit:	
Capital improvement bonds	34,166,326
Pension obligation bonds	17,895,000
Notes payable	330,246
Less: Amount set aside for repayment of debt	<u>(884,167)</u>
Total net debt applicable to limit	<u>51,507,405</u>
Legal debt margin	<u>\$ 117,119,965</u>

	Fiscal Year				
	2025	2024	2023	2022	2021
Debt Limit	\$ 168,627,370	\$ 151,716,235	\$ 140,249,996	\$ 132,656,169	\$ 126,125,190
Total net debt applicable to limit	<u>51,507,405</u>	<u>57,624,628</u>	<u>62,233,533</u>	<u>49,512,722</u>	<u>55,205,891</u>
Legal debt margin	<u>\$ 117,119,965</u>	<u>\$ 94,091,607</u>	<u>\$ 78,016,463</u>	<u>\$ 83,143,447</u>	<u>\$ 70,919,299</u>
Total net debt applicable to the limit as a percentage of debt limit	43.98%	61.24%	79.77%	59.55%	77.84%

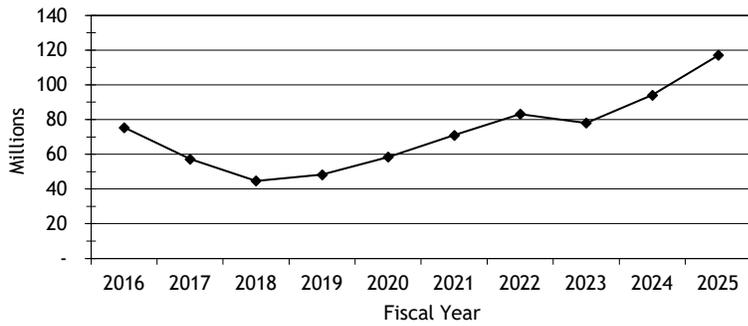
Under state finance law, the City's outstanding general obligation debt should not exceed 10% of total assessed property value.



Fiscal Year				
2020	2019	2018	2017	2016
\$ 119,846,845	\$ 115,521,045	\$ 111,958,873	\$ 109,643,622	\$ 119,348,148
61,480,864	67,328,868	67,356,232	52,424,216	43,938,017
<u>\$ 58,365,981</u>	<u>\$ 48,192,177</u>	<u>\$ 44,602,641</u>	<u>\$ 57,219,406</u>	<u>\$ 75,410,131</u>

139.71% 151.01% 91.62% 58.27%

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	
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
2023	13,047,847	7,377,426	5,670,421	295,000	677,231	5.83
2024	14,007,722	7,548,845	6,458,877	1,545,000	657,713	2.93
2025	15,256,141	7,431,413	7,824,728	1,560,000	849,859	3.25

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.

Note: During fiscal year 2021, the City partially refunding the electric revenue bonds and advanced paid down \$96,075,000 in outstanding bonds. During fiscal year 2024, these bonds have been fully paid.

Pledged-Revenue Coverage

For the Last Ten Fiscal Years

Electric Revenue Bonds						
Fiscal Year	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
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
2023	104,412,007	68,900,867	35,511,140	-	(25,065)	(1,416.76)
2024	106,999,062	66,788,535	40,210,527	12,760,000	32,858	3.14
2025	-	-	-	-	-	-

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	
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
2023	13,094,805	10,368,858	2,725,947	450,000	244,880	3.92
2024	13,980,597	9,230,224	4,750,373	1,452,500	421,012	2.54
2025	14,106,958	9,627,116	4,479,842	1,477,500	407,032	2.38

continued...

Pledged-Revenue Coverage
For the Last Ten Fiscal Years

Fiscal Year	Special Assessment Bonds				Coverage
	Special Assessment Collections	Debt Service			
		Principal	Interest		
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	-	-	-	
2023	95,437	-	-	-	
2024	404,913	-	-	-	
2025	119,846	-	-	-	

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)
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%
2022	34,006	1,051,602	30,924	3.8%
2023	34,540	1,154,845	33,435	3.8%
2024	34,578	1,149,428	33,242	2.9%

Sources:

(1) United States Census Bureau

(2) United States Census Bureau

(3) Michigan Department of Technology, Management and Budget

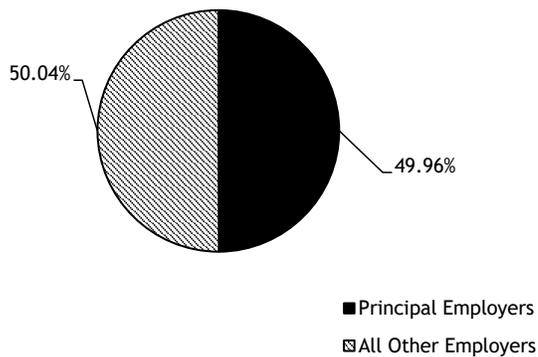
Principal Employers

Current Year and Nine Years Ago

Employer	2025			2016		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Haworth Inc	1,839	1	9.88 %	1,951	1	10.97 %
LG Chem Michigan Inc	1,782	2	9.58	-	-	-
Holland Community Hospital	1,399	3	7.52	1,789	3	10.06
Challenge Mfg Company	857	4	4.61	765	4	4.30
Hope College	724	5	3.89	636	6	3.58
Tiara Yachts	695	6	3.73	-	-	-
Holland Public Schools	647	7	3.48	539	7	3.03
Yanfeng Int Automotive	617	8	3.32	-	-	-
City of Holland / HBPW	407	9	2.19	385	10	2.16
Benteler Aluminum Systems	330	10	1.77	416	8	2.34
Johnson Controls Interiors	-	-	-	1,943	2	10.92
Dialog Direct	-	-	-	717	5	4.03
Herman Miller	-	-	-	409	9	2.30
	<u>9,297</u>		<u>49.96 %</u>	<u>9,550</u>		<u>53.69 %</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				
	2025	2024	2023	2022	2021
General government					
Management services	2.75	2.75	2.75	2.75	2.75
Fiscal services	13.90	12.90	12.90	11.90	11.90
City clerk	3.00	2.00	2.00	2.00	2.00
Human resources	2.60	2.60	2.60	2.60	2.60
Building	0.30	0.30	0.30	0.15	0.15
Cemetery	5.62	6.12	3.46	3.75	3.75
Planning	2.90	2.55	3.05	2.45	2.45
Technology	7.30	7.30	6.30	6.30	6.30
Public safety					
Police	65.30	65.30	65.30	65.15	64.15
Fire	26.20	25.20	25.20	22.10	22.10
Environmental health & inspections	15.48	14.48	13.15	12.65	13.15
Public works					
Streets	16.67	16.67	16.67	16.66	16.66
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	10.02	10.02	10.02	9.01	9.01
Welfare and social services					
Ourstreet / Human relations	1.50	1.50	1.75	1.75	1.75
Economic development assistance	1.57	1.92	1.60	1.60	1.10
Downtown development	2.84	2.84	2.84	2.57	2.17
Parks and recreation					
Recreation	9.44	8.44	8.28	5.76	6.16
Parks	13.11	13.61	14.43	13.50	14.50
Civic Center	0.35	0.35	0.35	0.20	0.20
Board of Public Works Utilities	<u>196.00</u>	<u>192.00</u>	<u>180.00</u>	<u>177.00</u>	<u>176.00</u>
Total	<u>400.20</u>	<u>392.20</u>	<u>383.30</u>	<u>370.20</u>	<u>369.20</u>

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

Full-time Equivalent Employees as of June 30				
2020	2019	2018	2017	2016
3.75	3.65	2.65	2.35	3.35
12.15	12.90	11.90	11.90	12.90
2.00	2.00	2.00	2.00	2.00
2.60	2.60	2.60	1.60	1.60
1.15	0.10	0.10	0.60	0.60
3.25	2.85	2.85	2.35	2.35
2.95	1.70	1.60	1.60	1.40
6.30	6.50	6.50	6.80	5.80
63.00	63.00	63.00	62.00	65.00
22.00	22.00	21.50	21.00	21.00
12.95	12.45	11.65	10.65	9.65
16.66	16.65	16.65	16.65	15.65
3.35	3.35	3.35	3.35	3.35
0.00	0.00	0.00	0.00	0.00
7.01	7.00	7.00	7.00	7.00
1.75	3.00	2.90	3.95	2.90
0.10	0.10	0.10	0.10	0.10
2.57	2.15	2.15	3.15	3.15
6.16	4.95	5.95	4.50	4.00
11.60	14.00	14.00	14.00	13.50
1.20	1.00	0.00	1.45	1.45
<u>173.00</u>	<u>175.50</u>	<u>176.00</u>	<u>175.00</u>	<u>178.00</u>
<u>362.50</u>	<u>363.45</u>	<u>359.45</u>	<u>356.00</u>	<u>358.75</u>

CITY OF HOLLAND, MICHIGAN

Operating Indicators by Function

For the Last Ten Fiscal Years

Function	Fiscal Year				
	2025	2024	2023	2022	2021
Cemetery					
Burials	239	227	273	301	256
Police					
Physical arrests	692	827	761	842	706
Parking violations	2,840	2,983	2,260	3,488	2,696
Traffic violations	4,002	2,246	2,471	2,342	2,279
Fire					
Emergency responses	4,177	4,121	4,062	4,065	3,913
Fires	88	88	82	70	78
Medical Emergencies	2,622	2,594	2,701	2,590	2,537
Inspections	425	400	331	251	299
Public works					
Street resurfacing (miles)	4.7	2.2	7.9	5.9	7.2
Working in the ROW permits	281	283	235	285	315
Community & neighborhood services					
Number of construction permits:					
Industrial & commercial	145	153	153	117	110
Residential	751	598	760	642	603
Institutional & municipal	17	29	27	24	19
Value of construction permits (millions of dollars)					
Industrial & commercial	166.45	210.94	386.58	131.81	83.06
Residential	335.86	49.42	127.25	30.94	18.40
Institutional & municipal	9.93	58.91	20.80	13.66	25.30
Parks and recreation					
Program participants	14,049	11,624	11,062	10,719	19,622
Pool attendance	14,268	11,984	9,995	12,246	9,965
Water					
Service connections	12,045	11,836	11,185	11,181	11,134
Average daily consumption (thousands of gallons)	15,498	14,971	15,000	14,730	13,220
Wastewater					
Service connections	11,039	10,863	11,811	11,793	9,701
Average daily consumption (thousands of gallons)	4,693	4,852	8,861	5,020	4,370

Source: Various city departments

Fiscal Year				
2020	2019	2018	2017	2016
245	223	189	234	270
962	1,073	1,093	1,333	1,498
2,912	4,066	2,909	4,161	4,010
3,437	2,636	2,600	3,034	3,209
3,829	3,733	3,863	3,083	3,457
80	81	85	83	105
2,422	2,117	2,414	1,965	2,238
210	213	130	113	224
8.8	7.9	8.8	6.9	7.0
280	282	363	350	323
109	95	120	96	69
442	514	587	427	499
21	21	20	21	20
35.90	42.50	48.01	37.70	12.10
33.90	13.07	18.18	24.90	15.00
5.06	21.39	37.02	15.10	23.70
11,188	20,054	22,938	22,931	22,285
10,661	12,860	11,662	13,338	17,500
13,439	13,675	13,660	13,600	13,500
13,578	12,287	13,802	13,073	13,332
11,320	12,584	12,575	12,524	12,400
5,548	7,312	7,895	8,036	9,683

CITY OF HOLLAND, MICHIGAN

Capital Asset Statistics by Function

For the Last Ten Fiscal Years

Function	Fiscal Year				
	2025	2024	2023	2022	2021
General Government					
Cemeteries	2	2	2	2	2
Police					
Stations	1	1	1	1	1
Patrol Units	21	21	21	21	21
Fire Stations					
	3	3	3	3	3
Public works					
Streets (miles)	149	149	149	149	149
Streetlights	2,550	2,550	2,548	2,554	2,554
Parks and recreation					
Park acreage	404	404	404	404	404
Parks	23	23	23	23	23
Baseball/softball diamonds	9	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)	203	200	200	200	198
Fire hydrants	1,896	1,893	1,884	1,884	1,783
Maximum daily capacity of plant (thousands of gallons)	38,500	38,500	38,500	38,500	38,500
Wastewater					
Sanitary sewers (miles)	193.00	192.00	190.00	190.00	190.00
Storm sewers (miles)	165.0	148.0	148.0	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				
2020	2019	2018	2017	2016
2	2	2	2	2
1	1	1	1	1
21	20	20	19	19
3	3	3	3	3
149	149	149	149	149
2,496	2,561	2,535	2,535	2,615
404	404	404	403	403
23	23	23	22	22
10	10	10	10	10
11	11	11	11	11
1	1	1	1	1
11	11	11	11	14
10	10	10	10	-
1	1	1	1	1
1	1	1	1	1
1	1	1	1	1
252	252	250	249	252
2,441	2,400	2,400	2,395	2,395
38,500	38,500	38,500	38,500	38,500
186.61	185.73	184.30	183.55	185.00
152.0	152.0	152.0	152.0	152.0
14,400	14,400	14,400	14,400	12,000

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OTHER INFORMATION (UNAUDITED)

CITY OF HOLLAND, MICHIGAN

Essential Services Resource Trend (Unaudited)

Last Ten Fiscal Years

	Year Ending June 30,				
	2025	2024	2023	2022	2021
Essential services expense ⁽¹⁾					
Police	\$ 11,425,865	\$ 10,603,671	\$ 10,268,919	\$ 9,402,016	\$ 8,737,677
Fire	4,191,641	3,738,243	3,640,298	3,298,538	3,124,731
Change in government-wide liabilities attributed to the police and fire functions:					
Net other postemployment benefits obligation	-	-	-	-	-
Total other postemployment benefits liability ⁽²⁾	261,650	143,572	81,606	2,067	90,728
Total essential services expense	<u>\$ 15,879,156</u>	<u>\$ 14,485,486</u>	<u>\$ 13,990,823</u>	<u>\$ 12,702,621</u>	<u>\$ 11,953,136</u>
General fund operating property tax revenue	<u>\$ 15,393,142</u>	<u>\$ 13,688,984</u>	<u>\$ 12,175,338</u>	<u>\$ 11,406,455</u>	<u>\$ 10,327,698</u>
Percentage utilized for essential services	103.2%	102.1%	114.9%	111.4%	115.7%

⁽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,				
2020	2019	2018	2017	2016
\$ 8,237,305	\$ 7,864,300	\$ 7,751,264	\$ 7,695,093	\$ 7,754,936
2,903,294	2,751,424	2,808,343	2,820,802	2,845,200
-	-	-	94,145	36,673
<u>47,271</u>	<u>79,601</u>	<u>45,923</u>	<u>-</u>	<u>-</u>
<u>\$ 11,187,870</u>	<u>\$ 10,695,325</u>	<u>\$ 10,605,530</u>	<u>\$ 10,610,040</u>	<u>\$ 10,636,809</u>
<u>\$ 9,744,264</u>	<u>\$ 8,940,407</u>	<u>\$ 8,367,823</u>	<u>\$ 9,036,247</u>	<u>\$ 10,913,743</u>
114.8%	119.6%	126.7%	117.4%	97.5%

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