

City of Muskegon, Michigan

Annual Comprehensive Financial Report

Fiscal Year Ended June 30, 2023



**CITY OF MUSKEGON,
MICHIGAN**

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT
FOR THE YEAR ENDED
JUNE 30, 2023**

Prepared By

FINANCIAL SERVICES DIVISION

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Finance Director**

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Assistant Finance Director**

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City Treasurer**

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Information Systems Director**

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Management Assistant**

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City of Muskegon

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Affirmative Action
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FAX (231)722-1214

Assessor/
Equalization Co.
(231)724-6386
FAX (231)724-1129

Cemetery/Forestry
(231)724-6783
FAX (231)724-4188

City Manager
(231)724-6724
FAX (231)722-1214

Clerk
(231)724-6705
FAX (231)724-4178

Comm. & Neigh.
Services
(231)724-6717
FAX (231)726-2501

Computer Info.
Technology
(231)724-4126
FAX (231)722-4301

Engineering
(231)724-6707
FAX (231)727-6904

Finance
(231)724-6713
FAX (231)726-2325

Fire Department
(231)724-6795
FAX (231)724-6985

Human Resources
Co. (Civil Service)
(231)724-6442
FAX (231)724-6840

Income Tax
(231)724-6770
FAX (231)724-6768

Mayor's Office
(231)724-6701
FAX (231)722-1214

Planning/Zoning
(231)724-6702
FAX (231)724-6790

Police Department
(231)724-6750
FAX (231)722-5140

Public Works
(231)724-4100
FAX (231)722-4188

SafeBuilt
(Inspections)
(231)724-6715
FAX (231)728-4371

Treasurer
(231)724-6720
FAX (231)724-6768

Water Billing
(231)724-6718
FAX (231)724-6768

Water Filtration
(231)724-4106
FAX (231)755-5290

MUSKEGON



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December 27, 2023

To the Honorable Mayor, Members of the City Commission, and Citizens of the City of Muskegon:

State law requires that every general-purpose local government publish, within six months of the close of each fiscal year, a complete set of audited financial statements. This report is issued to fulfill that requirement for the fiscal year ending June 30, 2023.

Management assumes full responsibility for the completeness and reliability of the information in this report, based upon a comprehensive internal control framework established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Brickley DeLong, PC, Certified Public Accountants, have issued an unmodified ("clean") opinion on the City of Muskegon's financial statements for the year ended June 30, 2023. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the government

The City of Muskegon operates under a Commission-Manager form of government and provides a full range of traditional municipal services. Policy-making and legislative authority are vested in the governing board (Commission) consisting of the mayor and six commissioners. Two commissioners are elected at large, and voters from the four respective wards elect each of the four ward commissioners. Commission members serve four-year terms, with the two at large members elected every four years in odd years preceding the Michigan Gubernatorial election and the four ward commissioners elected every four years in odd years preceding the Presidential election. The Mayor is also elected at-large for a four-year term in the year prior to the Michigan Gubernatorial election. The Mayor and Commission appoint the City of Muskegon's manager, who oversees day-to-day operations in the City.

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The City of Muskegon provides a full range of services, including police and fire protection; solid waste collection (contracted); parks and recreation activities; the construction and maintenance of streets and roadways; street snowplowing; traffic control; building inspections; licenses and permits; water distribution and sewer disposal services; community and economic development; and general administrative support services. The City also provides treated drinking water to its residents and several surrounding communities.

The Commission must adopt an initial budget for the fiscal year no later than the last regular meeting in June preceding the beginning of the fiscal year on July 1. This annual budget is the foundation for the City of Muskegon's financial planning and control. The budget is prepared by fund, function (e.g., public safety), and department (e.g., police). The City Manager, division heads, and department heads may transfer resources within a department as they see fit. Transfers between departments, however, need special approval from the Commission.

Local economy

The City of Muskegon is located in western Michigan on the shores of Lake Michigan. The City covers 18 square miles (including 4 miles of water) and, with a 2020 US Census population of 38,401, is the largest city on the eastern shore of Lake Michigan. The City is in Muskegon County and part of the Muskegon-Norton Shores Metropolitan Statistical Area (MSA) and the larger Grand Rapids-Wyoming-Muskegon Combined Statistical Area (CSA).

Muskegon is home to many outstanding sports, recreation, and cultural activities:

- Muskegon has been the eastern terminus for the high-speed cross-lake ferry connecting Muskegon with Milwaukee, Wisconsin, since 2004. The *Lake Express* service ferries 100,000-plus passengers each season between the two cities.
- Muskegon has been home to the annual Miss Michigan pageant since 1950.
- Pere Marquette Beach is nationally recognized as one of the best beaches in the nation and welcomes hundreds of thousands of visitors.
- Muskegon is an active port of call for the Great Lakes cruise industry, with nearly 20 cruise ship visits annually, bringing more than 170,000 passengers.
- Muskegon is home to successful summertime festivals that attract more than 100,000 visitors to the community annually. These include Taste of Muskegon, Bike Time and Rebel Road, the Unity Christian Music Festival, the Shoreline Jazz Festival, the Great Lakes Surf Festival, the Burning Foot Beer Festival, the Muskegon Polish Festival, the Muskegon County Latino Festival, and the Michigan Irish Music Festival, among others.

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- Muskegon is the cultural hub for West Michigan, with numerous museums and live performance venues. The Muskegon Museum of Art has one of the largest premier art collections in the Midwest and is currently undergoing a \$10 million expansion. At the same time, the Lakeshore Museum Center provides insight into the area's storied past. The Lakeshore Museum Center's attractions include the Muskegon Heritage Museum, the former residences of lumber barons Charles H. Hackley and Thomas Hume, the Fire Barn Museum, and the Scolnik Depression Era House. Frauenthal Center for the Performing Arts operates throughout the year, hosting the West Michigan Symphony Orchestra and the Muskegon Civic Theater.
- Muskegon's downtown is home to dozens of monumental public art pieces, with new pieces acquired each year.
- Muskegon is home to three historic museum ships that attract thousands of visitors each year:
 - *USS Silversides*, a rare surviving World War II submarine maintained in pristine condition, is docked at the Muskegon Lake Channel;
 - *LST-393*, a landing craft used in the D-day invasion and one of only two such vessels remaining in existence, is docked downtown Muskegon at the West Michigan Dock and Market, and the
 - *Milwaukee Clipper*, a Great Lakes passenger ship built before the *Titanic* that for many years served as a cross-lake ferry between Muskegon and Milwaukee, is docked in the Lakeside Business District.

Muskegon has a diverse local economy. The manufacturing sector is strong in aerospace, plastics, defense, metals and castings, office furniture, recreational items, and automotive parts. The City of Muskegon also benefits from being home to large government, healthcare, and educational employers. While many of these institutions are exempt from paying property taxes, local income tax withholdings remitted by these employers provide stability to City finances.

As we are several years out of the COVID-19 pandemic, City revenues continue to recover, with corporate profits and income tax withholdings significantly higher than in previous years.

The City fully recognizes the difficulties it faces as an older urban community. Thus, we have attempted to position ourselves as a leader in fiscal stability and sustainability while making key investments in areas that grow the City's financial resources over the long term.

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Long-term financial planning and major initiatives

The unassigned fund balance in the General Fund at year-end was 17.2% of total actual General Fund revenues for the preceding year. This amount was above the policy guidelines set by the Commission for budgetary and planning purposes (i.e., 13% of total actual General Fund revenue for the preceding year). Adequate fund balances are maintained to allow the City to continue providing services to the community in case of unexpected emergencies or requirements and/or economic downturns.

The City incorporates a five-year fiscal forecast into its yearly budget process. The forecast is a macro-level projection of major revenue sources, expenses, and fund balances while accounting for identifiable factors, recent trends, and management's judgment of future developments. The City anticipates general fund revenues will grow over the next five years.

Among the City's major initiatives and accomplishments in the fiscal year 2022-23 were the following:

- The City acquired an old railroad line through the Nims and Lakeside neighborhoods. The acquisition will allow for the development of Windward Pointe in Lakeside and the conversion of much of the corridor into pedestrian and commuter bike trails.
- In 2019, the City started an ambitious infill housing program to provide new housing stock across the community. In 2023, the program constructed new homes in the Jackson Hill, Angell, McLaughlin, Nelson, and Campbell Field neighborhoods. Since the program's inception, the City has completed or initiated the construction of more than 150 homes. To date, 50% of homes of homes sold as part of this program have been purchased by individuals or families at 120% or less of the Area Median Income (AMI).
- Construction began at Adelaide Pointe in 2023. The waterfront developments will feature more than \$200 million in investments and create hundreds of new housing opportunities in the City.
- Parkland Properties purchased and began initial steps to redevelop the former Shaw Walker property on lower West Western Ave. This will be a \$220 million mixed-use development that will bring hundreds of additional housing options to the City at various price points. The project was also awarded an \$18 million allocation from the State of Michigan, the largest in the City's history.

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Enterprise Funds (Water & Sewer)

For several years, the City has actively engaged in the State of Michigan's Drinking Water State Revolving Fund (DWSRF) and Clean Water State Revolving Fund (SRF) programs to aid in the replacement of water and sewer infrastructure throughout the City. Infrastructure that, in many cases, has been in use for a century or more. Use of these funding options expanded during the pandemic as more federal and state dollars became available.

These programs are run as a reimbursement of funds spent by the local municipality. Reimbursements come several weeks to months after reimbursement documentation is submitted to the State. Because the City's fiscal year ends in the middle of construction season, the Water Fund will often show a larger deficit than might exist during the non-construction season because the City is waiting on reimbursements from the State. For example, at the end of FY 2023, the City was waiting on nearly \$1 million in reimbursements from the State.

This situation has highlighted two things:

1. The Water Fund has been operating at a loss primarily because of the construction activity and there is a need for additional revenue.
2. Building up the Water Fund's net position to the American Water Works Association's (AWWA) recommended six months of operational expenses is needed.

To achieve these two goals, the City Commission has already instituted a debt service fee paid by all water and sewer users in the City. This debt service fee is based on the previous fiscal year's debt payments. Additionally, the City anticipates adjusting commodity rates to build up the Water Fund's net position to reach the AWWA's six months of operational cushion.

This financial cushion will allow the Water Fund to absorb construction costs while waiting for reimbursements.

It is worth noting that despite these challenges, it is still in the City's best interest to take advantage of these state revolving loan fund programs for water and sewer replacement. The City of Muskegon, like all municipalities in the State of Michigan, must replace all its lead service lines by the end of the 2030s per state mandates. The most economical way to achieve this is by taking advantage of the state revolving loan funds, which allow projects to be completed at an overall discount.

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Relevant financial policies

The City of Muskegon has adopted a comprehensive set of financial policies to ensure adequate protection of its assets from loss, theft, or misuse and to provide good accounting data to prepare financial statements in conformity with generally accepted accounting principles.

Budgetary control is maintained through an annual budget resolution passed by the City Commission. A review of estimated expenditures retains fiscal control at the functional level before purchasing is approved. Encumbrances are not recorded in the City's funds. However, the City utilizes an informal monitoring system to facilitate budgetary control over proposed purchases. This system uses online budgetary information that details year-to-date "actual versus budgeted" expenditure comparisons by budget category. This information is accessible to appropriate personnel to enable them to ascertain the budget status of an expenditure category before authorizing additional purchases.

Awards and Acknowledgements


The 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 Muskegon for its annual comprehensive financial report (ACFR) for the fiscal year ending June 30, 2022. This was the 36th consecutive year that the city has received this award. The City has submitted the June 30, 2023, ACFR for consideration but has not received award confirmation at this time. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized ACFR that satisfies generally accepted accounting principles and applicable program requirements.

A Certificate of Achievement for Excellence in Financial Reporting is valid for one year. However, we believe our current ACFR continues to meet the Certificate of Achievement for Excellence in Financial Reporting Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the skill, effort, and dedication of the Finance Division and the entire City staff. We express appreciation to those staff members who assisted and contributed to preparing this report. Credit also must be given to the Mayor and Commissioners for their support in maintaining the highest standards of professionalism in managing the City of Muskegon's finances.

Respectfully submitted,


Jonathan C. Seyferth
City Manager


Kenneth D. Grant
Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Muskegon
Michigan**

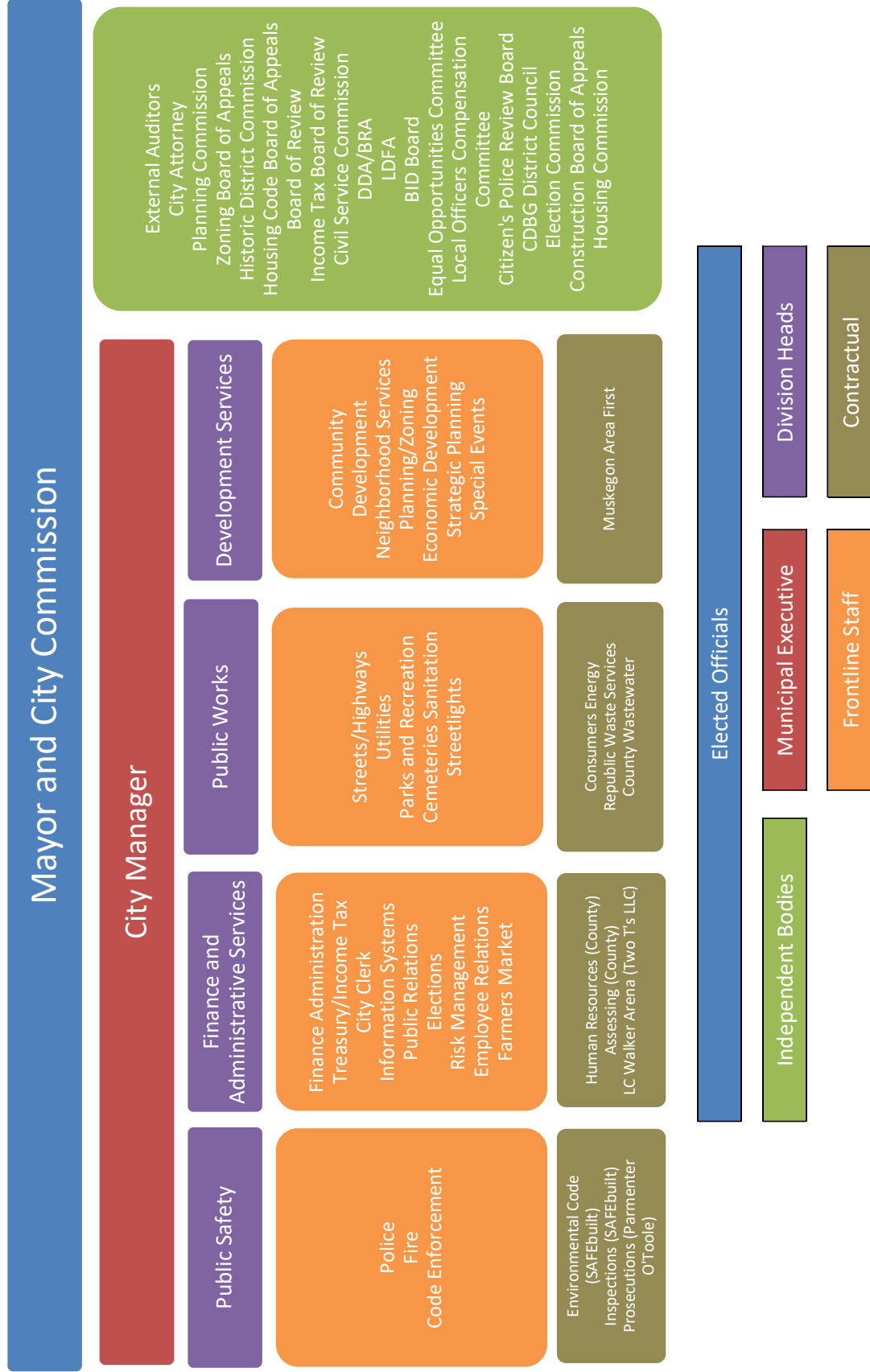
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO

Organizational Structure 2022-23



**ANNUAL COMPREHENSIVE FINANCIAL
REPORT CITY OF MUSKEGON, MICHIGAN
LIST OF PRINCIPAL OFFICIALS**

June 30, 2023

ELECTED OFFICIALS

Mayor. Ken Johnson
At Large

Vice Mayor-Commissioner. Willie German
Ward 2

Commissioner. Eric Hood
Ward 1

Commissioner. Michael Ramsey
Ward 3

Commissioner. Teresa Emory
Ward 4

Commissioner. Rachel Gorman
At Large

Commissioner. Rebecca St. Clair
At Large

APPOINTED OFFICIALS

City Manager. Jonathan Seyferth

City Attorney. John C. Schrier

Finance Director. Kenneth D. Grant

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

City Commission
City of Muskegon
Muskegon, Michigan

Opinions

We have audited the accompanying 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 Muskegon, Michigan, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Muskegon, Michigan's basic financial statements as listed in the table of contents.

In our opinion, the 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 of Muskegon, Michigan, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof 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 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Muskegon, Michigan, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Muskegon, Michigan'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.

Auditor's 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 auditor's 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 generally accepted auditing standards 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 generally accepted auditing standards 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 of Muskegon, Michigan'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 of Muskegon, Michigan'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, budgetary comparison information, and pension and other post-employment benefit information 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 City of Muskegon, Michigan’s basic financial statements. The accompanying combining and individual nonmajor fund financial statements, budgetary comparison information for nonmajor funds, schedule of indebtedness, and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 was derived from and relates 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 nonmajor fund financial statements, budgetary comparison information for nonmajor funds, schedule of indebtedness, and the schedule of expenditures of federal awards 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 report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor’s 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.



Muskegon, Michigan
December 27, 2023

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2023 MANAGEMENT’S DISCUSSION AND ANALYSIS

This section of the City of Muskegon’s annual financial report presents our discussion and analysis of the City’s financial performance during the fiscal year ended June 30, 2023. Please read it in conjunction with the City’s financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

The assets/deferred outflows of resources of the City of Muskegon exceeded its liabilities/deferred inflows of resources by \$122,316,268 as of June 30, 2023. The City has a deficit in unrestricted net position of \$20,398,681. The deficit in unrestricted net position is caused by the City’s pension and other postemployment benefits plans liabilities.

The City’s total combined net position increased by \$8,291,945 during the year ended June 30, 2023.

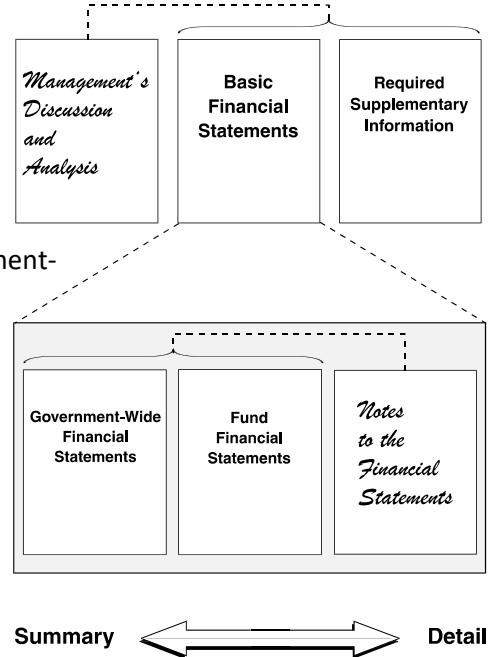
The City’s governmental funds reported combined ending fund balance of \$21,964,039, an increase of \$1,998,984 (10.01%) from the prior year.

The City’s General Fund reported a total fund balance of \$10,017,908, a decrease of \$843,465 from the prior year balance of \$10,861,373.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts - *management’s discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include two kinds of statements that present different views of the City.

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the City’s overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting individual City operations in greater detail than the government-wide statements.
- *The governmental funds* statements tell how *general government* services were financed in the short-term as well as what remains available for future spending.
- *Proprietary fund* statements offer short- and long-term financial information about activities the City operates *like private businesses*.
- *Fiduciary fund* statements provide information about the financial relationships in which the City acts solely as a *trustee or agent* for the benefit of others, to whom the resources in question belong.



The financial statements also include detailed notes that explain some of the information in the financial statements and provide additional data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. The figure above shows how the required parts of this annual report are arranged and related to one another.

The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Government-Wide Statements

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets/deferred outflows of resources and liabilities/deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City's net position and how they have changed. Net position—the difference between the City's assets/deferred outflows of resources and liabilities/deferred inflow of resources—is one way to measure the City's overall financial health or *position*. Over time, increases or decreases in the City's net position are an indicator of whether its financial health is improving or deteriorating, respectively. However, to assess the overall health of the City, one needs to consider additional nonfinancial factors such as changes in the City's tax base.

The government-wide financial statements include not only the City of Muskegon itself (known as the *primary government*), but also legally separate *component units* 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.

The government-wide financial statements of the City include the *governmental activities*. Most of the City's basic services are included here, such as public representation services, administrative services, financial services, public safety, public works, highways, streets and bridges, community and economic development, culture and recreation, general administration, and interest on long-term debt. Income taxes, federal grants, property taxes and revenues from the State of Michigan finance most of these activities.

Also included in the government-wide statements are the City's business-type activities: water, sewer and marina operations.

Fund Financial Statements

The fund financial statements provide more detailed information about the City's major *funds*—not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes.

The City has the following kinds of funds:

- *Governmental funds*—Most of the City's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps the user determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information on the subsequent page of the governmental funds statements that explain the relationship (or differences) between them.
- *Proprietary funds*—Services for which the City charges customers a fee and are intended to be self-supporting are generally reported in proprietary funds. The City uses three proprietary funds: water, sewer, and marina and launch ramp. Proprietary funds, like the government-wide statements, provide both long-term and short-term financial information.
- The City uses *internal service funds* to report activities that provide supplies and services for the City's other programs and activities.
- *Fiduciary funds*—The City is the trustee, or fiduciary, for certain funds. It is also responsible for other assets that—because of a trust arrangement—can be used only for the trust beneficiaries. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the City's fiduciary activities are reported in a separate statement of net position and a statement of changes in net position. We exclude these activities from the City's government-wide financial statements because the City cannot use these assets to finance its operations.
- *Component units* – Finally, the City of Muskegon's Annual Comprehensive Financial Report includes four component units: The Downtown Development Authority (DDA), the Tax Increment Finance Authority (TIFA), the Local Development Finance Authority (LDFA) and, the Brownfield Redevelopment Authority (BRA), which is comprised of six designated brownfield areas. Component units are separate legal entities for which the City of Muskegon has some level of financial accountability. The component units of the City exist primarily for the issuance and repayment of debt to finance projects in specific areas of the City. Accordingly, they are discussed below under the Capital Assets and Debt Administration heading.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net position. The Statement of Net Position provides an overview of the City's assets/deferred outflows of resources, liabilities/deferred inflow of resources and net position. Over time this can provide a good indicator of the City's fiscal health.

The total net position of the City was \$122,316,268 as of June 30, 2023. This is an increase of \$8,291,945 from reported net position for the prior year. An overview of the City's net position follows:

City's Net Position							
(In Thousands of Dollars)							
	Governmental		Business-Type		Total		Percentage Change
	Activities 6/30/2023	Activities 6/30/2022	Activities 6/30/2023	Activities 6/30/2022	6/30/2023	6/30/2022	
Current and other assets	\$49,557	\$53,203	\$9,644	\$6,947	\$59,201	\$60,150	-1.58%
Capital assets	106,949	105,605	71,643	69,088	178,592	174,693	2.23%
Total Assets	156,506	158,808	81,287	76,035	237,793	234,843	1.26%
Deferred outflows of resources	12,239	2,692	851	187	13,090	2,879	354.67%
Total Assets and Deferred Outflows of Resources	168,745	161,500	82,138	76,222	250,883	237,722	5.54%
Long-term liabilities	81,305	62,472	16,544	15,516	97,849	77,988	25.47%
Current liabilities	18,217	23,700	3,774	3,225	21,991	26,925	-18.32%
Total Liabilities	99,522	86,172	20,318	18,741	119,840	104,913	14.23%
Deferred inflows of resources	7,869	17,219	858	1,564	8,727	18,783	-53.54%
Total Liabilities and Deferred Inflows of Resources	107,391	103,391	21,176	20,305	128,567	123,696	3.94%
Net Position							
Net investment in capital assets	77,169	75,202	57,496	54,669	134,665	129,871	3.69%
Restricted	7,228	5,845	822	822	8,050	6,667	20.74%
Unrestricted	-23,043	-22,938	2,644	425	-20,399	-22,513	-9.39%
Total Net Position	\$61,354	\$58,109	\$60,962	\$55,916	\$122,316	\$114,025	7.27%

The bulk of the City's net position \$134,664,677 represents investments in capital assets net of accumulated depreciation, less the remaining balance of debt issued to acquire those assets. These infrastructure assets are used to provide public services to citizens and are not available for spending.

Another \$8,050,272 of the City's net position are legally restricted as to use. The City has a deficit in unrestricted net position of \$20,398,681. The deficit in unrestricted net position is caused by the City's long-term pension and other postemployment benefits plans liabilities. The City's unrestricted net position improved \$2,114,687 during the year.

Changes in net position. The City's total revenues were \$91,248,701 for the year ended June 30, 2023. This represents a 12.82% increase over total revenues collected during the prior fiscal year. Approximately 35.3% of the City's revenue stream came from charges to users of specific services such as water or sewer. Another 14% came from grants from the state and federal governments and 24.6% was from local property and income taxes. The remainder was comprised of state revenue sharing and other sources such as franchise fees and investment income.

The total cost of all City programs and services for the year ended June 30, 2023 was \$82,956,756. This represents a 19.9% increase from reported expenses for the last fiscal year ended June 30, 2022. 76.06% of the City's expenses were for governmental activities such as police and fire protection, streets, parks, and general administration. The remaining 23.94% represents the costs of the City's business-type activities, specifically, water, sewer and marina operations.

The table on the following page (*Changes in City's Net Position*) further breaks down the change in total net position into period-to-period changes in individual revenue and expense categories.

As can be seen, net position for governmental activities increased \$3,245,873 and the net position for business-type activities increased by \$5,046,072. For governmental activities, most of these changes are related to the changes in the pension and other postemployment benefits plans. For business-type activities, the changes similarly represent the impact of the changes in the pension and other postemployment benefits plans.

Changes in City's Net Position

(In thousands of dollars)

	Governmental		Business-Type		Total		Percentage Change
	Activities		Activities				
	6/30/2023	6/30/2022	6/30/2023	6/30/2022	6/30/2023	6/30/2022	
Program revenues							
Charges for services	\$11,393	\$11,148	\$20,818	\$19,495	\$32,211	\$30,643	5.12%
Operating grants and contributions	12,341	11,024	427	-	12,768	11,024	15.82%
Capital grants and contributions	3,801	2,815	2,290	103	6,091	2,918	108.74%
General revenues							
Property taxes	10,260	9,182	-	-	10,260	9,182	11.74%
Income taxes	12,196	10,020	-	-	12,196	10,020	21.72%
State shared revenues	13,168	15,303	-	-	13,168	15,303	-13.95%
All other	4,527	1,767	28	24	4,555	1,791	154.33%
Total revenues	67,686	61,259	23,563	19,622	91,249	80,881	12.82%
Governmental activities expenses							
Public representation	1,978	1,715	-	-	1,978	1,715	15.34%
Administrative services	1095	914	-	-	1,095	914	19.80%
Financial services	6,146	5,473	-	-	6,146	5,473	12.30%
Public safety	18,908	13,387	-	-	18,908	13,387	41.24%
Public works	4,561	4,688	-	-	4,561	4,688	-2.71%
Highways, streets and bridges	7,480	7,309	-	-	7,480	7,309	2.34%
Community and economic development	13,217	9,857	-	-	13,217	9,857	34.09%
Culture and recreation	7,870	6,589	-	-	7,870	6,589	19.44%
General administration	978	511	-	-	978	511	91.39%
Interest on long-term debt	866	881	-	-	866	881	-1.70%
Business-type activities expenses							
Sewer	-	-	8,609	8,154	8,609	8,154	5.58%
Water	-	-	10,759	9,261	10,759	9,261	16.18%
Marina and launch ramp	-	-	490	461	490	461	6.29%
Total expenses	63,099	51,324	19,858	17,876	82,957	69,200	19.88%
Change in net position before transfers	4,587	9,935	3,705	1,746	8,292	11,681	-29.01%
Transfers	(1,341)	35	1,341	(35)	-	-	-
Change in net position	3,246	9,970	5,046	1,711	8,292	11,681	-29.01%
Net position at beginning of year	58,108	48,138	55,916	54,205	114,024	102,343	11.41%
Net position at end of year	\$61,354	\$58,108	\$60,962	\$55,916	\$122,316	\$114,024	7.27%

Governmental Activities

The following table (*Net Cost of Selected City Functions*) presents the cost of each of the City's largest functions as well as each function's net cost (total cost less fees generated by the activities and intergovernmental aid specifically related to the function). The *net* cost reflects the portion of costs funded by local tax dollars and other general resources:

- The operational cost of all governmental activities during the year ended June 30, 2023 was \$63,099,130.
- The net cost that City taxpayers paid for these activities through local property taxes and income taxes was \$22,456,227, or about 35% of the total.
- The remaining cost was paid by user charges to those directly benefitting from the programs or by state and federal grants and contributions or use of net position.

Net Cost of Selected City Functions
(in thousands of dollars)

	Total Cost of Services			Net Cost of Services		
	6/30/2023	6/30/2022	% Change	6/30/2023	6/30/2022	% Change
Governmental activities						
Public safety	\$18,908	\$13,387	41.24%	\$15,634	\$10,703	46.07%
Public works	4,562	4,688	-2.69%	3,184	3,831	-16.89%
Highways, streets and bridges	7,480	7,309	2.34%	0	672	-100.00%
Community and economic development	13,217	9,857	34.09%	7,702	6,329	21.69%
Culture and recreation	7,870	6,589	19.44%	1,331	-2,430	-154.77%
All other	11,062	9,494	16.52%	7,714	7,233	6.65%
Total governmental activities	\$63,099	\$51,324	22.94%	\$35,565	\$26,338	35.03%

Business-Type Activities

The financial goal of the City's business-type activities (i.e. water, sewer and marina and launch ramp operations) is to operate on a self-supporting basis without making significant profit or needing general tax subsidies. For the fiscal year ended June 30, 2023, the City's total business-type activities realized an overall increase in net position of \$5,046,072.

Sewer Fund net position increased \$2,302,493 primarily from the result of adjustments to utility rates. The Water Fund saw a net position increase of \$2,413,874. Marina and Launch Ramp Fund net position increased \$379,027.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The fund financial statements provide detailed information about the major City funds, not the City as a whole. The City's major funds for the fiscal year ended June 30, 2023 were the General Fund, the Major Street and Trunkline Fund, and the State Grants Fund.

General Fund Highlights

The General Fund receives most public attention since it is where local tax revenues are accounted for and where the most visible municipal services such as police, fire and parks are funded. The City reforecasts its General Fund budget on a quarterly basis considering changing economic conditions and policy priorities. The following table shows the General Fund year-end unassigned fund balance for the last five years.

Year Ended	Year-End Unassigned Fund Balance	Year-to-Year % Change	Prior Year's Revenues	Unassigned Fund Balance as a % of Prior Year Revenues (Policy Target=13%)
6/30/2023	\$5,857,568	-26.61%	\$34,144,767	17.16%
6/30/2022	7,981,674	-12.50%	33,056,483	24.15%
6/30/2021	9,121,955	54.06%	29,653,448	30.76%
6/30/2020	5,920,869	-9.79%	28,747,772	20.60%
6/30/2019	6,563,511	1.46%	28,729,919	22.85%

For the year ended June 30, 2023, General Fund revenues were \$1,002,550 higher than the final amended budget. City income tax collections were driving force behind this revenue surge. Income Tax collections came in \$957,105 above the final amended budget. Income tax collections up \$1,900,000 from the previous fiscal year.

Intergovernmental revenues up by \$141,216 from last year. Despite receiving less Federal grant this fiscal year. Funds received from State Grants were up around \$63,000. State sales tax constitutional and County Village Township Revenue Sharing (CVTRS) funds were up by \$93,000 from the last fiscal year.

Overall this year, General Fund expenditures exceed revenues reducing overall fund balance by \$843,465. Our fund balance is \$10,017,908 which exceeds our Financial Policy standard which requires the City to maintain an unassigned fund balance equal to at least 13% of actual General Fund Revenues for the preceding year.

General Fund expenditures were \$300,545 higher than projected in the final amended budget. The variance from the final budgeted expenditures was a very insignificant less than 1%. Some of the key areas that were higher than budgeted were Sanitation, Parks & Recreation, and Insurance Premiums.

Major Street and Trunkline and State Grant Fund Highlights

The Major Street and Trunkline Fund accounts for all of the City's street construction and maintenance activities on its primary road system. Primary funding comes from the State of Michigan. For the year ended June 30, 2023, the fund balance of the Major Street and Trunkline Fund increased \$1,188,078.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2023, the City had invested \$178,591,749 in a variety of capital assets, including land, streets, equipment, buildings, water and sewer lines, and vehicles. This is an increase of \$3,899,410 from capital assets reported as of June 30, 2022. The increase is due to current year additions offset by normal depreciation of assets. Note G of the notes to the basic financial statements provides detailed information on the City's capital asset investment.

Long-Term Debt

At June 30, 2023, the City had \$47,111,364 in bonds and other long-term obligations outstanding. This represents a .83% decrease from the prior year. The City issued new debt for a fire truck and water and sewer improvements.

Additional information concerning the City's long-term debt is presented in Note J to the basic financial statements.

Bond Ratings

The City's limited full faith and credit bonds (bonds guaranteed by the City's taxing powers) received a rating of A+ from Standard & Poor's in 2023.

City's Long-Term Debt – Bonds and Other Obligations
(In thousands of dollars)

	Governmental		Business-Type		Total		Percentage Change
	Activities		Activities				
	6/30/2023	6/30/2022	6/30/2023	6/30/2022	6/30/2023	6/30/2022	
Due within one year	\$2,025	\$1,720	\$1,505	\$1,359	\$3,530	\$3,079	14.65%
Due in more than one year	<u>30,565</u>	<u>31,094</u>	<u>13,016</u>	<u>13,335</u>	<u>43,581</u>	<u>44,429</u>	-1.91%
Total bonds & other obligations	\$32,590	\$32,814	\$14,521	\$14,694	\$47,111	\$47,508	-0.84%

In addition to direct City debt, component units such as the Downtown Development Authority (DDA) and Local Development Finance Authority (LDFA) had outstanding debt totaling \$833,373 at year-end as shown in the table below. This represents a decrease of 24% from the prior year.

Debt issued by component units typically is secured by the limited full faith and credit of the City and so is an important consideration in assessing the City's overall fiscal health. Additional information concerning component units' long-term debt is presented in Note J to the basic financial statements and is summarized as follows:

Component Unit Long Term Debt – Bonds and Other Obligations
(In thousands of dollars)

	Local Development Finance Authority		Total		Percentage Change
	6/30/2023	6/30/2022	6/30/2023	6/30/2022	
	Due within one year	\$265	\$255	\$265	
Due in more than one year	<u>568</u>	<u>842</u>	<u>568</u>	<u>842</u>	-32.54%
Total bonds & other obligations	\$833	\$1,097	\$833	\$1,097	-24.07%

ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES

The City’s fiscal year 2023-24 capital budget anticipates spending \$35,317,595 for capital projects, consisting of street improvements, water and sewer system improvements, scheduled equipment replacements, the rehab of houses in a city neighborhood and the replacement of fire department rescue equipment.

From an operating standpoint, the City’s 2023-24 budget will be relatively stable while the City attempts to maintain a healthy fund balance and allow time to plan for and address economic challenges with a long-term solution:

- The full-time personnel complement will increase slightly to approximately 268.5.
- Some user fees will be increased and new fees recommended during the course of the year.
- The City will continue to look for opportunities to partner with other entities to deliver quality services in a cost-effective manner (e.g. Farmers’ Market kitchen management, Marsh Field and recreation programs).

City operations depend on five major sources of revenue: local income taxes, local property taxes, state-shared revenues, state street funds, and water and sewer utility fees. Together, these five income sources account for about three-quarters of total revenues.

Local Income Tax

The City income tax was approved by voters in 1993 and is the primary source of funding for police, fire, parks and other general operations. The income tax rate is 1% on City residents and ½ of 1% on non-residents working in the City. The income tax provides key advantages for core cities such as Muskegon.

First, it allows the City to regionalize its tax structure by taxing non-residents who work here and use City services. Second, it allows the City to benefit from development occurring outside City limits because City residents employed by non-City employers pay income taxes.

Finally, the income tax generates revenue from workers at not-for-profit hospitals, churches, government agencies, colleges and other institutions that are traditionally exempt from paying local property taxes. This is particularly important for Muskegon since it is the regional center for many such institutions.

Income tax revenues increased 19.5% from \$10,002,623 for the year ended June 30, 2022 to \$11,957,105 for the year ended June 30, 2023. For 2023-24, the City has estimated income tax revenue to be \$11,250,000.

Year	City Income Tax Revenues	Percent Change
6/30/2023	\$11,957,105	19.5%
6/30/2022	\$10,002,623	8.1%
6/30/2021	\$9,256,826	1.3%
6/30/2020	\$9,137,714	5.1%
6/30/2019	\$8,691,673	-0.8%

Local Property Tax

City charter and state law authorize the City to levy a general operating millage up to 10 mills and a maximum sanitation millage of 3 mills. Millage rates are applied to the taxable value of property in the City to arrive at the City's property tax levy.

For 2023-24, the City tax levy will be at 9.7880 mills for general operations and 2.9364 mills for sanitation service. We project that \$8,716,349 in total property tax revenue will be collected during fiscal year 2023-24.

It should be noted that several property tax appeals are currently pending. The impact of these appeals on City finances is being monitored closely.

State Shared Revenues

State shared sales tax revenues represent about 13% of total General Fund revenue. The City's state shared revenue allocation is made up of two parts. The constitutional component is a fixed percentage of total state sales tax collections that is allocated to cities on a per capita basis and that cannot be reduced by the legislature. The non-constitutional component is determined by a complex formula and is subject to adjustment through the State's annual budget process. Both components depend, of course, on overall state sales tax collections. The City's recent state shared revenue history is summarized as follows:

Year	State Shared Revenues	Percent Change
6/30/2023	\$5,180,344	1.8%
6/30/2022	\$5,087,587	7.5%
6/30/2021	\$4,733,888	15.0%
6/30/2020	\$4,117,935	-3.6%
6/30/2019	\$4,271,438	2.8%

For 2023-24, the City projects \$5,323,726 in state shared revenues.

Street Funds

The State also returns to the City a share of gasoline tax revenues to help fund maintenance and construction of major and local streets within the City. These revenues have been more stable than general state sales tax state-shared revenues have been:

Year	Street Revenues from State	Percent Change
6/30/2023	\$7,471,277	19.1%
6/30/2022	\$6,271,210	5.2%
6/30/2021	\$5,961,524	9.4%
6/30/2020	\$5,450,220	6.2%
6/30/2019	\$5,134,277	1.4%

Based on recent legislative changes, the City began seeing increases in street funding that will carry into future years. At this time, the City is projecting street revenues for fiscal year 2023-24 of \$6,025,000 due to fewer State grants.

Water and Sewer Fees

From a government-wide entity perspective, combined water and sewer fees represent one of the City's largest income streams, totaling \$20,167,303 during the year ended June 30, 2023. Charges to customers are based on the amount of metered services used times rates periodically set by the City Commission. During the year ended June 30, 2023. Water rates will increase by debt service fees in the next fiscal year to pay for improvements being made at the Water Filtration Plant. The City began providing treated water to the City of Norton Shores and Fruitport Charter Township in May 2015. The addition of these two new large municipal customers allows the spreading of water treatment costs over a larger customer base while remaining well within the plant's rated treatment capacity.

Due to the impact of continued increases in wastewater treatment charges from the Muskegon County Wastewater Treatment System, the City Commission passed a resolution effective July 1, 2016, which ties the sewer rate the City will charge to its customers to a multiplier of the rate that the county bills the City for wastewater treatment. This rate change is expected to help maintain the financial viability of the City's sewer system.

The City of Muskegon along other jurisdictions in the area have an agreement in place with the Muskegon County Wastewater Treatment System starting in 2022 to pay wastewater treatment fees based of the flow percentage contributed to the system and the annual revenue required from all jurisdictions to run treatment plant. In the past, our fees were based on actual flow. By changing to this method, we will be able to stabilize our monthly payments.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report, need additional financial information, or wish to obtain separate financial statements for the City's component units, contact the City's Finance Department at (231) 724-6713 or by e-mail (finance@shorelinecity.com).

FINANCIAL STATEMENTS

City of Muskegon
STATEMENT OF NET POSITION
June 30, 2023

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Component Units</u>
ASSETS				
Current assets				
Cash and investments	\$ 30,025,808	\$ 3,400,476	\$ 33,426,284	\$ 639,463
Assets managed by others	1,465,078	-	1,465,078	-
Receivables				
Accounts and notes	3,416,329	3,692,465	7,108,794	13,936
Leases	395,885	87,286	483,171	-
Due from other governmental units	3,227,732	1,973,771	5,201,503	-
Internal balances	1,630,184	(1,630,184)	-	-
Inventories	17,624	354,934	372,558	-
Prepaid items	395,522	153,585	549,107	-
Total current assets	40,574,162	8,032,333	48,606,495	653,399
Noncurrent assets				
Restricted cash and investments	-	841,000	841,000	-
Advances to component units	891,561	-	891,561	-
Leases receivable, less amounts due within one year	7,472,680	770,447	8,243,127	-
Notes receivable, less amounts due within one year	618,841	-	618,841	-
Capital assets, net				
Nondepreciable	20,207,552	8,569,081	28,776,633	400,000
Depreciable	86,741,536	63,073,580	149,815,116	417,233
Total noncurrent assets	115,932,170	73,254,108	189,186,278	817,233
Total assets	156,506,332	81,286,441	237,792,773	1,470,632
DEFERRED OUTFLOWS OF RESOURCES				
Related to pension	9,139,784	635,387	9,775,171	-
Related to other postemployment benefits	3,098,824	215,427	3,314,251	-
Total deferred outflows of resources	12,238,608	850,814	13,089,422	-
Total assets and deferred outflows of resources	168,744,940	82,137,255	250,882,195	1,470,632

The accompanying notes are an integral part of this statement.

City of Muskegon
STATEMENT OF NET POSITION—CONTINUED
June 30, 2023

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Component Units</u>
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	\$ 5,585,799	\$ 1,301,765	\$ 6,887,564	\$ 96,629
Due to other governmental units	942,790	842,760	1,785,550	-
Short-term note	750,000	-	750,000	-
Unearned revenues - unused Farmers Market tokens	145,397	-	145,397	-
Unearned revenues - expenditure-driven grants	8,755,077	-	8,755,077	-
Unearned revenues - prepaid events	13,012	-	13,012	-
Unearned revenues - prepaid fees	-	124,529	124,529	-
Bonds and other obligations, due within one year	2,025,000	1,504,800	3,529,800	265,000
Total current liabilities	18,217,075	3,773,854	21,990,929	361,629
Noncurrent liabilities				
Advances from primary government	-	-	-	891,561
Bonds and other obligations, less amounts due within one year	30,565,206	13,016,358	43,581,564	568,373
Net pension liability	45,195,991	3,141,967	48,337,958	-
Net other postemployment benefits liability	5,543,781	385,397	5,929,178	-
Total noncurrent liabilities	81,304,978	16,543,722	97,848,700	1,459,934
Total liabilities	99,522,053	20,317,576	119,839,629	1,821,563
DEFERRED INFLOWS OF RESOURCES				
Related to leases	7,868,565	857,733	8,726,298	-
Total liabilities and deferred inflows of resources	107,390,618	21,175,309	128,565,927	1,821,563
NET POSITION				
Net investment in capital assets	77,169,106	57,495,571	134,664,677	(16,140)
Restricted				
Highways, streets and bridges	4,341,409	-	4,341,409	-
Housing repairs	201,500	-	201,500	-
Debt service	-	822,000	822,000	-
Trinity Health Arena	42,636	-	42,636	-
Law enforcement	23,276	-	23,276	-
Business improvement districts	139,150	-	139,150	-
Perpetual care				
Expendable	589,321	-	589,321	-
Non-expendable	1,725,012	-	1,725,012	-
Other purposes	165,968	-	165,968	-
Unrestricted	(23,043,056)	2,644,375	(20,398,681)	(334,791)
Total net position	\$ 61,354,322	\$ 60,961,946	\$ 122,316,268	\$ (350,931)

The accompanying notes are an integral part of this statement.

City of Muskegon
STATEMENT OF ACTIVITIES
For the year ended June 30, 2023

Functions/Programs	Net (Expense) Revenue and Changes in Net Position							
	Program Revenue			Primary Government		Component Units		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities		Business-type Activities	Total
Primary government								
Governmental activities								
Public representation services	\$ 1,977,993	\$ 367,723	\$ -	\$ -	\$ (1,610,270)	\$ -	\$ (1,610,270)	\$ -
Administrative services	1,094,528	697,070	-	10,885	(386,573)	-	(386,573)	-
Financial services	6,145,566	1,129,918	50,000	-	(4,965,648)	-	(4,965,648)	-
Public safety	18,908,078	3,270,826	3,305	-	(15,633,947)	-	(15,633,947)	-
Public works	4,561,496	1,361,232	16,300	-	(3,183,964)	-	(3,183,964)	-
Highways, streets and bridges	7,480,486	243,319	6,343,826	894,105	764	-	764	-
Community and economic development	13,217,161	609,408	4,906,016	-	(7,701,737)	-	(7,701,737)	-
Culture and recreation	7,869,866	3,624,178	1,021,167	1,893,673	(1,330,848)	-	(1,330,848)	-
General administration	977,506	89,072	-	-	(888,434)	-	(888,434)	-
Interest on long-term debt	866,450	-	-	1,002,527	136,077	-	136,077	-
Total governmental activities	63,099,130	11,392,746	12,340,614	3,801,190	(35,564,580)	-	(35,564,580)	-
Business-type activities								
Sewer	8,608,922	10,177,369	-	707,000	-	2,275,447	2,275,447	-
Water	10,758,625	10,311,141	427,075	1,582,819	-	1,562,410	1,562,410	-
Marina and launch ramp	490,079	329,518	-	-	-	(160,561)	(160,561)	-
Total business-type activities	19,857,626	20,818,028	427,075	2,289,819	-	3,677,296	3,677,296	-
Total primary government	\$ 82,956,756	\$ 32,210,774	\$ 12,767,689	\$ 6,091,009	(35,564,580)	3,677,296	(31,887,284)	-
Component units								
Local Development Finance Authority - SmartZone	\$ 191,749	\$ -	\$ -	\$ 200,000	-	-	-	8,251
Downtown Development Authority	812,350	-	557,944	-	-	-	-	(254,406)
Tax Increment Finance Authority	50,000	-	-	-	-	-	-	(50,000)
Brownfield Redevelopment Authorities	692,375	-	-	-	-	-	-	(692,375)
Total component units	\$ 1,746,474	\$ -	\$ 557,944	\$ 200,000	-	-	-	(988,530)
General revenues								
Property taxes					10,259,863	-	10,259,863	1,500,595
Income taxes					12,196,364	-	12,196,364	-
Cable franchise agreement					349,044	-	349,044	-
Grants and contributions not restricted to specific programs					13,168,368	-	13,168,368	37,629
Unrestricted investment earnings					765,542	27,463	793,005	2,074
Miscellaneous					688,390	-	688,390	-
Gain on sale of capital asset					2,724,195	-	2,724,195	-
Transfers					(1,341,313)	1,341,313	-	-
Total general revenues and transfers					38,810,453	1,368,776	40,179,229	1,540,298
Change in net position					3,245,873	5,046,072	8,291,945	551,768
Net position at beginning of year					58,108,449	55,915,874	114,024,323	(902,699)
Net position at end of year					\$ 61,354,322	\$ 60,961,946	\$ 122,316,268	\$ (350,931)

The accompanying notes are an integral part of this statement.

City of Muskegon
BALANCE SHEET
 Governmental Funds
 June 30, 2023

	General Fund	Major Street and Trunkline Fund	Trinity Health Arena Fund	State Grants Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and investments	\$ 5,994,405	\$ 4,960,350	\$ -	\$ 8,503,599	\$ 6,163,693	\$ 25,622,047
Assets managed by others	-	-	-	-	1,465,078	1,465,078
Receivables						
Accounts and loans (net of allowance for uncollectibles)	260,870	66,301	432,231	-	1,100,272	1,859,674
Property taxes	43,066	-	-	-	-	43,066
Income taxes	1,777,832	-	-	-	-	1,777,832
Leases	3,493,277	-	4,375,289	-	-	7,868,566
Due from other governmental units	920,341	819,624	-	560,947	926,820	3,227,732
Due from other funds	3,235,277	-	-	-	-	3,235,277
Advances to component units	588,797	-	-	-	100,922	689,719
Prepaid items	274,429	26,497	-	-	7,763	308,689
Total assets	\$ 16,588,294	\$ 5,872,772	\$ 4,807,520	\$ 9,064,546	\$ 9,764,548	\$ 46,097,680
LIABILITIES						
Accounts payable	\$ 2,298,236	\$ 239,677	\$ 42,870	\$ 408,776	\$ 1,169,551	\$ 4,159,110
Accrued liabilities	259,851	10,273	5,436	-	11,238	286,798
Due to other governmental units	28,169	914,498	-	-	123	942,790
Due to other funds	-	-	328,277	-	494,615	822,892
Short-term note	-	-	-	-	750,000	750,000
Unearned revenues - unused Farmers Market tokens	-	-	-	-	145,397	145,397
Unearned revenues - expenditure-driven grants	100,853	-	-	8,654,223	-	8,755,076
Unearned revenues - prepaid events	-	-	13,012	-	-	13,012
Total liabilities	2,687,109	1,164,448	389,595	9,062,999	2,570,924	15,875,075
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenues - income taxes	390,000	-	-	-	-	390,000
Related to leases	3,493,277	-	4,375,289	-	-	7,868,566
Total deferred inflows of resources	3,883,277	-	4,375,289	-	-	8,258,566
FUND BALANCES						
Nonspendable						
Prepaid items	274,429	26,497	-	-	7,763	308,689
Long-term advances	588,797	-	-	-	-	588,797
Perpetual care	10,000	-	-	-	1,715,012	1,725,012
Restricted						
Highways, streets and bridges	-	4,681,827	-	-	730,944	5,412,771
Housing repairs	201,500	-	-	-	-	201,500
Trinity Health Arena	-	-	42,636	-	-	42,636
Law enforcement	-	-	-	-	23,276	23,276
Business improvement districts	-	-	-	-	139,150	139,150
Perpetual care	-	-	-	-	589,321	589,321
Other purposes	-	-	-	-	165,968	165,968
Committed for social equity program	295,113	-	-	-	-	295,113
Assigned for						
Capital projects and public improvements	1,800,000	-	-	1,547	3,822,190	5,623,737
Subsequent year's budget appropriation of fund balance	990,501	-	-	-	-	990,501
Unassigned	5,857,568	-	-	-	-	5,857,568
Total fund balances	10,017,908	4,708,324	42,636	1,547	7,193,624	21,964,039
Total liabilities, deferred inflows of resources and fund balances	\$ 16,588,294	\$ 5,872,772	\$ 4,807,520	\$ 9,064,546	\$ 9,764,548	\$ 46,097,680

The accompanying notes are an integral part of this statement.

City of Muskegon
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION**
June 30, 2023

Total fund balance—governmental funds \$ 21,964,039

Amounts reported for governmental activities in the Statement of Net Position are different because:

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

Cost of capital assets	\$ 182,643,369	
Accumulated depreciation	<u>(78,666,414)</u>	103,976,955

Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenues in the governmental funds.

Income taxes		390,000
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Long-term liabilities in governmental activities are not due and payable in the current period and, therefore, are not reported in the governmental funds.

Accrued interest payable	(235,800)	
Bonds and notes payable	(29,779,982)	
Compensated absences	(2,575,323)	
Net pension liability and related deferred outflows/inflows of resources	(34,513,696)	
Net other post employment benefits liability and related outflows/inflows of resources	<u>(2,340,360)</u>	(69,445,161)

Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are reported with governmental activities in the Statement of Net Position.

Net position of the internal service funds	5,250,690	
Internal balances representing the cumulative difference between actual costs and amounts charged to business-type activities	<u>(782,201)</u>	<u>4,468,489</u>

Net position of governmental activities		<u>\$ 61,354,322</u>
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The accompanying notes are an integral part of this statement.

City of Muskegon
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 Governmental Funds
 For the year ended June 30, 2023

	General Fund	Major Street and Trunkline Fund	Trinity Health Arena Fund	State Grants Fund	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes	\$ 21,804,988	\$ -	\$ -	\$ -	\$ -	\$ 21,804,988
Licenses and permits	3,074,012	-	-	-	-	3,074,012
Intergovernmental revenues						
Federal	182,483	-	-	7,074,143	2,512,647	9,769,273
State	6,621,206	5,951,632	-	3,709,566	1,582,287	17,864,691
Local	50,000	-	-	-	1,155,110	1,205,110
Charges for services	4,702,642	-	1,849,384	-	650,392	7,202,418
Fines and forfeitures	604,038	-	-	-	-	604,038
Investment earnings and rental income	1,075,391	19,664	112,768	-	26,171	1,233,994
Income from assets managed by others	-	-	-	-	108,492	108,492
Other	1,043,113	1,953	40,017	-	958,280	2,043,363
Total revenues	39,157,873	5,973,249	2,002,169	10,783,709	6,993,379	64,910,379
EXPENDITURES						
Current						
Public representation services	1,905,638	-	-	-	-	1,905,638
Administrative services	1,079,807	-	-	-	-	1,079,807
Financial services	6,089,585	-	-	-	-	6,089,585
Public safety	17,798,350	-	-	-	-	17,798,350
Public works	4,071,985	-	-	-	167,332	4,239,317
Highways, streets and bridges	-	4,785,171	-	-	1,587,995	6,373,166
Community and economic development	913,215	-	-	-	-	913,215
Culture and recreation	3,379,385	-	2,569,816	-	660,818	6,610,019
General administration	950,789	-	-	-	-	950,789
Debt service						
Principal	1,022,509	-	-	-	250,000	1,272,509
Interest and fees	377,330	-	-	-	608,420	985,750
Capital outlay	5,198,799	-	1,000,446	5,234,184	5,021,844	16,455,273
Total expenditures	42,787,392	4,785,171	3,570,262	5,234,184	8,296,409	64,673,418
Excess of revenues over (under) expenditures	(3,629,519)	1,188,078	(1,568,093)	5,549,525	(1,303,030)	236,961
OTHER FINANCING SOURCES (USES)						
Proceeds from sale of capital assets	-	-	-	-	2,976,733	2,976,733
Long-term debt issued	761,603	-	-	-	-	761,603
Transfers in	4,251,451	-	1,548,761	-	316,000	6,116,212
Transfers out	(2,227,000)	-	-	(5,549,525)	(316,000)	(8,092,525)
Total other financing sources (uses)	2,786,054	-	1,548,761	(5,549,525)	2,976,733	1,762,023
Net change in fund balances	(843,465)	1,188,078	(19,332)	-	1,673,703	1,998,984
Fund balances at beginning of year	10,861,373	3,520,246	61,968	1,547	5,519,921	19,965,055
Fund balances at end of year	\$ 10,017,908	\$ 4,708,324	\$ 42,636	\$ 1,547	\$ 7,193,624	\$ 21,964,039

The accompanying notes are an integral part of this statement.

City of Muskegon
**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES**
For the year ended June 30, 2023

Net change in fund balances—total governmental funds \$ 1,998,984

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

Governmental funds report outlays for capital assets as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense.

Depreciation expense	\$ (5,740,214)	
Capital outlay	<u>6,935,934</u>	1,195,720

Revenues reported in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds.

Income taxes		(70,000)
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The issuance of long-term debt provides current financial resources to governmental funds, but increases liabilities in the Statement of Net Position. Repayment of debt is an expenditure in the governmental funds, but reduces long-term liabilities in the Statement of Net Position.

Issuance of long-term debt	(761,603)	
Repayment of principal on long-term debt	<u>1,272,509</u>	510,906

Changes in accrual of interest and amortization of premiums and discounts

Change in accrued interest payable	7,000	
Amortization of premiums and discounts	<u>112,300</u>	119,300

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 governmental funds.

Change in compensated absences	(360,062)	
Change in net pension liability and related deferred outflows/inflows of resources	(2,158,114)	
Change in net other post employment benefits liability and related deferred outflows/inflows of resources	<u>1,345,186</u>	(1,172,990)

The internal service funds are used by management to charge the costs of certain activities used to individual funds. The net revenue of certain activities of the internal service fund is reported with governmental activities.

Change in net position of the internal service funds	614,631	
Change in internal balances representing the current year difference between actual costs and amounts charged to business-type activities	<u>49,322</u>	<u>663,953</u>

Change in net position of governmental activities		<u><u>\$ 3,245,873</u></u>
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The accompanying notes are an integral part of this statement.

City of Muskegon
STATEMENT OF NET POSITION
Proprietary Funds
June 30, 2023

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Sewer	Water	Marina and Launch Ramp	Total	
ASSETS					
Current assets					
Cash and investments	\$ 3,222,882	\$ -	\$ 177,594	\$ 3,400,476	\$ 4,403,761
Receivables					
Accounts	1,760,159	1,884,633	47,673	3,692,465	354,597
Leases	-	87,286	-	87,286	-
Due from other governmental units	799,038	1,174,733	-	1,973,771	-
Inventories	107,067	247,867	-	354,934	17,624
Prepaid items	65,711	83,915	3,959	153,585	86,833
Total current assets	5,954,857	3,478,434	229,226	9,662,517	4,862,815
Noncurrent assets					
Restricted cash and investments	101,000	740,000	-	841,000	-
Leases receivable, less amounts due within one year	-	770,447	-	770,447	-
Advances to component units	-	-	-	-	201,842
Capital assets					
Land	16,188	103,500	22,562	142,250	65,000
Land improvements	-	120,713	1,923,404	2,044,117	301,715
Buildings, improvements and systems	39,788,436	81,985,521	2,535,088	124,309,045	1,668,215
Machinery and equipment	237,141	3,116,030	60,620	3,413,791	10,712,508
Construction in progress	1,922,069	6,504,762	-	8,426,831	-
Less accumulated depreciation	(13,383,985)	(49,636,321)	(3,673,067)	(66,693,373)	(9,775,305)
Net capital assets	28,579,849	42,194,205	868,607	71,642,661	2,972,133
Total noncurrent assets	28,680,849	43,704,652	868,607	73,254,108	3,173,975
Total assets	34,635,706	47,183,086	1,097,833	82,916,625	8,036,790
DEFERRED OUTFLOWS OF RESOURCES					
Related to pension	146,628	488,759	-	635,387	391,007
Related to other postemployment benefits	49,714	165,713	-	215,427	132,570
Total deferred outflows of resources	196,342	654,472	-	850,814	523,577
Total assets and deferred outflows of resources	34,832,048	47,837,558	1,097,833	83,767,439	8,560,367

The accompanying notes are an integral part of this statement.

City of Muskegon
STATEMENT OF NET POSITION—CONTINUED
 Proprietary Funds
 June 30, 2023

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Sewer	Water	Marina and Launch Ramp	Total	
LIABILITIES					
Current liabilities					
Accounts payable	\$ 515,723	\$ 673,857	\$ 7,811	\$ 1,197,391	\$ 878,944
Accrued liabilities	28,145	75,865	364	104,374	25,147
Due to other governmental units	842,760	-	-	842,760	-
Due to other funds	-	2,412,385	-	2,412,385	-
Unearned revenues - prepaid fees	-	-	124,529	124,529	-
Bonds and other obligations, due within one year	421,300	1,083,500	-	1,504,800	46,900
Total current liabilities	1,807,928	4,245,607	132,704	6,186,239	950,991
Noncurrent liabilities					
Bonds and other obligations, less amounts due within one year	6,711,323	6,305,035	-	13,016,358	188,001
Net pension liability	725,069	2,416,898	-	3,141,967	1,933,518
Net other postemployment benefits liability	88,938	296,459	-	385,397	237,167
Total noncurrent liabilities	7,525,330	9,018,392	-	16,543,722	2,358,686
Total liabilities	9,333,258	13,263,999	132,704	22,729,961	3,309,677
DEFERRED INFLOWS OF RESOURCES					
Related to leases	-	857,733	-	857,733	-
Total liabilities and deferred inflows of resources	9,333,258	14,121,732	132,704	23,587,694	3,309,677
NET POSITION					
Net investment in capital assets	21,553,580	35,073,384	868,607	57,495,571	2,972,133
Restricted for debt service	101,000	721,000	-	822,000	-
Unrestricted	3,844,210	(2,078,558)	96,522	1,862,174	2,278,557
Total net position	<u>\$ 25,498,790</u>	<u>\$ 33,715,826</u>	<u>\$ 965,129</u>	60,179,745	<u>\$ 5,250,690</u>
Adjustment to report the cumulative internal balance for the net effect of the activity between the internal service funds and the enterprise funds over time				782,201	
Net position of business-type activities				<u>\$ 60,961,946</u>	

The accompanying notes are an integral part of this statement.

City of Muskegon
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Proprietary Funds
For the year ended June 30, 2023

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Marina and Launch Ramp			Total	
	Sewer	Water			
OPERATING REVENUES					
Charges for services	\$ 9,980,216	\$ 9,860,128	\$ 326,959	\$ 20,167,303	\$ 9,442,916
Other	197,153	878,088	2,559	1,077,800	2,120,346
Total operating revenues	10,177,369	10,738,216	329,518	21,245,103	11,563,262
OPERATING EXPENSES					
Administration	719,708	1,513,323	11,734	2,244,765	1,063,561
Insurance premiums and claims	-	-	-	-	5,134,457
Wastewater treatment	4,926,860	-	-	4,926,860	-
Wastewater maintenance	2,092,102	-	-	2,092,102	-
Filtration plant operations	-	3,208,690	-	3,208,690	-
Water distribution	-	3,859,623	-	3,859,623	-
Other operations	-	-	365,909	365,909	4,898,895
Depreciation	702,897	1,940,124	112,869	2,755,890	566,059
Total operating expenses	8,441,567	10,521,760	490,512	19,453,839	11,662,972
Operating income (loss)	1,735,802	216,456	(160,994)	1,791,264	(99,710)
NONOPERATING REVENUES (EXPENSES)					
Investment earnings	12,991	14,451	21	27,463	25,374
Gain on sale of capital assets	-	-	-	-	53,967
Interest expense	(123,855)	(165,121)	-	(288,976)	-
Bond issuance costs	(29,445)	(36,044)	-	(65,489)	-
Total nonoperating revenue (expenses)	(140,309)	(186,714)	21	(327,002)	79,341
Income (loss) before capital contributions and transfers	1,595,493	29,742	(160,973)	1,464,262	(20,369)
CAPITAL CONTRIBUTIONS AND TRANSFERS					
Capital grants and contributions	707,000	1,582,819	-	2,289,819	-
Transfers in	-	801,313	540,000	1,341,313	635,000
Total capital contributions and transfers	707,000	2,384,132	540,000	3,631,132	635,000
Change in net position	2,302,493	2,413,874	379,027	5,095,394	614,631
Net position at beginning of year	23,196,297	31,301,952	586,102		4,636,059
Net position at end of year	\$ 25,498,790	\$ 33,715,826	\$ 965,129		\$ 5,250,690
Adjustment for the net effect of the current year activity between the internal service funds and the enterprise funds				(49,322)	
Change in net position of business-type activities				\$ 5,046,072	

The accompanying notes are an integral part of this statement.

City of Muskegon
STATEMENT OF CASH FLOWS
Proprietary Funds
For the year ended June 30, 2023

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Sewer	Water	Marina and Launch Ramp	Total	
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$ 9,977,824	\$ 10,186,377	\$ 307,552	\$ 20,471,753	\$ 183,150
Receipts from interfund services provided	75,942	157,587	-	233,529	9,442,916
Other receipts	-	-	-	-	1,915,791
Payments to suppliers	(5,596,945)	(3,864,874)	(330,246)	(9,792,065)	(7,279,334)
Payments to employees	(1,043,302)	(2,981,949)	(41,658)	(4,066,909)	(2,397,034)
Payments for interfund services used	(927,747)	(1,726,339)	(22,622)	(2,676,708)	(1,117,064)
Net cash provided by (used for) operating activities	2,485,772	1,770,802	(86,974)	4,169,600	748,425
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers in	-	801,313	540,000	1,341,313	635,000
Interfund borrowing	-	1,397,695	(275,453)	1,122,242	-
Advances to component units	-	-	-	-	96,144
Net cash provided by (used for) noncapital financing activities	-	2,199,008	264,547	2,463,555	731,144
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from long-term debt	271,718	46,720	-	318,438	-
Issuance costs on long-term debt	(29,445)	(36,044)	-	(65,489)	-
Capital contributions	707,000	490,595	-	1,197,595	-
Purchases of capital assets	(1,709,268)	(3,296,111)	-	(5,005,379)	(714,728)
Principal paid on capital debt	(275,000)	(1,020,000)	-	(1,295,000)	-
Interest paid on capital debt	(124,455)	(157,421)	-	(281,876)	-
Proceeds from sale of capital assets	-	-	-	-	53,967
Net cash provided by (used for) capital and related financing activities	(1,159,450)	(3,972,261)	-	(5,131,711)	(660,761)
CASH FLOW FROM INVESTING ACTIVITIES					
Investment earnings	12,991	14,451	21	27,463	25,374
Net increase (decrease) in cash and investments	1,339,313	12,000	177,594	1,528,907	844,182
Cash and investments at beginning of year	1,984,569	728,000	-	2,712,569	3,559,579
Cash and investments at end of year	\$ 3,323,882	\$ 740,000	\$ 177,594	\$ 4,241,476	\$ 4,403,761
Reconciliation of cash and investments to the Statement of Net Position					
Cash and investments	\$ 3,222,882	\$ -	\$ 177,594	\$ 3,400,476	\$ 4,403,761
Restricted cash and investments	101,000	740,000	-	841,000	-
	\$ 3,323,882	\$ 740,000	\$ 177,594	\$ 4,241,476	\$ 4,403,761
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities					
Operating income (loss)	\$ 1,735,802	\$ 216,456	\$ (160,994)	\$ 1,791,264	\$ (99,710)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities					
Depreciation expense	702,897	1,940,124	112,869	2,755,890	566,059
Change in assets and liabilities					
Receivables	(123,603)	(394,253)	(32,552)	(550,408)	(21,405)
Inventories	(62,910)	35,500	-	(27,410)	21,243
Prepaid items	(3,058)	(238)	(439)	(3,735)	142,263
Accounts payable	240,639	(53,607)	(15,770)	171,262	99,562
Unearned revenues	-	-	10,586	10,586	-
Accrued liabilities	(3,995)	26,820	(674)	22,151	40,413
Net cash provided by (used for) operating activities	\$ 2,485,772	\$ 1,770,802	\$ (86,974)	\$ 4,169,600	\$ 748,425

The accompanying notes are an integral part of this statement.

City of Muskegon
STATEMENT OF NET POSITION
 Fiduciary Funds
 June 30, 2023

	Other Post- Employment Benefits Trust Fund	Custodial Funds
ASSETS		
Cash and investments	\$ -	\$ 1,415,754
MERS Total Market Portfolio	24,113,248	-
Accounts receivable	10,338	26,232
Total assets	24,123,586	1,441,986
LIABILITIES		
Accounts payable	-	22,836
Due to other governmental units	-	1,089,362
Deposits held for others	-	329,788
Total liabilities	-	1,441,986
NET POSITION		
Restricted for individuals, organizations, and other governments	\$ 24,123,586	\$ -

The accompanying notes are an integral part of this statement.

City of Muskegon
STATEMENT OF CHANGES IN NET POSITION
 Fiduciary Funds
 For the year ended June 30, 2023

	Other Post- Employment Benefits Trust Fund	Custodial Funds
ADDITIONS		
Tax collections for other governments	\$ -	\$ 25,890,949
Other collections for third parties	-	1,734,024
Employer contributions	1,984,403	-
Net investment income (loss)	1,685,972	-
Total additions	3,670,375	27,624,973
DEDUCTIONS		
Payment of taxes to other governments	-	25,890,949
Other payments to third parties	-	1,734,024
Benefit payments	1,646,094	-
Administrative expenses	46,721	-
Total deductions	1,692,815	27,624,973
Change in net position	1,977,560	-
Net position at beginning of year	22,146,026	-
Net position at end of year	\$ 24,123,586	\$ -

The accompanying notes are an integral part of this statement.

City of Muskegon
STATEMENT OF NET POSITION
Discretely Presented Component Units
June 30, 2023

	Local Development Finance Authority - SmartZone	Downtown Development Authority	Tax Increment Finance Authority	Lakeside Corridor Improvement Authority	Brownfield Redevelopment Authorities	Total
ASSETS						
Current assets						
Cash and investments	\$ 53,019	\$ 471,256	\$ 23,921	\$ 7,484	\$ 83,783	\$ 639,463
Accounts receivable	-	13,936	-	-	-	13,936
Total current assets	53,019	485,192	23,921	7,484	83,783	653,399
Noncurrent assets						
Capital assets, net						
Nondepreciable	400,000	-	-	-	-	400,000
Depreciable	417,233	-	-	-	-	417,233
Total noncurrent assets	817,233	-	-	-	-	817,233
Total assets	870,252	485,192	23,921	7,484	83,783	1,470,632
LIABILITIES						
Current liabilities						
Accounts payable	-	82,469	-	-	8,732	91,201
Accrued liabilities	4,100	1,328	-	-	-	5,428
Bonds and other obligations, due within one year	265,000	-	-	-	-	265,000
Total current liabilities	269,100	83,797	-	-	8,732	361,629
Noncurrent liabilities						
Advances from primary government	-	-	-	-	891,561	891,561
Bonds and other obligations, less amounts due within one year	568,373	-	-	-	-	568,373
Total noncurrent liabilities	568,373	-	-	-	891,561	1,459,934
Total liabilities	837,473	83,797	-	-	900,293	1,821,563
NET POSITION						
Net investment in capital assets	(16,140)	-	-	-	-	(16,140)
Unrestricted	48,919	401,395	23,921	7,484	(816,510)	(334,791)
Total net position	\$ 32,779	\$ 401,395	\$ 23,921	\$ 7,484	\$ (816,510)	\$ (350,931)

The accompanying notes are an integral part of this statement.

City of Muskegon
STATEMENT OF ACTIVITIES
Discretely Presented Component Units
For the year ended June 30, 2023

	Net (Expense) Revenue and Changes in Net Position						
	Program Revenue	Local	Downtown	Tax	Lakeside	Brownfield	Total
Functions/Programs	Operating	Development	Development	Increment	Corridor	Redevelopment	Total
	Contributions	Finance	Authority	Finance	Improvement	Authorities	
	Grants and	Authority -	Authority	Authority	Authority	Authorities	
	Contributions	SmartZone	Authority	Authority	Authority	Authorities	
	Capital						
	Contributions						
Local Development Finance Authority - SmartZone							
Community and economic development	\$ 172,648	\$ (172,648)	\$ -	\$ -	\$ -	\$ -	\$ (172,648)
Interest on long-term debt	19,101	180,899	-	-	-	-	180,899
Total Local Development Finance Authority - SmartZone	191,749	8,251	-	-	-	-	8,251
Downtown Development Authority							
Community and economic development	812,350	-	(254,406)	-	-	-	(254,406)
Tax Increment Finance Authority	50,000	-	-	(50,000)	-	-	(50,000)
Brownfield Redevelopment Authorities							
Community and economic development	679,010	-	-	-	-	(679,010)	(679,010)
Interest on long-term debt	13,365	-	-	-	-	(13,365)	(13,365)
Total Brownfield Redevelopment Authorities	692,375	-	-	-	-	(692,375)	(692,375)
Total discretely presented component units	\$ 1,746,474	\$ 557,944	\$ 200,000	(50,000)	-	(692,375)	(988,530)
General revenues							
Property taxes		86,205	401,043	44,105	7,473	961,769	1,500,595
Grants and contributions not restricted to specific programs		3,339	-	9,728	-	24,562	37,629
Unrestricted investment income		125	1,139	74	11	725	2,074
Total general revenues		89,669	402,182	53,907	7,484	987,056	1,540,298
Change in net position		97,920	147,776	3,907	7,484	294,681	551,768
Net position at beginning of year		(65,141)	253,619	20,014	-	(1,111,191)	(902,699)
Net position at end of year		\$ 32,779	\$ 401,395	\$ 23,921	\$ 7,484	\$ (816,510)	\$ (350,931)

The accompanying notes are an integral part of this statement.

City of Muskegon
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Muskegon (City) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

Reporting Entity

The City of Muskegon was incorporated October 6, 1919, under the provisions of the Home Rule Act of the State of Michigan. The City is a municipal corporation governed by an elected mayor and six-member City Commission and is administered by a city manager appointed by the City Commission. The accompanying financial statements present the City and its component units, entities for which the government is considered to be financially accountable. The discretely presented component units are reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that they are legally separate from the City.

Discretely Presented Component Units

Downtown Development Authority (DDA). The DDA's sole purpose is the collection of property tax incremental revenues, the issuance and repayment of debt and the construction of public facilities to promote and facilitate economic growth in the downtown district. Members of the DDA are appointed by the City Commission and the Authority is fiscally dependent on the City since the City Commission approves the DDA budget and must approve any debt issuance. The DDA is presented as a governmental fund type.

Tax Increment Finance Authority (TIFA). The TIFA's sole purpose is the collection of property tax incremental revenues and promotion of economic development activities (including issuance of debt) in a sub-section of the downtown district. Members of the TIFA are appointed by the City Commission and the Authority is fiscally dependent on the City since the City Commission approves the TIFA budget and must approve any debt issuance. The TIFA is presented as a governmental fund type.

Local Development Finance Authority (LDFA). The City has created three separate local development finance authority districts under the aegis of the LDFA to promote and facilitate economic growth in the Port City Industrial Park, the Medendorp Industrial Park, and the SmartZone Hi-Tech Park (SmartZone). Currently only the SmartZone is active. The LDFA's sole purpose is the collection of property tax incremental revenues and the construction of public facilities within the districts. Members of the LDFA are appointed by the City Commission and the Authority is fiscally dependent on the City since the City Commission approves budgets and must approve any debt issuance. The LDFA districts are presented as governmental fund types.

Lakeside Corridor Improvement Authority (CIA). The CIA's purpose is the collection of property tax incremental revenues and to promote economic growth in the Lakeside Business District corridor. Members of the CIA are appointed by the City Commission and the Authority is fiscally dependent on the City since the City Commission approves the CIA budget and must approve any debt issuance. The CIA is presented as a governmental fund type.

Brownfield Redevelopment Authority (BRA). There are seven separate designated areas under the aegis of the BRA – the Betten-Henry Street site, the former downtown mall site, the Terrace Point site, the Pigeon Hill site, the Hartshorn Marina site, the scattered housing site, and Sweetwater. The Authority's sole purpose is the collection of property tax incremental revenues and promotion of environmental remediation (including issuance of debt) in designated brownfield areas. Members of the BRA are appointed by the City Commission and the Authority is fiscally dependent on the City since the City Commission approves the BRA budget and must approve any debt issuance. The BRA areas are presented as governmental fund types.

City of Muskegon
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Reporting Entity—Continued

Discretely Presented Component Units—Continued

Complete financial statements of the component units can be obtained from their administrative offices, 933 Terrace Street, Muskegon, Michigan 49443.

Related Organizations

The following organizations are related to the City’s financial reporting entity:

Muskegon Hospital Finance Authority. The Muskegon Hospital Finance Authority was created by the City of Muskegon in accordance with the laws of the State of Michigan. Members of the Hospital Finance Authority are appointed by the City, but the City is not financially accountable for the Authority and therefore the Authority is excluded from the accompanying financial statements. The Hospital Finance Authority’s sole purpose is to issue tax-exempt debt for the benefit of Trinity Health Muskegon Hospital, which is located within the City. The Authority has no assets or financial activity and does not prepare financial statements. The Hospital Finance Authority has no taxing power. As of June 30, 2023, there was no outstanding debt issued by the Hospital Finance Authority. The City is not obligated in any manner for repayment of debt issued by the Hospital Finance Authority, as any debt is payable solely from contractual payments from the hospitals.

Muskegon Housing Commission. The Muskegon Housing Commission was created by the City of Muskegon in accordance with the laws of the State of Michigan. Members of the Housing Commission are appointed by the City, but the City is not financially accountable for the Commission and therefore the Commission is excluded from the accompanying financial statements. The Housing Commission’s main purpose is to administer activities that provide adequate housing facilities for low-income families and the elimination of housing conditions that are detrimental to the public peace, health, safety, and welfare. The Commission’s policy is to prepare its financial statements on the basis prescribed by the Department of Housing and Urban Development. Accordingly, the summary information below (which is required by federal regulations), is not intended to present financial position and results of operations in conformity with generally accepted accounting principles. Summary financial information for the fiscal year ended September 30, 2022, the date of its latest audited financial statements is as follows:

Total assets and deferred outflows of resources	\$ 3,801,143
Total liabilities and deferred inflows of resources	<u>(750,273)</u>
Total net position	<u>\$ 3,050,870</u>
Total operating income	\$ 2,857,458
Total operating expenses	(2,925,533)
Total nonoperating revenues	917
Capital contributions	95,009
Prior period adjustment	<u>(12,323)</u>
Change in net position	<u>\$ 15,528</u>

City of Muskegon
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Basis of Presentation—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. All fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the City's enterprise funds. 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.

As discussed earlier, the City's discretely presented component units are reported in a separate column in the government-wide financial statements.

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 where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the City's water and sewer functions 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.

The fund financial statements provide information about the City's funds, including its fiduciary funds and blended component units. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

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

The Major Street and Trunkline Fund accounts for gas and weight tax allocations to the City by the Michigan Department of Transportation for construction and maintenance of major streets within the City.

The Trinity Health Arena Fund accounts for revenues received for the operation and maintenance of Trinity Health Arena.

The State Grants Fund accounts for grant revenues received from the State of Michigan for the purpose of improvements and/or rehabilitation of City property, environmental remediation at lakeshore sites or new infrastructure in the City's downtown.

City of Muskegon
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Basis of Presentation—Government-wide and Fund Financial Statements—Continued

The City reports the following three major proprietary funds:

The Sewer Fund accounts for user charges, operating expenses and debt service of the City's sewer system and pays for access to the County's sewage treatment plant.

The Water Fund accounts for user charges, operating expenses and debt service of the City's water system.

The Marina and Launch Ramp Fund accounts for user fees collected and operating expenses for the Hartshorn Marina and boat launch ramp facilities.

Additionally, the City reports the following fund types:

Internal Service Funds account for internal engineering services for City projects; the purchase, operation, and depreciation of all City owned equipment; the payment of insurance claims and benefits; and the operation, maintenance, and depreciation of the City's public service building to other funds of the government on a cost reimbursement basis.

The Other Post-Employment Benefit Trust Fund is used to report resources that are administered through irrevocable trusts for the benefit of City employees and retirees.

The Custodial Funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds.

During the course of operations, the City has activity between funds for various purposes. Any residual balances outstanding at year-end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

City of Muskegon
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Measurement Focus and Basis of Accounting—Continued

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. 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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The 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 City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Income taxes, property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met. Only the portion of special assessments receivable within 60 days of the end of 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 government.

The proprietary and fiduciary funds are reported using the economic resources measurement focus and the accrual basis of accounting.

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

Cash and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Investments for the City are reported at fair value (generally based on quoted market prices).

The City has adopted an investment policy in compliance with State of Michigan statutes. Those statutes authorize the City to invest in obligations of the United States, certificates of deposit, prime commercial paper, securities guaranteed by United States agencies or instrumentalities, United States government or federal agency obligation repurchase agreements, bankers' acceptances, state-approved investment pools and certain mutual funds.

The Other Post-Employment Benefit Trust Fund is held in trust by the Municipal Employees' Retirement System (MERS) and is subject to the investment policies of MERS and State of Michigan statutes allowing diverse investments in stocks, corporate and government bonds, mortgages, real estate, and other investments.

City of Muskegon
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance—Continued

Cash and Investments—Continued

The component unit's cash and investments are maintained within the City's investment pool.

For the purpose of the statement of cash flows, the City considers all assets held in the cash and investment pool to be cash and cash equivalents because the investments are not identifiable to the specific funds and the assets can be withdrawn at any time, similar to a demand deposit account.

Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out (FIFO) method. The cost of such inventories is recorded as expenses when consumed rather than when purchased in the business-type activities.

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

Leases Receivable

The City is a lessor for certain noncancelable leases. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and fund financial statements for each lease.

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 lease payment received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgements 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 noncancelable 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 a lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of two years.

As the City constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

City of Muskegon
NOTES TO FINANCIAL STATEMENTS
 June 30, 2023

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance—Continued

Capital Assets—Continued

Land and construction in progress are not depreciated. The other property, plant, equipment, and infrastructure of the City are depreciated using the straight-line method over the following estimated useful lives:

<u>Capital Asset Classes</u>	<u>Years</u>
Land improvements	5-25
Buildings and improvements	25-50
Utility buildings, improvements and systems	40-100
Furniture, vehicles and equipment	5-20
Infrastructure	15-50
Shared improvements	20

Defined Benefit Plan

The City offers a defined benefit pension plan to its employees through Municipal Employees Retirement System (MERS). The City records a net pension liability for the difference between the total pension liability calculated by the actuary and the Plan’s fiduciary net position. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan’s fiduciary net position have been determined on the same basis as they are reported by MERS. 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.

Other Postemployment Benefit Costs

The City offers a single-employer, defined benefit retiree healthcare benefits to retirees. The City records a net other postemployment benefit (OPEB) liability for the difference between the total OPEB liability calculated by the actuary and the OPEB Plan’s fiduciary net position. For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB Plan and additions to/deductions from the OPEB Plan’s fiduciary net position have been determined on the same basis as they are reported by the OPEB Plan. 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.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net 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/expenditures) until then.

In addition to liabilities, the Statement of Net 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 City also reports unavailable revenues from one source: leases. These amounts are long-term leases entered not by the City in which the City is the lessor. These amounts are recognized as revenue over the term of the lease obligations.

City of Muskegon
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance—Continued

Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts of net position to report as restricted and unrestricted in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance Flow Assumptions

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The City itself can establish limitation on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City's highest level of decision-making authority. The City Commission is the highest level of decision-making authority for the City that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The City Commission has by resolution authorized the city manager to assign fund balance. The City Commission may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

The City has a minimum fund balance policy requiring unassigned fund balance of the General Fund be at least 13 percent of prior year actual revenues.

Revenues and Expenditures/Expenses

Program Revenues

Amounts reported as 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 (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

City of Muskegon
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Revenues and Expenditures/Expenses—Continued

Property Taxes

All trade and property tax receivables are shown net of allowance for uncollectibles.

The City bills and collects its own property taxes and also collects taxes for the county, school and State of Michigan. Taxes are levied and lien on December 1 on the taxable valuation of property (as defined by state statutes) located in the Local Governmental Unit as of the preceding December 31. Uncollected real property taxes as of the following March 1 are turned over by the City to the County for collection. The County advances the City all of these delinquent real property taxes. The delinquent personal property taxes remain the responsibility of the City. The City recognizes all available revenue from the current tax levy. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period (60 days).

The 2022 state taxable value for real/personal property of the City totaled approximately \$677,686,000 of which approximately \$38,930,000 was captured by the component units. The ad valorem taxes levied consisted of 9.788, 2.9364 and .0727 mills for the City's general operating, sanitation and community promotion purposes. These amounts are recognized in the General Fund with captured amounts shown in the TIFA, LDFA SmartZone, DDA, and BRA component units.

Compensated Absences

City employees are granted vacation and sick leave in varying amounts based on length of service and employee group. Unused vacation and sick leave days are paid to employees upon termination under limits that vary by employee group. The liability for these compensated absences is accrued when incurred in the government-wide and proprietary fund financial statements. The current portion of this debt is estimated based on historical trends. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Proprietary Funds Operating and Nonoperating Revenues and Expenses

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 are charges to customers for sales and services. The enterprise funds also recognize as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. 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.

Comparative Data

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of changes in the City's financial position and operations. However, comparative (i.e. presentation of prior year's totals by fund type) data has not been presented in each of the statements since its inclusion would make the statements unduly complex and difficult to read. In addition, certain items in the 2022 financial statements have been reclassified to conform to the 2023 presentation.

City of Muskegon
NOTES TO FINANCIAL STATEMENTS
 June 30, 2023

NOTE B—STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and special revenue funds.

The appropriated budget is prepared by fund, function and department. The City Manager and department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the City Commission. The legal level of budgetary control is the department level for the General Fund and the total expenditure or “fund” level for all other funds.

Appropriations in all budgeted funds lapse at the end of the fiscal year.

Excess of Expenditures Over Appropriations

During the year ended June 30, 2023, actual expenditures exceeded appropriations for:

	Final Budget	Actual
General Fund		
Public works		
General sanitation	\$ 2,246,089	\$ 2,558,983
Culture and recreation		
Parks maintenance	2,369,983	2,640,748
Trinity Health Arena Fund	3,468,991	3,570,262

These overexpenditures were funded with available fund balance.

Fund Deficits

As of June 30, 2023, the City’s Water Fund had an unrestricted fund net position deficit of \$2,078,558. This deficit will be eliminated through future operations or an interfund transfer.

City of Muskegon
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE C—DEPOSITS AND INVESTMENTS

As of June 30, 2023, the City had the following investments:

Investment Type	Fair Value	Weighted Average Maturity (Months)	S&P	Percent
Money market funds	\$ 261,621	1	not rated	0.5 %
Negotiable certificates of deposit	1,670,970	16	not rated	3.1
U.S. agency obligations	7,883,226	275	AA+	14.8
Local units of government obligations	688,899	21	A to AA	1.3
Commercial paper	643,929	2	A-	1.2
External investment pool	18,020,309	3	AAA	33.8
MERS investment funds	24,113,248	N/A	not rated	45.3
Total fair value	<u>\$ 53,282,202</u>			<u>100.0 %</u>
Portfolio weighted average maturity		<u>N/A</u>		

The City voluntarily invests certain excess funds in an external investment pool (Pool). The Pool is an external investment pool of "qualified" investments for Michigan municipalities. The Pool is not regulated nor registered with the SEC. The fair value of the City's investments is the same as the value of the Pool's shares.

Deposit and Investment Risks

Interest rate risk

The City has a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. At least 10 percent of the City's total portfolio must be in instruments maturing in 30 days.

Credit risk

State law limits investments in commercial paper and corporate bonds to the two highest classifications issued by nationally recognized statistical rating organizations. The City has no investment policy that would further limit its investment choices.

Concentration of credit risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the City investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. The City has a concentration of credit risk policy that limits investment in commercial paper, eligible bankers' acceptances and time certificates of deposit to 25 percent each of the total portfolio. The City has more than 5 percent of its investments in the following securities:

Security	Percent of Total Investments
Federal Home Loan Mortgage Corporation obligations	5.5%
Government National Mortgage Association obligations	7.1%

Custodial credit risk - deposits

In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. As of June 30, 2023, \$6,872,136 of the City's bank balance of \$7,372,136 was exposed to custodial credit risk because it was uninsured and uncollateralized. The City's investment policy sets certain credit requirements that a bank must meet for the City to deposit funds in it.

City of Muskegon
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE C—DEPOSITS AND INVESTMENTS—Continued

Deposit and Investment Risks—Continued

Custodial credit risk - investments

This 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 the possession of an outside party. The City has a custodial credit risk policy for investments that requires that all investments that are held with a third-party for safekeeping be in the City's name.

Foreign currency risk

The City is not authorized to invest in investments which have this type of risk.

Restricted Assets

Restrictions are placed on assets by bond ordinance and City Commission action. At June 30, 2023, restricted cash and investments in the Sewer and Water Fund of \$101,000 and \$740,000, respectively, were restricted by bond ordinance.

NOTE D—ASSETS MANAGED BY OTHERS

As allowed by MCL 123.874 and MCL 128.4, the City is permitted to place monies in community foundations.

The Funds

The City has six funds with the Community Foundation of Muskegon County (Community Foundation).

Lakeshore Trails Improvement Fund

The Lakeshore Trails Improvement Fund was established by the City primarily to be used for the general support of the bike trails, which are located in the City of Muskegon. The agreement with the Community Foundation allows the use of the Fund's income in accordance with the Community Foundation's spending policy and principal in certain circumstances.

Cemetery Perpetual Care Fund

The City of Muskegon Cemetery Perpetual Care Fund was established by the City primarily to be used for the care and maintenance of the cemeteries that are operated by the City. The agreement with the Community Foundation allows the use of the Fund's income in accordance with the Community Foundation's spending policy and principal in certain circumstances.

Pere Marquette and Margaret Drake Elliot Park Fund

The Pere Marquette and Margaret Drake Elliot Park Fund (Marquette and Elliot Park Fund) was established by the City to be used for capital improvements at Pere Marquette and Margaret Drake Elliot Parks. The agreement with the Community Foundation allows the use of the Fund's income in accordance with the Community Foundation's spending policy and principal in certain circumstances.

Darl and Kathleen Staley Charity Fund

The Darl and Kathleen Staley Charity Fund (Staley Charity Fund) was established after the City received monies from the Staleys' estate. The Fund is to be used for capital improvements needs at City parks. The agreement with the Community Foundation allows the use of the Fund's income in accordance with the Community Foundation's spending policy and principal in certain circumstances.

City of Muskegon Parks Fund

The City of Muskegon Parks Fund (Muskegon Parks Fund) was established by the City to primarily be used for general maintenance and improvements to parks located in the City of Muskegon. The agreement with the Community Foundation allows the use of the Fund's income in accordance with the Community Foundation's spending policy and principal in certain circumstances.

City of Muskegon
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE D—ASSETS MANAGED BY OTHERS—Continued

The Funds—Continued

City of Muskegon Events and Sponsorships Fund

The City of Muskegon Events and Sponsorships Fund (Events and Sponsorships Fund) was established after the Community Foundation received monies from donors intended to be used for various events within the City of Muskegon. The agreement with the Community Foundation allows the use of the Fund’s income in accordance with the Community Foundation’s spending policy and principal in certain circumstances.

The Community Foundation invests the contributions to the funds in various types of marketable equity and debt securities, U.S. Treasuries, commercial paper, and certificates of deposit. The majority of investments are uninsured and uncollateralized.

Reporting of the Assets of the Funds

The investments held at the Community Foundation, which were contributed by the City to the funds along with the earnings on these investments, are reported at fair value as assets of the City. The contributions to these funds made by third party donors directly to the Community Foundation have been excluded from the assets of the City.

Summary of the Community Foundation Funds

A summary of revenues, expenses, and changes in the assets at fair value of the funds for the year ended June 30, 2023 follows:

	Lakeshore Trails Improvement Fund	Cemetery Perpetual Care Fund	Marquette and Elliot Park Fund	Staley Charity Fund	Muskegon Parks Fund	Events and Sponsorships Fund	Totals
Revenues							
Contributions	\$ 2,265	\$ -	\$ -	\$ -	\$ -	\$ 29,750	\$ 32,015
Dividends and interest	1,818	46,273	2,393	11,171	625	578	62,858
Realized and unrealized gain (loss) on investments	5,436	65,819	7,175	33,537	1,879	-	113,846
	9,519	112,092	9,568	44,708	2,504	30,328	208,719
Expenses							
Grants and scholarships	-	-	-	-	-	27,000	27,000
Administration fees	671	8,183	1,890	5,476	246	595	17,061
Revenues over expenses	8,848	103,909	7,678	39,232	2,258	2,733	164,658
Total assets at beginning of year	68,585	1,327,574	93,504	434,785	24,313	553	1,949,314
Total assets at end of year	77,433	1,431,483	101,182	474,017	26,571	3,286	2,113,972
Less assets recorded as those of the Foundation	(53,581)	-	(101,182)	(474,017)	(16,828)	(3,286)	(648,894)
Assets reported on the Balance Sheet/Statement of Net Position	\$ 23,852	\$ 1,431,483	\$ -	\$ -	\$ 9,743	\$ -	\$ 1,465,078

The Board of Trustees of the Community Foundation has the power to modify any restriction or condition on the distribution of funds for any specified charitable purpose or to a specified organization if, in the sole judgment of the Board, such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community served. The authority to modify restrictions is sometimes referred to as “variance power” and is a legal standard imposed on all community foundations.

City of Muskegon
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE E—FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the City has the ability to access.

Level 2 Inputs to the valuation methodology include the following:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2023.

Money market funds: Valued at amortized cost, which approximates fair value.

Negotiable certificates of deposit, U.S. agency obligations, local units of government obligations, and commercial paper: Valued at the closing price reported on the active market on which the individual securities are traded.

City of Muskegon
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE E—FAIR VALUE MEASUREMENTS—Continued

External investment pools, MERS investment funds, and assets managed by others: The assets are valued based upon the City’s allocable share of the Michigan CLASS, MERS, and Community Foundation of Muskegon County (Pools) pooled investment portfolios. The allocable shares are based on the value of the underlying assets owned by the Pools, minus their liabilities.

The assets managed by others are valued monthly by the Pools and are allocated based upon each organization’s calculated share of the Pools’ pooled investment portfolios. Each entity with an interest within the pooled investments receives statements from the Pools indicating the additions to the investments (via contributions), withdrawals from the investments (via grants), and the investment returns allocated via a unitization process. The City calculates the fair value of its share of the pooled investment assets held by the Pools based on the estimated fair value of the underlying assets. The Pools control the investments and make all management and investment decisions.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the City believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the City’s assets at fair value on a recurring basis as of June 30, 2023:

	Assets at Fair Value as of June 30, 2023			
	Level 1	Level 2	Level 3	Total
Money market funds	\$ -	\$ 261,621	\$ -	\$ 261,621
Negotiable certificates of deposit	1,670,970	-	-	1,670,970
U.S. agency obligations	7,883,226	-	-	7,883,226
Local units of government obligations	688,899	-	-	688,899
Commercial paper	643,929	-	-	643,929
External investment pools	-	18,020,309	-	18,020,309
MERS investment funds	-	24,113,248	-	24,113,248
Assets managed by others	-	1,465,078	-	1,465,078
Total assets at fair value	\$ 10,887,024	\$ 43,860,256	\$ -	\$ 54,747,280

City of Muskegon
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE F—LEASES RECEIVABLE

The City has entered into the following lease agreements as a lessor:

Cell Towers

The City leases the right to use space on land and buildings owned by the City to various third parties as part of three separate lease agreements for the operation of cell phone antennas. These lease terms are generally for 5 years with automatic renewals and the City receives payments annually of approximately \$97,500, increasing by 3 percent each year.

Trinity Health Arena

The City leases the right to use shared space at Trinity Health Arena to a third party as part of an agreement with a term of 5 years and with automatic renewals. The City receives payments annually of approximately \$127,500, increasing by 4 percent each renewal period.

The City also leases the right to use and manage restaurant space at Trinity Health Arena to various third parties as part of two separate lease agreements. These lease terms are generally for 5 years with automatic renewals and the City receives payments annually of approximately \$50,000, increasing by 5-10 percent each year.

Fire Station

The City leases the right to use office space at the West Western Avenue Fire Station to a third party as part of an agreement with terms through December 2045. The City receives monthly payments totaling approximately \$450,000, which are tied to the reimbursement of payments on the City's 2016 Limited Tax General Obligation Refunding and 2020A Capital Improvement Bonds at a rate of 20.24 percent and 100 percent of the bond payments attributable to improvements and additions of the fire station, respectively.

For the year ended June 30, 2023, the City recognized \$397,109 and \$83,003 in lease revenue for governmental activities and business-type activities, respectively. For the year ended June 30, 2023, the City also recognized \$241,097 and \$14,451 in interest revenue for governmental activities and business-type activities, respectively. The City has deferred inflows of resources associated with these leases that will be recognized as revenue over the term of the leases. As of June 30, 2023, the balances of these deferred inflows of resources were \$7,868,565 and \$857,732 for governmental activities and business-type activities, respectively.

The future minimum payments to be received for these leases are as follows:

Year Ending June 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2024	\$ 395,885	\$ 244,214	\$ 87,286	\$ 13,091
2025	408,699	229,974	72,822	11,725
2026	424,591	215,194	57,495	10,746
2027	447,353	199,742	60,484	9,804
2028	465,197	183,504	43,526	8,880
2029-2033	1,783,089	681,052	142,921	37,526
2034-2038	895,440	509,708	184,687	24,500
2039-2043	1,104,394	365,599	208,512	7,907
2044-2048	992,887	217,859	-	-
2049-2053	692,971	107,757	-	-
2054-2058	258,059	27,774	-	-
	\$ 7,868,565	\$ 2,982,377	\$ 857,733	\$ 124,179

City of Muskegon
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE G—CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023 was as follows:

	Balance July 1, 2022	Additions	Deductions	Balance June 30, 2023
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 14,304,382	\$ -	\$ -	\$ 14,304,382
Construction in progress	7,965,494	6,528,478	8,590,802	5,903,170
Total capital assets, not being depreciated	22,269,876	6,528,478	8,590,802	20,207,552
Capital assets, being depreciated:				
Land improvements	5,979,236	290,469	-	6,269,705
Buildings and improvements	56,504,639	5,438,348	-	61,942,987
Furniture, vehicles and equipment	19,326,847	2,052,770	907,692	20,471,925
Infrastructure	81,002,298	1,931,399	3,340,352	79,593,345
Shared improvements	6,905,293	-	-	6,905,293
Total capital assets, being depreciated	169,718,313	9,712,986	4,248,044	175,183,255
Less accumulated depreciation:				
Land improvements	2,572,993	179,637	-	2,752,630
Buildings and improvements	19,810,880	1,242,456	-	21,053,336
Furniture, vehicles and equipment	13,826,340	1,058,785	907,692	13,977,433
Infrastructure	44,335,432	3,602,582	3,340,352	44,597,662
Shared improvements	5,837,845	222,813	-	6,060,658
Total accumulated depreciation	86,383,490	6,306,273	4,248,044	88,441,719
Total capital assets, being depreciated, net	83,334,823	3,406,713	-	86,741,536
Capital assets, net	\$ 105,604,699	\$ 9,935,191	\$ 8,590,802	\$ 106,949,088
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 142,250	\$ -	\$ -	\$ 142,250
Construction in progress	14,824,158	5,809,766	12,207,093	8,426,831
Total capital assets, not being depreciated	14,966,408	5,809,766	12,207,093	8,569,081
Capital assets, being depreciated:				
Land improvements	1,986,352	57,765	-	2,044,117
Buildings, improvements and systems	112,752,331	11,556,714	-	124,309,045
Machinery and equipment	3,320,032	93,759	-	3,413,791
Total capital assets, being depreciated	118,058,715	11,708,238	-	129,766,953
Less accumulated depreciation:				
Land improvements	1,861,021	11,286	-	1,872,307
Buildings, improvements and systems	59,105,626	2,673,996	-	61,779,622
Machinery and equipment	2,970,836	70,608	-	3,041,444
Total accumulated depreciation	63,937,483	2,755,890	-	66,693,373
Total capital assets, being depreciated, net	54,121,232	8,952,348	-	63,073,580
Capital assets, net	\$ 69,087,640	\$ 14,762,114	\$ 12,207,093	\$ 71,642,661

City of Muskegon
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE G—CAPITAL ASSETS—Continued

Depreciation

Depreciation expense was charged to functions as follows:

Governmental activities:

Public representation services	\$ 7,438
Financial services	14,133
Public safety	389,212
Public works	18,017
Highways, streets and bridges	3,955,004
Community and economic development	117,720
Culture and recreation	1,211,973
General administration	26,717
Internal Service Fund depreciation	566,059
	\$ 6,306,273

Business-type activities:

Sewer	\$ 702,897
Water	1,940,124
Marina and Launch Ramp	112,869
	\$ 2,755,890

	Balance July 1, 2022	Additions	Deductions	Balance June 30, 2023
Component units:				
Capital assets, not being depreciated:				
Land	\$ 400,000	\$ -	\$ -	\$ 400,000
Capital assets, being depreciated:				
Building and improvements	3,798,258	-	-	3,798,258
Less accumulated depreciation:				
Building and improvements	3,208,377	172,648	-	3,381,025
Total capital assets, being depreciated, net	589,881	(172,648)	-	417,233
Capital assets, net	\$ 989,881	\$ (172,648)	\$ -	\$ 817,233

Depreciation expense was charged to economic development.

City of Muskegon
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE H—INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2023 is as follows:

Due To/From Other Funds:

Receivable Fund	Payable Fund	Amount
General Fund	Trinity Health Arena Fund	\$ 328,277
General Fund	Lead Abatement Fund	417,667
General Fund	Healthy Homes Fund	76,948
General Fund	Water Fund	2,412,385
		\$ 3,235,277

The outstanding balances between funds result from the payable funds having negative positions in the City’s cash and investment pool.

The Brownfield Redevelopment Authorities have also been advanced \$891,561 from the City’s governmental activities as a long-term loan.

Interfund Transfers:

Transfers In	Amount	Transfers Out	Amount
Internal Service Funds			
Public Service Building Fund	\$ 510,000	General Fund	\$ 635,000
Engineering Fund	125,000		
	635,000		635,000
General Fund	4,251,451	State Grants Fund	4,251,451
Trinity Health Arena Fund	1,052,000	General Fund	1,052,000
Trinity Health Arena Fund	496,761	State Grants Fund	496,761
Water Fund	801,313	State Grants Fund	801,313
Marina and Launch Ramp Fund	540,000	General Fund	540,000
HOME Rehabilitation Fund	316,000	Public Improvement Fund	316,000
	\$ 8,092,525		\$ 8,092,525

City of Muskegon
NOTES TO FINANCIAL STATEMENTS
 June 30, 2023

NOTE H—INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS—Continued

The General Fund transferred funds to the Trinity Health Arena Fund, Public Service Building Fund, Engineering Fund, and Marina and Launch Ramp Fund for operation subsidies. The State Grants Fund transferred funds to the General Fund, Trinity Health Arena Fund, and Water Fund for various American Rescue Plan Act projects. Other transfers between funds were made to meet grant matching requirements or other operational needs.

NOTE I—SHORT-TERM DEBT

Summary of Changes in Short-Term Liabilities

The following is a summary of short-term liabilities activity for the City for the year ended June 30, 2023.

	Balance		Balance
	July 1, 2022	Additions	Deductions
			June 30, 2023
Governmental activities:			
Short-term note	\$ 84,297	\$ 750,000	\$ 84,297
	\$ 750,000		\$ 750,000

The purpose of all short-term borrowings are to provide resources for infill housing within the City of Muskegon. The form of financing used is a short-term non-revolving note payable. Interest amounts are at a variable interest rate of 2.5 percent above the prime rate. Borrowed amounts will be repaid as infill housing units are sold.

City of Muskegon
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE J—LONG-TERM DEBT

Summary of Changes in Long-Term Liabilities

The following is a summary of long-term liabilities activity for the City for the year ended June 30, 2023.

	<u>Balance July 1, 2022</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2023</u>	<u>Due Within One Year</u>
Governmental activities:					
Public placement debt					
General obligation debt	\$ 28,525,000	\$ -	\$ 970,000	\$ 27,555,000	\$ 1,050,000
Discount	(128,150)	-	(7,300)	(120,850)	-
Premium	832,927	-	119,600	713,327	-
Direct borrowings and direct placements					
Installment purchase agreements	1,173,411	761,603	302,509	1,632,505	413,000
Compensated absences	2,411,112	1,982,115	1,583,003	2,810,224	562,000
Governmental activities long-term liabilities	\$ 32,814,300	\$ 2,743,718	\$ 2,967,812	\$ 32,590,206	\$ 2,025,000
Business-type activities:					
Public placement debt					
Revenue obligations	\$ 14,374,715	\$ 1,067,375	\$ 1,295,000	\$ 14,147,090	\$ 1,430,000
Compensated absences	318,882	349,680	294,494	374,068	74,800
Business-type activities long-term liabilities	\$ 14,693,597	\$ 1,417,055	\$ 1,589,494	\$ 14,521,158	\$ 1,504,800
Component units:					
Public placement debt					
General obligation debt	\$ 1,080,000	\$ -	\$ 255,000	\$ 825,000	\$ 265,000
Premium	16,547	-	8,174	8,373	-
Component unit long- term liabilities	\$ 1,096,547	\$ -	\$ 263,174	\$ 833,373	\$ 265,000

Public Placement Debt

General Obligation Debt

The City has issued general obligation debt to provide funds for the acquisition and construction of major capital facilities. General obligation debt is a direct obligation and pledges the full faith and credit of the City. This debt is generally issued as serial bonds with varying amounts of principal maturing each year. Certain debt issued by the City's component units is also backed by the full faith and credit of the City if there is a shortfall in tax increment revenues.

City of Muskegon
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE J—LONG-TERM DEBT—Continued

Public Placement Debt—Continued

General obligation debt outstanding as of June 30, 2023 is as follows:

	<u>Original Borrowing</u>	<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Balance</u>
General obligation debt:				
Governmental activities:				
2016 Limited Tax General Obligation Refunding Bonds	\$ 4,535,000	3% - 4%	October 2032	\$ 3,210,000
2019 Capital Improvement Bonds	19,420,000	1.93% - 3.58%	December 2049	18,790,000
2020A Capital Improvement Bonds	4,325,000	2.5% - 5%	October 2040	3,670,000
2020B Capital Improvement Bonds	2,055,000	.68% - 3.2%	October 2041	1,885,000
				<u><u>\$ 27,555,000</u></u>
Component units:				
2012 LDFA Tax Increment Refunding Bonds	\$ 4,100,000	3% - 4%	November 2025	<u><u>\$ 825,000</u></u>

Revenue Obligations

The City has issued bonds where the income derived from the acquired or constructed assets is pledged to pay debt service. Revenue obligations outstanding as of June 30, 2023 are as follows:

	<u>Original Borrowing</u>	<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Balance</u>
Revenue obligations:				
Business-type activities:				
2004 Drinking Water State Revolving Fund	\$ 13,900,000	2.13%	October 2025	\$ 2,475,000
2019 Water Supply System Junior Lien Bond	2,000,000	2%	October 2025	1,465,000
2019 Sanitary Sewer System Junior Lien Bond	11,500,000	2%	October 2033	2,635,000
2020 Water Supply System Junior Lien Bond	4,630,623	2%	April 2041	3,145,390
2020 Sanitary Sewer System Junior Lien Bond	3,829,101	2%	April 2041	3,397,498
2022B Water Supply System Junior Lien Bond	35,431	1.88%	October 2045	35,431
2022 Sanitary Sewer System Junior Lien Bond	993,771	1.88%	October 2043	993,771
				<u><u>\$ 14,147,090</u></u>

The City has pledged future water customer revenues, net of specified operating expenses, to repay the 2004 Drinking Water State Revolving Fund Loan. Proceeds from the issuance were used to make improvements to the City's water supply system. The bond is payable solely from water customer net revenues and is payable through 2025. Annual principal and interest payments on the bond are expected to require less than 39 percent of net revenues through 2025. The total principal and interest remaining to be paid on the bond is \$2,554,529. Principal and interest paid for the year ended June 30, 2023 and total customer net revenues were \$850,988 and \$2,171,031, respectively.

During the year ended June 30, 2023, revenue obligations were forgiven and recognized as capital grants and contributions in the Sewer and Water Funds for \$707,000 and \$1,000,520.

The City was in compliance in all material respects with all the revenue bond ordinances at June 30, 2023.

City of Muskegon
NOTES TO FINANCIAL STATEMENTS
 June 30, 2023

NOTE J—LONG-TERM DEBT—Continued

Direct Borrowings and Direct Placements

Installment Purchase Agreements

The City has entered into an installment agreement for a ladder truck in 2021 and for a pumper truck in 2023. The installment purchase agreements are secured by the equipment purchases if the City defaults under the agreements. Installment purchase agreements outstanding as of June 30, 2023 are as follows:

	<u>Original Borrowing</u>	<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Balance</u>
Installment purchase agreements:				
Governmental activities:				
2021 Equipment Installment Loan	\$ 1,370,873	1.78%	October 2025	\$ 905,142
2023 Equipment Installment Loan	761,603	4.40%	March 2028	727,363
				<u>\$ 1,632,505</u>

For governmental activities, pension liabilities (i.e. net pension and OPEB liabilities), claims and judgments and compensated absences are generally liquidated by the General Fund.

In 2005, the County of Muskegon began making improvements to the regional sewer treatment facilities. The project was funded with \$17,500,000 bonds issued through the State of Michigan Clean Water Revolving Fund Loan Program. The County operates the system and makes payments on the bonds with user charges to the local units. The City has pledged its limited tax full faith and credit for the payment of its portion of the debt should user charges collected by the County be insufficient to make the debt payments. The City's portion of the debt on June 30, 2023 was approximately \$1,460,000. The City is unaware of any circumstances that would cause a shortfall in the near future.

Annual debt service requirements to maturity for public placement debt and for direct borrowings and direct placements outstanding as of June 30, 2023 follow:

Year Ending June 30,	<u>Governmental Activities</u>				<u>Business-type Activities</u>	
	<u>Public Placement Debt</u>		<u>Direct Borrowings and Direct Placements</u>		<u>Public Placement Debt</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 1,050,000	\$ 926,991	\$ 413,803	\$ 42,904	\$ 1,430,000	\$ 274,153
2025	1,100,000	892,982	424,961	31,747	1,452,000	244,605
2026	1,140,000	856,998	436,490	20,218	1,482,000	214,474
2027	1,180,000	817,356	232,082	9,571	662,000	193,523
2028	1,220,000	773,695	125,169	2,306	677,000	180,402
2029-2033	5,850,000	3,185,054	-	-	3,261,202	699,418
2034-2038	3,760,000	2,453,176	-	-	3,135,000	387,540
2039-2043	4,500,000	1,763,355	-	-	2,047,888	77,614
2044-2048	5,245,000	936,445	-	-	-	-
2049-2050	2,510,000	90,932	-	-	-	-
	<u>\$27,555,000</u>	<u>\$12,696,984</u>	<u>\$ 1,632,505</u>	<u>\$ 106,746</u>	<u>\$14,147,090</u>	<u>\$ 2,271,729</u>

City of Muskegon
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE J—LONG-TERM DEBT—Continued

Year Ending June 30,	Component Units	
	Public Placement Debt	
	Principal	Interest
2024	\$ 265,000	\$ 20,775
2025	275,000	12,675
2026	285,000	4,275
2027	-	-
2028	-	-
2029-2033	-	-
2034-2038	-	-
2039-2043	-	-
2044-2048	-	-
2049-2050	-	-
	\$ 825,000	\$ 37,725

Annual debt service requirements to maturity by type of debt as of June 30, 2023 follow:

Year Ending June 30,	General Obligation Debt		Revenue Obligations	Installment Purchase Agreements
	Governmental Activities	Component Units	Business-type Activities	Governmental Activities
2024	\$ 1,976,991	\$ 285,775	\$ 1,704,153	\$ 456,707
2025	1,992,982	287,675	1,696,605	456,708
2026	1,996,998	289,275	1,696,474	456,708
2027	1,997,356	-	855,523	241,653
2028	1,993,695	-	857,402	127,475
2029-2033	9,035,054	-	3,960,620	-
2034-2038	6,213,176	-	3,522,540	-
2039-2043	6,263,355	-	2,125,502	-
2044-2048	6,181,445	-	-	-
2049-2050	2,600,932	-	-	-
	\$ 40,251,984	\$ 862,725	\$ 16,418,819	\$ 1,739,251

City of Muskegon
NOTES TO FINANCIAL STATEMENTS
 June 30, 2023

NOTE K—OTHER INFORMATION

Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The City manages its liability and property risk by participating in the Michigan Municipal Risk Management Authority (MMRMA), a public entity risk pool providing property and liability coverage to its participating members. The City pays an annual premium to MMRMA for its insurance coverage. The MMRMA is self-sustaining through member premiums and provides, subject to certain deductibles, occurrence-based casualty coverage for each incident and occurrence-based property coverage to its members by internally assuring certain risks and reinsuring risks through commercial companies. A \$150,000 deductible is maintained to place the responsibility for small charges with the City. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years. Changes in the fund's claim liability amount in 2023 and 2022 were as follows:

<u>Year Ended</u>	<u>Balance at Beginning of Year</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>Balance at End of Year</u>
June 30, 2023	\$ 486,753	\$ 738,953	\$ 574,164	\$ 651,542
June 30, 2022	103,646	556,421	173,314	486,753

The City manages its workers' compensation risk by participating in the Michigan Municipal Workers' Compensation Fund (MMWCF), a public entity risk pool providing workers' compensation coverage to its participating members. The City pays an annual premium to MMWCF for its workers' compensation coverage. The MMWCF is self-sustaining through member premiums and provides statutory workers' compensation coverage to its members by internally assuring certain risks and reinsuring risks through commercial companies. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

The City is self-insured for employee health care benefits for those employees selecting the City plan over other options. Under this plan, the General Insurance Fund provides coverage for up to a maximum of up to \$500,000 per covered individual's lifetime. As of June 30, 2023, the claims liability including incurred but not reported claims was \$35,406. A liability was recorded in the accompanying financial statements for the estimated claims liability. The claims liability was based on past experience, a review of pending claims and other social and economic factors. The above estimate was not discounted and there were no outstanding claims for which annuity contracts have been purchased in the claimant's name. No significant reductions in insurance coverage were made in the last fiscal year. Settled claims have not exceeded the commercial coverage in any of the past three fiscal years. Changes in the fund's claim liability amount in 2023 and 2022 were as follows:

<u>Year Ended</u>	<u>Balance at Beginning of Year</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>Balance at End of Year</u>
June 30, 2023	\$ 33,172	\$ 4,838,292	\$ 4,836,058	\$ 35,406
June 30, 2022	63,118	4,738,715	4,768,661	33,172

City of Muskegon
NOTES TO FINANCIAL STATEMENTS
 June 30, 2023

NOTE K—OTHER INFORMATION—Continued

Contingencies

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability to the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's counsel the resolution of these matters will not have a material adverse effect on the financial condition of the City.

Commitments

The City has several contracts for street projects including water and sewer system improvements and other capital improvements as of June 30, 2023 with a remaining amount of approximately \$24,272,000. Approximately \$1,834,000 and \$4,217,000 of the commitments in the Sewer and Water funds, respectively, are being financed by long-term debt with the remainder being paid out with grants or available funds as follows:

Fund	Amount
General	\$ 928,000
Major Street and Trunkline	2,965,000
Local Street	30,000
Mercy Health Arena	383,000
Public Improvement	118,000
State Grant	1,470,000
Sewer	5,485,000
Water	12,893,000
	\$ 24,272,000

The City has also committed to allocating 35 percent of local marihuana excise taxes received to their Michigan Social Equity Program. As of June 30, 2023, the City has committed \$295,113 of fund balance in the General Fund to this program.

City of Muskegon
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE L—TAX ABATEMENTS

Industrial Facilities Exemption

The City entered into property tax abatement agreements with local businesses under the Plant Rehabilitation and Industrial Developments Act, (known as the Industrial Facilities Exemptions or IFTs) PA 198 of 1974, as amended. The IFTs provides a tax incentive to manufacturers to enable renovation and expansion of aging facilities, assist in the building of new facilities, and to promote the establishment of high tech facilities. Properties qualifying for IFT status are taxed at half the local property tax millage rate applicable to other real and personal property in the City for a term of one to twelve years as determined by the City.

For the year ended June 30, 2023, the City abated property taxes revenues totaling \$110,995 under this program.

Brownfield Redevelopment Authority

The City entered into property tax abatement agreements with local businesses under the Brownfield Redevelopment Act, PA 381 of 1996, as amended. Brownfield properties are those in which the redevelopment or reuse of property may be complicated by the presence or perception of contamination. Brownfields use tax increment financing where growth in taxable value above the initial value of the Brownfield is captured and used to repay the developer for remediation costs.

For the year ended June 30, 2023, the City abated property taxes revenues totaling \$217,547 under this program.

Payment in Lieu of Taxes (PILOT)

The City uses the State Housing Development Authority Act, PA 346 of 1966, as amended, to enter into agreements that provide for a service charge in lieu of taxes to encourage the development of housing of its elderly citizens of low and moderate income.

For the year ended June 30, 2023, the City abated property taxes revenues totaling \$179,579 under this program.

NOTE M—EMPLOYEE RETIREMENT SYSTEM AND PENSION PLAN

Defined Benefit Pension 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

Public Act 427 of 1984, as amended, established and amends the benefit provisions of the participants in MERS. The Plan covers all full-time employees hired prior to January 2005. Beginning in January 2005, the various employee divisions began to be closed. By July 2006, all employee divisions were closed.

City of Muskegon
NOTES TO FINANCIAL STATEMENTS
 June 30, 2023

NOTE M—EMPLOYEE RETIREMENT SYSTEM AND PENSION PLAN—Continued

Defined Benefit Pension Plan—Continued

Benefits Provided—Continued

Benefits provided are based on the following by employee division:

	Multiplier	Vesting Period	Normal Retirement Age	Early Retirement	Reduced Early Retirement
Non-Union General	2.25%*	5 years	60	55/25	50/25 or 55/15
Non-Union Police	3.00%	10 years	55	53/25	50/25
Clerical	2.25%*	5 years	60	55/25	50/25 or 55/15
Department of Public Works	2.25%*	10 years	60	55/30	50/25 or 55/15
Police Patrol	3.00%*	10 years	55	50/25	Not applicable
Police Command	3.00%	10 years	55	50/25	Not applicable
Fire	2.75%	10 years	55	53/25	50/25

*Effective January 2017, the multiplier for Non-Union General and Department of Public Works was changed to 2.00% and the multiplier for Police Patrol was changed to 2.675%. Effective December 2018, the multiplier for Clerical was changed to 2.00%.

Final average compensation is calculated based on 3 years.

Employees Covered by Benefit Terms

At December 31, 2022 valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	336
Inactive employees entitled to but not yet receiving benefits	30
Active employees	53
Total employees covered by MERS	419

Contributions

The City 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. The City may establish contribution rates to be paid by its covered employees.

For the year ended June 30, 2023, the City had a flat-dollar employer contribution to the Plan of \$4,052,695 in lieu of a percentage of covered employee payroll, as the Plan is closed to new employees. Member contributions range from 4 percent to 6.5 percent.

Net Pension Liability

The City's net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an annual actuarial valuation as of that date.

City of Muskegon
NOTES TO FINANCIAL STATEMENTS
 June 30, 2023

NOTE M—EMPLOYEE RETIREMENT SYSTEM AND PENSION PLAN—Continued

Defined Benefit Pension Plan—Continued

Actuarial Assumptions

The total pension liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	3.0 percent in the long-term
Investment rate of return	7.00 percent, net of investment and administrative expenses including inflation

Although no specific price inflation assumptions are needed for the valuation, the 3.0 percent long-term wage inflation assumption would be consistent with a price inflation of 3-4 percent. Mortality rates used were based on a version of Pub-2010 and fully generational MP-2019.

The actuarial assumptions used in valuation were based on the results of the most recent actuarial experience study of 2014 through 2018.

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 geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Target Gross Rate of Return	Long-Term Expected Gross Rate of Return	Inflation Assumption	Long-Term Expected Real Rate of Return
Global equity	60.0%	7.00%	4.20%	2.50%	2.70%
Global fixed income	20.0%	4.50%	0.90%	2.50%	0.40%
Private assets	20.0%	9.50%	1.90%	2.50%	1.40%
Total	100.0%		7.00%		4.50%

Discount Rate

The discount rate used to measure the total pension liability was 7.25 percent for 2022. The current discount rate shown for GASB 68 purposes is higher than the MERS assumed rate of return. This is because, for GASB 68 purposes, the discount rate must be gross of administrative expenses, whereas for funding purposes, it is net of administrative expense. The projection of cash flows used to determine the discount rate assumed that employer and employee contributions will be made at rates agreed upon for employees and the actuarially determined rate 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 Muskegon
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE M—EMPLOYEE RETIREMENT SYSTEM AND PENSION PLAN—Continued

Defined Benefit Pension Plan—Continued

Changes in the Net Pension Liability

	Increase (Decrease)		Net Pension
	Total Pension	Plan Fiduciary	Liability
	Liability (a)	Position (b)	(a)-(b)
Balance at January 1, 2022	\$ 131,052,803	\$ 99,989,454	\$ 31,063,349
Changes for the year			
Service cost	510,157	-	510,157
Interest	9,162,662	-	9,162,662
Difference between expected and actual experience	1,074,817	-	1,074,817
Changes in assumptions	1,800,812	-	1,800,812
Contributions - employer	-	3,896,659	(3,896,659)
Contributions - employee	-	291,821	(291,821)
Net investment income (loss)	-	(10,311,712)	10,311,712
Administrative expenses	-	(180,011)	180,011
Benefit payments including refund of employee contributions	(9,852,666)	(9,852,666)	-
Other changes	(1,577,082)	-	(1,577,082)
Net changes	1,118,700	(16,155,909)	17,274,609
Balance at December 31, 2022	\$ 132,171,503	\$ 83,833,545	\$48,337,958

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City, calculated using the discount rate of 7.25 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease	Current Discount	1% Increase
	(6.25%)	Rate (7.25%)	(8.25%)
City's net pension liability	\$ 62,506,678	\$ 48,337,958	\$ 36,410,389

City of Muskegon
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE M—EMPLOYEE RETIREMENT SYSTEM AND PENSION PLAN—Continued

Defined Benefit Pension Plan—Continued

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

For the year ended June 30, 2023, the City recognized pension expense of \$6,463,995. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net differences between projected and actual net investment income	\$ 7,757,095	\$ -
Contributions subsequent to the measurement date*	2,018,076	-
Total	\$ 9,775,171	\$ -

*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, 2024.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2024	\$ 539,289
2025	1,466,497
2026	2,281,490
2027	3,469,819

Payables to the Pension Plan

At June 30, 2023, the City reported a payable of \$358,801 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2023.

City of Muskegon
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE M—EMPLOYEE RETIREMENT SYSTEM AND PENSION PLAN—Continued

Defined Contribution Pension Plan

The City also maintains a defined contribution plan offered by MERS for its full-time employees hired after the defined benefit plan was closed to new participants.

Benefit terms, including contribution requirements, for the MERS defined contribution plan are established and may be amended by the City Commission as determined by negotiated labor contracts. The City is required to contribute 6 percent to 13 percent of a qualified employees' annual compensation each year depending on employee group. Qualified employees are required to contribute 0 percent to 8 percent of annual compensation depending on employee group. For the year ended June 30, 2023, City and employee contributions were \$1,506,211 and \$655,830, respectively.

Employees are immediately vested in their own contributions and earnings on those contributions and become vested in City contributions and earnings on City contributions by 20 percent for each full year of service, leaving employees fully vested after five years of service. Nonvested City contributions are forfeited upon termination of employment. Such forfeitures are used to cover a portion of the pension plan's administrative expenses. For the year ended June 30, 2023, forfeitures reduced the City's pension expense by \$53,509.

Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan, available to all full-time employees at their option, permits participants to defer a portion of their salary until future years. Payments from the deferred compensation plan are not available to participants until termination, retirement, death, or unforeseeable emergency. Active participants are allowed to borrow from their accumulated assets for limited purposes such as family education costs, medical costs, or down payment for a new home. The City must approve program loans.

The Plan has created a trust for the exclusive benefit of the Plan's participants and beneficiaries under rules provided by Internal Revenue Code Section 401(f).

NOTE N—OTHER POSTEMPLOYMENT BENEFITS

Retiree Healthcare Plan

Plan Description

The City's defined benefit OPEB Plan, the City of Muskegon Retiree Healthcare Plan (OPEB Plan), provides healthcare benefits to certain employees and their spouses upon retirement. The Plan is a single-employer defined benefit plan administered by the City Commission. The benefits are provided under collective bargaining agreements and at the discretion of the City Commission. The OPEB Plan does not issue a publicly available report.

City of Muskegon
NOTES TO FINANCIAL STATEMENTS
 June 30, 2023

NOTE N—OTHER POSTEMPLOYMENT BENEFITS—CONTINUED

Retiree Healthcare Plan—Continued

Benefits Provided

The OPEB Plan provides medical and dental insurances for eligible retirees and spouses who meet the following criteria:

	<u>Eligibility</u>	<u>Vesting Period</u>	<u>Normal Retirement Age</u>	<u>Early Retirement</u>
Non-Union General	Hired before January 1, 2011	5 years	60	55/25
Non-Union Police	Hired before January 1, 2011	10 years	55	53/25
Clerical	Hired before January 1, 2009	10 years	60	55/30
Department of Public Works	Hired before January 1, 2011	10 years	60	55/30
Police Patrol	Hired before January 1, 2012	10 years	55	50/25
Police Command	Hired before January 1, 2010	10 years	55	50/25
Fire	Hired before January 1, 2010	10 years	55	53/25

Benefits are provided through a third party insurer.

Employees Covered by Benefit Terms

At the December 31, 2022 valuation, the following employees were covered by the benefit terms:

Active members	81
Inactive members	31
Retirees and beneficiaries	309
Total employees covered by OPEB Plan	421

Contributions

The OPEB Plan’s funding policy is that the City will contribute any required amounts as determined by an annual actuarial valuation as a reference but not as a definitive requirement. There are no long-term contracts for contributions to the OPEB Plan. The OPEB Plan has no legally required reserves. For the year ended June 30, 2023, the City made payments for postemployment healthcare benefits of \$1,865,895.

Net OPEB Liability

The City’s net OPEB liability was measured as of December 31, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as December 31, 2021 which was rolled forward to December 31, 2022.

City of Muskegon
NOTES TO FINANCIAL STATEMENTS
 June 30, 2023

NOTE N—OTHER POSTEMPLOYMENT BENEFITS—Continued

Retiree Healthcare Plan—Continued

Actuarial Assumptions

The total OPEB liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	0.0 percent
Investment rate of return	7.00 percent (including inflation), net of administrative and investment expenses
Healthcare cost trend rates	Pre-Medicare: 7.25 percent for two years, then graded down by .25 per year to an ultimate rate of 4.5 percent Post-Medicare: 5.5 percent for two years, then graded down by .25 per year to an ultimate rate of 4.5 percent

Mortality

Mortality rates for police and fire were as set forth in the Public Safety 2010 Employee and Healthy Retiree, headcount weighted, MP-2021 improvement scale. Mortality rates for others were as set forth in the Public General 2010 Employee and Healthy Retiree, headcount weighted, MP-2021 improvement scale.

Investment Rate of Return

The long-term rate of return on retirement 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 OPEB 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. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB Plan’s target asset allocation are summarized in the following table:

Asset Class	Target Allocation	Target Gross Rate of Return	Long-Term Expected Gross Rate of Return	Inflation Assumption	Long-Term Expected Real Rate of Return
Global equity	60.0%	7.00%	4.20%	2.50%	2.70%
Global fixed income	20.0%	4.50%	0.90%	2.50%	0.40%
Private investments	20.0%	9.50%	1.90%	2.50%	1.40%
Total	100.0%		7.00%		4.50%

Discount Rate

The discount rate used to measure the total OPEB liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that the City will make future contributions at levels at least as high as the 2022 contribution up to 8 percent higher per year. Based on this assumption, the OPEB Plan’s fiduciary net position was projected to be sufficient to make projected future benefit payments of current plan members. For projected benefits that are covered by projected assets, the long-term expected rate was used to discount the projected benefits. From the year that benefit payments were not projected be covered by the projected assets (the “depletion date”, not applicable for this plan), 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. As of December 31, 2021 the discount rate used to value OPEB liabilities was 7.35 percent.

City of Muskegon
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE N—OTHER POSTEMPLOYMENT BENEFITS—Continued

Retiree Healthcare Plan—Continued

Changes in the Net OPEB Liability

	Increase (Decrease)		Net OPEB
	Total OPEB Liability (a)	Plan Fiduciary Position (b)	Liability (a)-(b)
Balance at January 1, 2022	\$ 27,997,640	\$ 25,501,913	\$ 2,495,727
Changes for the year			
Service cost	47,962	-	47,962
Interest	1,995,623	-	1,995,623
Difference between expected and actual experience	(433,044)	-	(433,044)
Changes of assumptions	1,161,708	-	1,161,708
Contributions - employer	-	1,997,928	(1,997,928)
Net investment income (loss)	-	(2,613,129)	2,613,129
Administrative expenses	-	(46,001)	46,001
Benefit payments including refund of employee contributions	(1,788,553)	(1,788,553)	-
Net changes	983,696	(2,449,755)	3,433,451
Balance at December 31, 2022	\$ 28,981,336	\$ 23,052,158	\$ 5,929,178

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 7.00 percent, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
City's net OPEB liability	\$ 8,674,731	\$ 5,929,178	\$ 3,610,001

City of Muskegon
NOTES TO FINANCIAL STATEMENTS
 June 30, 2023

NOTE N—OTHER POSTEMPLOYMENT BENEFITS—Continued

Retiree Healthcare Plan—Continued

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the net OPEB liability of the City, calculated using the healthcare cost trend rate for pre-Medicare of 7.25 percent, decreasing to 4.5 percent and post-Medicare of 5.5 percent decreasing to 4.5 percent, as well as what the City’s net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6.25 percent decreasing to 3.5 percent or 4.5 percent decreasing to 3.5 percent) or 1-percentage-point higher (8.25 percent decreasing to 5.5 percent or 6.5 percent decreasing to 5.5 percent) than the current rate:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
City's net OPEB liability	\$ 3,422,121	\$ 5,929,178	\$ 8,864,344

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB Plan’s fiduciary net position is not available in a separately issued financial report. For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expenses, information about the fiduciary net position of the OPEB Plan and additions to/deductions from the City’s fiduciary net position have been determined on the same basis as they are reported by the City. For these purposes, 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.

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

For the year ended June 30, 2023, the City recognized OPEB expense of \$481,402. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual net investment income	\$ 2,310,544	\$ -
Contributions subsequent to the measurement date*	1,003,707	-
Total	\$ 3,314,251	\$ -

*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, 2024.

City of Muskegon
NOTES TO FINANCIAL STATEMENTS
 June 30, 2023

NOTE N—OTHER POSTEMPLOYMENT BENEFITS—Continued

Retiree Healthcare Plan—Continued

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB—Continued

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

Year Ending June 30,	Amount
2024	\$ 252,727
2025	489,282
2026	669,831
2027	898,704

Payables to the OPEB Plan

At June 30, 2023, the City reported a payable of \$10,338 for the outstanding amount of contributions to the OPEB Plan for the year ended June 30, 2023.

Healthcare Savings Plan

The City also maintains a defined contribution OPEB Plan (Health Care Savings Plan or HCSP) which provides certain health care benefits to plan member and legal dependents upon termination of employment. The HCSP covers all City employees hired after July 1, 2012 in lieu of the traditional retiree healthcare plan. The City participates in the Municipal Employees Retirement System (MERS) of Michigan. MERS is an agent multiple employer, statewide public employee defined contribution OPEB Plan established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine-member Retirement Board. Public Act 427 of 1984, as amended, establishes and amends the benefit provisions of the participants in MERS. 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.

Depending on employee group, the Plan covers all qualified City employees hired after January 2009 to December 2012 in lieu of the traditional retiree healthcare plan. The City is required to contribute 1 or 2 percent of a qualified employees' annual compensation each year depending on employee group. Qualified employees are also required to contribute 1 or 2 percent of annual compensation. Qualified employees are also required to contribute 1 or 2 percent of annual compensation. Additionally, some employees, regardless of hire date, may make voluntary contributions to the HCSP.

Employees are immediately vested in all contributions and earnings of those contributions.

For the year ended June 30, 2023, City and employee contributions were \$779,696 and \$344,718, respectively.

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REQUIRED SUPPLEMENTARY INFORMATION

City of Muskegon
BUDGETARY COMPARISON SCHEDULE
 General Fund
 For the year ended June 30, 2023
 (with comparative actual amounts for the year ended June 30, 2022)

	2023			2022	
	Budgeted Amounts		Actual	Variance with	Actual
	Original	Final		Final Budget	
REVENUES					
Taxes					
City income taxes	\$ 9,300,000	\$ 11,000,000	\$ 11,957,105	\$ 957,105	\$ 10,002,623
Property taxes	8,350,000	8,972,222	8,939,622	(32,600)	7,980,885
Industrial facilities taxes	175,000	175,000	242,192	67,192	155,353
Payments in lieu of taxes	662,541	662,541	666,069	3,528	656,785
Total taxes	18,487,541	20,809,763	21,804,988	995,225	18,795,646
Licenses and permits					
Business licenses	50,000	40,000	40,745	745	43,875
Liquor licenses	65,000	60,000	60,036	36	65,054
Marihuana facilities licenses	195,000	195,000	141,337	(53,663)	175,500
Cable TV fees	370,000	370,000	349,044	(20,956)	369,420
Rental property registration	403,700	485,000	520,590	35,590	412,225
Burial permits	75,000	75,000	68,240	(6,760)	69,200
Building permits	810,000	1,400,000	1,395,235	(4,765)	755,346
Electrical permits	195,000	210,000	210,651	651	172,506
Plumbing permits	105,000	112,000	113,789	1,789	87,562
Mechanical permits	146,000	157,000	159,145	2,145	130,775
Vacant building fees	30,000	30,000	15,200	(14,800)	24,585
Total licenses and permits	2,444,700	3,134,000	3,074,012	(59,988)	2,306,048
Intergovernmental revenues					
Federal grants	250,000	250,000	182,483	(67,517)	291,918
State					
Grants	1,360,000	1,530,000	1,440,862	(89,138)	1,392,403
State shared revenue	4,803,553	5,063,948	5,180,344	116,396	5,087,587
Total intergovernmental revenues - State	6,163,553	6,593,948	6,621,206	27,258	6,479,990
Local	-	-	50,000	50,000	50,000

City of Muskegon
BUDGETARY COMPARISON SCHEDULE—CONTINUED
 General Fund
 For the year ended June 30, 2023
 (with comparative actual amounts for the year ended June 30, 2022)

	2023			2022	
	Budgeted Amounts		Actual	Variance with	
	Original	Final		Final Budget	Actual
Charges for services					
Tax administration fees	\$ 386,000	\$ 386,000	\$ 411,981	\$ 25,981	\$ 389,161
Utility administration fees	310,000	310,000	310,000	-	310,000
Reimbursement for elections	-	37,749	29,999	(7,750)	2,464
Brownfield authority admin fee	201,850	201,850	201,851	1	275,000
Indirect cost reimbursements	1,587,749	1,587,749	1,587,749	-	1,440,116
Site plan review fee	10,000	10,000	7,400	(2,600)	10,900
Sale of cemetery lots	40,000	41,000	36,881	(4,119)	33,493
Police miscellaneous	237,000	124,500	118,143	(6,357)	250,874
Police impound fees	40,000	40,000	34,658	(5,342)	37,903
Landlord's alert fee	30,000	41,000	45,407	4,407	25,783
Fire protection - state property	119,574	99,233	99,233	-	101,158
Zoning fees	22,800	22,800	14,563	(8,237)	27,785
Muskegon Heights zoning	15,000	15,000	-	(15,000)	2,310
Clerk fees	2,000	5,000	4,489	(511)	32,493
Clerk fees - passport fees	50,000	70,000	68,415	(1,585)	45,480
Tax abatement application fees	14,400	14,400	9,272	(5,128)	7,280
Treasurer fees	42,000	42,000	84,315	42,315	76,621
False alarm fees	7,000	7,000	4,005	(2,995)	7,785
Miscellaneous cemetery income	40,000	40,000	25,694	(14,306)	32,615
Downtown social district	100,000	100,000	45,450	(54,550)	79,102
Fire miscellaneous	17,000	26,000	21,403	(4,597)	10,922
Sanitation stickers	562,100	592,100	595,690	3,590	451,038
Lot cleanup fees	39,500	39,500	34,480	(5,020)	27,808
Reimbursements - lot mowing and demolitions	5,000	5,000	-	(5,000)	-
Special events reimbursements	27,000	31,500	35,918	4,418	22,621
Recreation program fees	12,000	12,000	9,803	(2,197)	22,192
Parking	730,000	800,000	841,843	41,843	837,125
Other charges for services	10,000	25,000	24,000	(1,000)	6,000
Total charges for services	4,657,973	4,726,381	4,702,642	(23,739)	4,566,029
Fines and forfeitures					
Income tax - penalty and interest	230,000	290,000	288,786	(1,214)	189,868
Late fees on current taxes	20,000	20,000	20,473	473	17,878
Interest on late invoices	19,400	23,000	21,713	(1,287)	17,777
Parking fines	250,000	250,000	174,945	(75,055)	249,725
Court fines	90,000	90,000	79,246	(10,754)	74,789
Civil infractions	23,500	23,500	18,875	(4,625)	31,332
Total fines and forfeitures	632,900	696,500	604,038	(92,462)	581,369
Investment earnings and rental income					
Interest income	100,000	480,000	901,798	421,798	254,524
Net increase (decrease) in the fair value of investments	-	(250,000)	(428,700)	(178,700)	(918,392)
City right of way rental	6,800	6,800	4,400	(2,400)	2,400
Fire station lease - Central Dispatch	480,708	480,708	322,925	(157,783)	353,579
Parking rentals	70,000	70,000	94,295	24,295	55,239
Great Lakes Naval Memorial lease	15,000	15,000	-	(15,000)	-
McGraft Park rentals	65,000	140,000	126,633	(13,367)	92,841
Other park rentals	40,000	51,000	54,040	3,040	66,459
Total investment earnings and rental income	777,508	993,508	1,075,391	81,883	(93,350)

City of Muskegon
BUDGETARY COMPARISON SCHEDULE—CONTINUED
 General Fund
 For the year ended June 30, 2023
 (with comparative actual amounts for the year ended June 30, 2022)

	2023			2022	
	Budgeted Amounts		Actual	Variance with	
	Original	Final		Final Budget	
			Actual		Actual
Other					
Sale of land and assets	\$ -	\$ -	\$ -	\$ -	\$ 356
Police sale and auction proceeds	500	1,100	1,100	-	4,872
CDBG program reimbursements	438,910	473,910	375,542	(98,368)	412,269
Fisherman's Landing reimbursement	25,000	28,319	28,319	-	28,039
Contributions	284,000	168,000	104,882	(63,118)	265,700
Contributions - Veteran's Park maintenance	18,500	18,500	73,122	54,622	16,889
Community Foundation for Muskegon County	35,534	36,419	10,885	(25,534)	10,691
Miscellaneous and sundry	102,069	224,975	449,263	224,288	428,301
Total other	904,513	951,223	1,043,113	91,890	1,167,117
Total revenues	34,318,688	38,155,323	39,157,873	1,002,550	34,144,767
EXPENDITURES					
Current					
Public representation services					
City commission	125,960	137,960	137,289	671	106,980
City promotions and public relations	76,000	114,000	123,219	(9,219)	66,682
City manager	579,296	579,296	546,886	32,410	490,999
Contributions to outside agencies	535,285	572,785	492,375	80,410	567,952
City attorney	420,000	420,000	605,869	(185,869)	526,315
Total public representation services	1,736,541	1,824,041	1,905,638	(81,597)	1,758,928
Administrative services					
City clerk	705,904	825,872	842,713	(16,841)	709,596
Civil service	231,240	231,240	237,094	(5,854)	236,245
Total administrative services	937,144	1,057,112	1,079,807	(22,695)	945,841
Financial services					
Finance administration	647,662	655,662	665,136	(9,474)	642,543
Assessing	416,026	428,026	429,591	(1,565)	415,917
Arena administration	-	-	-	-	8,196
Income tax administration	429,054	476,754	474,611	2,143	403,538
Information systems	629,530	643,530	656,777	(13,247)	651,932
City treasurer	596,842	662,292	695,791	(33,499)	637,622
Pension administration	3,393,940	3,393,940	3,167,679	226,261	2,908,506
Total financial services	6,113,054	6,260,204	6,089,585	170,619	5,668,254
Public safety					
Police department	10,360,165	11,087,525	11,073,924	13,601	10,758,657
Fire department	3,182,485	3,877,864	3,894,030	(16,166)	3,034,373
Building inspections	1,940,504	2,850,504	2,830,396	20,108	1,727,952
Total public safety	15,483,154	17,815,893	17,798,350	17,543	15,520,982

City of Muskegon
BUDGETARY COMPARISON SCHEDULE—CONTINUED
 General Fund
 For the year ended June 30, 2023
 (with comparative actual amounts for the year ended June 30, 2022)

	2023				2022
	Budgeted Amounts		Actual	Variance with Final Budget	Actual
	Original	Final			
Public works					
Street lighting	\$ 350,000	\$ 340,000	\$ 296,561	\$ 43,439	\$ 356,973
Community event support	141,851	104,106	121,143	(17,037)	130,198
General sanitation	2,378,589	2,246,089	2,558,983	(312,894)	2,344,186
Storm water management	28,500	43,200	35,929	7,271	22,233
City hall maintenance	354,542	463,150	493,912	(30,762)	365,188
Cemeteries maintenance	601,550	558,380	565,457	(7,077)	509,515
Total public works	3,855,032	3,754,925	4,071,985	(317,060)	3,728,293
Community and economic development					
Planning, zoning and economic development	572,331	677,331	675,384	1,947	542,191
Environmental services	-	2,177	37,831	(35,654)	1,502
Edison Landing subsidy	200,000	200,000	200,000	-	200,000
Total community and economic development	772,331	879,508	913,215	(33,707)	743,693
Culture and recreation					
Parks maintenance	2,369,983	2,369,983	2,640,748	(270,765)	2,482,189
McGraft Park maintenance	159,344	190,448	206,870	(16,422)	142,840
General and inner city recreation programs	-	1,111	77	1,034	5,482
Forestry	73,625	33,927	64,684	(30,757)	81,501
Parking operations	308,320	434,320	425,909	8,411	100,522
Farmers market and flea market	-	-	-	-	41
Social district	70,636	70,636	41,097	29,539	26,905
Total culture and recreation	2,981,908	3,100,425	3,379,385	(278,960)	2,839,480
General administration					
Insurance premiums	407,941	945,000	1,003,306	(58,306)	450,719
Other	47,500	47,500	(52,517)	100,017	34,305
Total other governmental functions	455,441	992,500	950,789	41,711	485,024
Debt service					
Principal	981,000	1,027,000	1,022,509	4,491	907,462
Interest and fees	374,986	378,074	377,330	744	390,771
Bond issuance costs	-	-	-	-	1,000
Total debt service	1,355,986	1,405,074	1,399,839	5,235	1,299,233
Capital outlay	3,653,000	5,397,165	5,198,799	198,366	4,662,678
Total expenditures	37,343,591	42,486,847	42,787,392	(300,545)	37,652,406
Excess of revenues over (under) expenditures	(3,024,903)	(4,331,524)	(3,629,519)	702,005	(3,507,639)

City of Muskegon
BUDGETARY COMPARISON SCHEDULE—CONTINUED
 General Fund
 For the year ended June 30, 2023
 (with comparative actual amounts for the year ended June 30, 2022)

	2023			2022	
	Budgeted Amounts		Actual	Variance with	
	Original	Final		Final Budget	
			Actual		Actual
OTHER FINANCING SOURCES (USES)					
Long-term debt issued	\$ -	\$ 761,603	\$ 761,603	\$ -	\$ 1,370,873
Transfers in	3,903,150	4,504,650	4,251,451	(253,199)	5,798,549
Transfers out	(875,000)	(2,277,000)	(2,227,000)	50,000	(3,998,250)
Total other financing sources (uses)	3,028,150	2,989,253	2,786,054	(203,199)	3,171,172
Net change in fund balance	\$ 3,247	\$(1,342,271)	(843,465)	\$ 498,806	(336,467)
Fund balance at beginning of year			10,861,373		11,197,840
Fund balance at end of year			\$ 10,017,908		\$ 10,861,373

Note: Both budgets and actual figures are prepared in accordance with generally accepted accounting principles.

City of Muskegon
BUDGETARY COMPARISON SCHEDULE
Major Street and Trunkline Fund
For the year ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental revenues				
Federal	\$ 853,497	\$ -	\$ -	\$ -
State	5,171,000	5,801,000	5,951,632	150,632
Charges for services	-	12,000	-	(12,000)
Investment earnings	5,000	-	19,664	19,664
Other	50,000	3,000	1,953	(1,047)
Total revenues	6,079,497	5,816,000	5,973,249	157,249
EXPENDITURES				
Current				
Highways, streets and bridges	5,848,269	6,390,251	4,785,171	1,605,080
Net change in fund balance	<u>\$ 231,228</u>	<u>\$ (724,251)</u>	1,188,078	<u>\$ 1,912,329</u>
Fund balance at beginning of year			<u>3,520,246</u>	
Fund balance at end of year			<u>\$ 4,708,324</u>	

Note: Both budgets and actual figures are prepared in accordance with generally accepted accounting principles.

City of Muskegon
BUDGETARY COMPARISON SCHEDULE
Trinity Health Arena Fund
For the year ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for services	\$ 1,755,500	\$ 1,931,082	\$ 1,849,384	\$ (81,698)
Investment earnings	-	13,538	112,768	99,230
Other	5,000	41,000	40,017	(983)
Total revenues	1,760,500	1,985,620	2,002,169	16,549
EXPENDITURES				
Current				
Culture and recreation	1,533,301	2,484,548	2,569,816	(85,268)
Capital outlay	590,000	984,443	1,000,446	(16,003)
Total expenditures	2,123,301	3,468,991	3,570,262	(101,271)
Excess of revenues over (under) expenditures	(362,801)	(1,483,371)	(1,568,093)	(84,722)
OTHER FINANCING SOURCES				
Proceeds from sale of capital assets	10,000	-	-	-
Transfers in	450,000	1,527,508	1,548,761	21,253
Total other financing sources	460,000	1,527,508	1,548,761	21,253
Net change in fund balance	<u>\$ 97,199</u>	<u>\$ 44,137</u>	(19,332)	<u>\$ (63,469)</u>
Fund balance at beginning of year			<u>61,968</u>	
Fund balance at end of year			<u>\$ 42,636</u>	

Note: Both budgets and actual figures are prepared in accordance with generally accepted accounting principles.

City of Muskegon
Required Supplemental Information
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
Last Ten Fiscal Years (Amounts were determined as of December 31 of each fiscal year)

	2022	2021	2020	2019	2018	2017	2016	2015	2014
TOTAL PENSION LIABILITY									
Service cost	\$ 510,157	\$ 529,832	\$ 615,293	\$ 732,228	\$ 806,565	\$ 1,018,541	\$ 1,130,408	\$ 1,194,909	\$ 1,190,507
Interest	9,162,662	9,237,064	8,787,617	8,718,797	8,345,836	8,429,233	8,345,661	8,034,035	7,817,503
Differences between expected and actual experience	1,074,817	256,636	2,829,299	1,830,804	3,642,392	1,326,122	(1,697,797)	(647,017)	-
Changes in assumptions	1,800,812	4,396,829	2,974,495	4,134,788	-	-	-	4,779,382	-
Benefit payments, including refunds of employee contributions	(9,852,666)	(9,285,923)	(9,214,462)	(8,218,689)	(7,512,608)	(6,937,544)	(6,417,825)	(6,363,249)	(6,407,932)
Other changes	(1,577,082)	-	-	(229,967)	(4,485,289)	-	-	-	-
Net change in total pension liability	1,118,700	5,134,438	5,992,242	7,197,928	5,052,218	(648,937)	1,360,447	6,998,060	2,600,078
Total pension liability at beginning of year	1,310,528,803	125,918,365	119,926,123	112,728,195	107,675,977	108,324,914	106,964,467	99,966,407	97,366,329
Total pension liability at end of year (a)	\$ 132,171,503	\$ 131,052,803	\$ 125,918,365	\$ 119,926,123	\$ 112,728,195	\$ 107,675,977	\$ 108,324,914	\$ 106,964,467	\$ 99,966,407
PLAN FIDUCIARY NET POSITION									
Contributions-employer	\$ 3,896,659	\$ 3,313,056	\$ 2,468,311	\$ 2,712,204	\$ 2,671,175	\$ 1,801,016	\$ 1,996,512	\$ 1,420,218	\$ 1,166,652
Contributions-employee	291,821	304,680	374,806	491,814	848,562	687,391	563,898	566,045	564,409
Net investment income (loss)	(10,311,712)	12,779,029	10,575,596	11,059,388	(3,452,538)	10,964,115	8,890,951	(1,237,895)	5,282,031
Benefit payments, including refunds or employee contributions	(9,852,666)	(9,285,923)	(9,214,462)	(8,218,689)	(7,512,608)	(6,937,544)	(6,417,825)	(6,363,249)	(6,407,932)
Administrative expense	(180,011)	(146,581)	(173,766)	(190,108)	(173,509)	(173,921)	(175,718)	(183,599)	(193,139)
Net change in plan fiduciary net position	(16,155,909)	6,964,261	4,030,485	5,854,609	(7,618,918)	6,341,057	4,857,818	(5,798,480)	412,021
Plan fiduciary net position at beginning of year	99,989,454	93,025,193	88,994,708	83,140,099	90,759,017	84,417,960	79,560,142	85,358,622	84,946,601
Plan fiduciary net position at end of year (b)	\$ 83,833,545	\$ 99,989,454	\$ 93,025,193	\$ 88,994,708	\$ 83,140,099	\$ 90,759,017	\$ 84,417,960	\$ 79,560,142	\$ 85,358,622
City's net pension liability at end of year (a)-(b)	\$ 48,337,958	\$ 31,063,349	\$ 32,893,172	\$ 30,931,415	\$ 29,588,096	\$ 16,916,960	\$ 23,906,954	\$ 27,404,325	\$ 14,607,785
Plan fiduciary net position as a percentage of the total pension liability	63.43%	76.30%	73.88%	74.21%	73.75%	84.29%	77.93%	74.38%	85.39%
Covered payroll	\$ 4,200,465	\$ 4,608,816	\$ 5,408,268	\$ 6,110,950	\$ 6,565,169	\$ 7,645,789	\$ 8,460,078	\$ 9,108,948	\$ 9,171,511
City's net pension liability as a percentage of covered payroll	1150.78%	674.00%	608.20%	506.16%	450.68%	221.26%	282.59%	300.85%	159.27%

Notes to Schedule

Additional actuarial data is not available and will be provided in subsequent years.

The following were significant changes to actuarial assumptions:

- 2015 Valuation - The investment rate of return assumption was reduced from 8.25 percent to 8.0 percent, the wage inflation assumption was reduced from 4.5 percent to 3.75 percent, inflation rates changed from 3.0 - 4.0 percent to 2.5 percent.
- 2019 Valuation - The investment rate of return assumption was reduced from 8.0 percent to 7.6 percent, the wage inflation assumption was reduced from 3.75 percent to 3.0 percent.
- 2020 Valuation - Mortality rates were changed to the recently issued Pub-2010 mortality general rates as published by the Society of Actuaries along with a change to sex-distinct assumptions.
- 2021 Valuation - The investment rate of return assumption was reduced from 7.6 percent to 7.25 percent.

City of Muskegon
Required Supplemental Information

PENSION SYSTEM SCHEDULE OF CONTRIBUTIONS

Last Ten Fiscal Years (Amounts were determined as of June 30 of each fiscal year)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 4,052,695	\$ 3,724,080	\$ 2,902,032	\$ 1,855,248	\$ 1,902,696	\$ 1,798,140	\$ 1,897,158	\$ 1,546,440	\$ 1,293,996	\$ 1,043,040
Contributions in relation to the actuarially determined contribution	4,052,695	3,724,080	2,902,032	2,777,641	2,218,663	1,964,214	2,276,200	1,753,272	1,293,996	1,543,040
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ (922,393)	\$ (315,967)	\$ (166,074)	\$ (379,042)	\$ (206,832)	\$ -	\$ (500,000)

Covered payroll \$ 4,200,465 \$ 4,608,816 \$ 5,408,268 \$ 6,110,950 \$ 6,561,169 \$ 7,645,789 \$ 8,460,078 \$ 9,108,948 \$ 9,171,511 \$ 9,198,938

Contributions as percentage of covered payroll **96.5%** **80.8%** **53.7%** **45.5%** **33.8%** **25.7%** **26.9%** **19.2%** **14.1%** **16.8%**

Notes to Schedule

Valuation Date:

Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

- Actuarial cost method Entry age normal
- Amortization method Level percentage of payroll, Closed
- Remaining amortization period 16 years
- Asset valuation method 5-year smoothed market
- Inflation 2.5 percent
- Salary increases 3.0 percent in the long-term
- Investment rate of return 7.00 percent, net of administrative and investment expenses
- Retirement age Varies depending on plan adoption
- Mortality Based on a version of Pub-2010 and fully generational MP-2019

City of Muskegon

REQUIRED SUPPLEMENTARY INFORMATION
RETIREE HEALTHCARE SYSTEM SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS

Last Ten Fiscal Years (Amounts were determined as of December 31 of each fiscal year)

	2022	2021	2020	2019	2018	2017
TOTAL OPEB LIABILITY						
Service cost	\$ 47,962	\$ 142,556	\$ 156,214	\$ 165,306	\$ 178,243	\$ 165,423
Interest	1,995,623	1,999,639	2,058,432	2,191,233	2,035,720	1,954,979
Differences between expected and actual experience	(433,044)	(2,420,665)	(325,146)	(2,119,868)	(992,432)	-
Changes of assumptions	1,161,708	(2,771,809)	(1,152,266)	6,288,823	2,349,210	-
Benefit payments, including refunds of employee contributions	(1,788,553)	(1,710,064)	(1,621,453)	(1,983,928)	(1,118,442)	(1,064,376)
Net change in total OPEB liability	983,696	(4,760,343)	(884,219)	4,541,566	2,452,299	1,056,026
Total OPEB liability at beginning of year	27,997,640	32,757,983	33,642,202	29,100,636	26,648,337	25,592,311
Total OPEB liability at end of year (a)	\$ 28,981,336	\$ 27,997,640	\$ 32,757,983	\$ 33,642,202	\$ 29,100,636	\$ 26,648,337

PLAN FIDUCIARY NET POSITION

Contributions-employer	\$ 1,997,928	\$ 1,767,843	\$ 1,154,926	\$ 1,001,447	\$ 671,363	\$ 736,039
Net investment income (loss)	(2,613,129)	2,574,713	2,210,729	2,660,470	(699,603)	2,110,019
Benefit payments, including refunds or employee contributions	(1,788,553)	(1,710,064)	(1,621,453)	(1,983,928)	(1,118,442)	(1,064,376)
Administrative expense	(46,001)	(47,967)	(42,375)	(41,397)	(53,927)	(52,313)
Net change in plan fiduciary net position	(2,449,755)	2,584,525	1,701,827	1,636,592	(1,200,609)	1,729,369
Plan fiduciary net position at beginning of year	25,501,913	22,917,388	21,215,561	19,578,969	20,779,578	19,050,209
Plan fiduciary net position at end of year (b)	\$ 23,052,158	\$ 25,501,913	\$ 22,917,388	\$ 21,215,561	\$ 19,578,969	\$ 20,779,578
City's net OPEB liability at end of year (a)-(b)	\$ 5,929,178	\$ 2,495,727	\$ 9,840,595	\$ 12,426,641	\$ 9,521,667	\$ 5,868,759

Plan fiduciary net position as a percentage of the total OPEB liability

	79.54%	91.09%	69.96%	63.06%	67.28%	77.98%
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Covered payroll

	\$ 6,711,986	\$ 6,978,841	\$ 7,848,543	\$ 8,952,683	Not Available	\$ 8,095,840
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City's net OPEB liability as a percentage of covered payroll

	88.34%	35.76%	125.38%	138.80%	Not Available	72.49%
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Notes to Schedule

Additional actuarial data is not available and will be provided in subsequent years.

See the following page for significant changes to actuarial assumptions.

City of Muskegon
REQUIRED SUPPLEMENTARY INFORMATION
RETIREE HEALTHCARE SYSTEM SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIO—CONTINUED
Last Ten Fiscal Years (Amounts were determined as of December 31 of each fiscal year)

Notes to Schedule—Continued

The following were significant changes to actuarial assumptions

2019 Valuation

Mortality improvement scale updated.

Medical trend rates updated.

Salary scale updated from 3.5 percent to 3.0 percent.

Discount rate changed from 7.75 percent to 6.24 percent.

2020 Valuation

Mortality improvement scale updated.

Medical and dental trend updated.

2021 Valuation

Salary scale updated from 3.0 percent to 0.0 percent.

Mortality improvement scale updated.

Discount rate updated from 6.24 percent to 7.35 percent.

2022 Valuation

Medical trend rates updated.

Discount rate changed from 7.35 percent to 7.0 percent.

City of Muskegon

REQUIRED SUPPLEMENTARY INFORMATION
RETIREE HEALTHCARE SYSTEM SCHEDULE OF CONTRIBUTIONS

Last Ten Fiscal Years (Amounts were determined as of June 30 of each fiscal year)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 908,913	\$ 1,344,010	\$ 2,289,405	\$ 2,115,188	\$ 1,470,562	\$ 956,532	\$ 606,506	\$ 639,428	\$ 659,451	\$ 696,634
Contributions in relation to the actuarially determined contribution	1,865,895	650,383	1,206,464	1,233,505	1,260,887	687,642	606,506	639,428	659,451	696,634
Contribution deficiency (excess)	\$ (956,982)	\$ 693,627	\$ 1,082,941	\$ 881,683	\$ 209,675	\$ 268,890	\$ -	\$ -	\$ -	\$ -

Covered payroll \$ 6,711,986 \$ 6,978,841 \$ 7,848,543 \$ 8,952,683 Not Available \$ 8,095,840 \$ 10,830,000 \$ 10,830,000 \$ 10,005,000 \$ 10,005,000

Contributions as percentage of covered payroll **27.8%** **9.3%** **15.4%** **13.8%** Not Available **8.5%** **5.6%** **5.9%** **6.6%** **7.0%**

Notes to Schedule

Valuation Date:

Actuarially determined contribution rates are calculated as of December 31, 2021 rolled forward to December 31, 2022.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal (level percentage of compensation)
Amortization method	Level percentage of payroll, Closed
Remaining amortization period	7 years
Asset valuation method	Equal to market value of assets
Inflation	2.5 percent
Salary increases	0.0 percent
Investment rate of return	7.00 percent (including inflation), net of administrative and investment expenses
Retirement age	55 - 60 years of age
Mortality	Mortality rates for police and fire were as set forth in the Public Safety 2010 Employee and Healthy Retiree, headcount weighted, MP-2021 improvement scale. Mortality rates for others were as set forth in the Public General 2010 Employee and Healthy Retiree, headcount weighted, MP-2021 improvement scale.

City of Muskegon

REQUIRED SUPPLEMENTARY INFORMATION
RETIREE HEALTHCARE SYSTEM SCHEDULE OF INVESTMENT RETURNS

Last Ten Fiscal Years (Amounts were determined as of December 31 of each fiscal year)

	2022	2021	2020	2019	2018	2017
Annual money-weighted rate of return, net of investment expense	-10.21%	11.23%	10.55%	13.95%	-3.41%	11.19%

Notes to Schedule

Additional data is not available and will be provided in subsequent years

OTHER SUPPLEMENTAL INFORMATION

DESCRIPTION OF OTHER GOVERNMENTAL FUNDS

Special Revenue Funds

The special revenue funds are used to account for the proceeds of special revenue sources that are legally restricted to expenditures for specific purposes.

Local Street – to account for gas and weight allocations to the City by the Michigan Department of Transportation for construction and maintenance of local streets within the City.

Farmers Market and Kitchen 242 – to account for revenues received for the City’s Farmers Market and Kitchen 242.

Criminal Forfeitures – to account for receipts generated through the sale of assets seized through criminal court proceedings.

Downtown BID – to account for the collection of special assessment revenue in the downtown to be used for improvement and maintenance of downtown public infrastructure.

Lakeshore BID – to account for the collection of special assessment revenue in the lakeshore area to be used for improvement and maintenance of lakeshore infrastructure.

Tree Replacement – to account for contributions and other revenues earmarked for tree replacement throughout the City.

Capital Projects Funds

Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital assets other than those financed by proprietary funds and trust funds.

Public Improvement Fund – to account for grants, private contributions, sale of property, and other resources used to finance various capital projects.

Michcon Remediation – to account for reimbursements received from Michcon Gas Company for environmental remediation of their former downtown site.

EDC Revolving Loan – to account for funds received upon repayment of Urban Development Action Grant loans and subsequently reloaned to small business enterprises.

Community Development Block Grant – to account for categorical grants received from the U. S. Department of Housing and Urban Development for the construction of major city public improvements and the rehabilitation of residential housing and other qualifying expenditures.

**DESCRIPTION OF
OTHER GOVERNMENTAL FUNDS—CONTINUED**

Capital Projects Funds—Continued

HOME Rehabilitation – to account for grant revenues received from the U. S. Department of Housing and Urban Development for the purpose of providing housing assistance to low and moderate income households in the City.

Lead Abatement – to account for grant revenues received from the U. S. Department of Health and Human Services for the purpose of abatement of lead from homes in the City.

Senior Millage – to account for proceeds from the County millage for senior services that were distributed to the City for specific projects.

Convention Center Construction – to account for proceeds from debt issuance for the construction of a convention center in downtown Muskegon.

Healthy Homes – to account for grant revenues received from the U. S. Department of Housing and Urban Development for the purpose of addressing multiple residential health and safety hazards.

Permanent Funds

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.

Cemetery Perpetual Care – to account for charges for services collected and investment income earned and to account for transfers to the General Fund to partially cover cemetery care expenses.

City of Muskegon
COMBINING BALANCE SHEET
 Other Governmental Funds
 June 30, 2023

	Total Other Governmental Funds	Other Special Revenue Funds	Other Capital Projects Funds	Permanent Fund - Cemetery Perpetual Care
ASSETS				
Cash and investments	\$ 6,163,693	\$ 1,018,998	\$ 4,377,950	\$ 766,745
Assets managed by others	1,465,078	-	33,595	1,431,483
Receivables				
Accounts and loans (net of allowance for uncollectibles)	1,100,272	24,513	1,070,576	5,183
Due from other governmental units	926,820	223,493	703,327	-
Advances to component units	100,922	-	-	100,922
Prepaid items	7,763	7,763	-	-
Total assets	\$ 9,764,548	\$ 1,274,767	\$ 6,185,448	\$ 2,304,333
LIABILITIES				
Accounts payable	\$ 1,169,551	\$ 57,135	\$ 1,112,416	\$ -
Accrued liabilities	11,238	5,134	6,104	-
Due to other governmental units	123	-	123	-
Due to other funds	494,615	-	494,615	-
Short-term draw note	750,000	-	750,000	-
Unearned revenues - unused Farmers Market tokens	145,397	145,397	-	-
Total liabilities	2,570,924	207,666	2,363,258	-
FUND BALANCES				
Nonspendable				
Prepaid items	7,763	7,763	-	-
Perpetual care	1,715,012	-	-	1,715,012
Restricted				
Highways, streets and bridges	730,944	730,944	-	-
Law enforcement	23,276	23,276	-	-
Business improvement districts	139,150	139,150	-	-
Perpetual care	589,321	-	-	589,321
Other purposes	165,968	165,968	-	-
Assigned for capital projects and public improvements	3,822,190	-	3,822,190	-
Total fund balances	7,193,624	1,067,101	3,822,190	2,304,333
Total liabilities and fund balances	\$ 9,764,548	\$ 1,274,767	\$ 6,185,448	\$ 2,304,333

City of Muskegon
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 Other Governmental Funds
 For the year ended June 30, 2023

	Total Other Governmental Funds	Other Special Revenue Funds	Other Capital Projects Funds	Permanent Fund - Cemetery Perpetual Care
REVENUES				
Intergovernmental revenues				
Federal	\$ 2,512,647	\$ -	\$ 2,512,647	\$ -
State	1,582,287	1,519,645	62,642	-
Local	1,155,110	-	1,155,110	-
Charges for services	650,392	583,880	29,201	37,311
Investment earnings	26,171	3,958	14,134	8,079
Income from assets managed by others	108,492	-	4,583	103,909
Other	958,280	205,224	753,056	-
Total revenues	6,993,379	2,312,707	4,531,373	149,299
EXPENDITURES				
Current				
Public works	167,332	167,332	-	-
Highways, streets and bridges	1,587,995	1,587,995	-	-
Culture and recreation	660,818	660,818	-	-
Debt service				
Principal	250,000	-	250,000	-
Interest and fees	608,420	-	608,420	-
Capital outlay	5,021,844	-	5,021,844	-
Total expenditures	8,296,409	2,416,145	5,880,264	-
Excess of revenues over (under) expenditures	(1,303,030)	(103,438)	(1,348,891)	149,299
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	2,976,733	-	2,976,733	-
Transfers in	316,000	-	316,000	-
Transfers out	(316,000)	-	(316,000)	-
Total other financing sources (uses)	2,976,733	-	2,976,733	-
Net change in fund balances	1,673,703	(103,438)	1,627,842	149,299
Fund balances at beginning of year	5,519,921	1,170,539	2,194,348	2,155,034
Fund balances at end of year	\$ 7,193,624	\$ 1,067,101	\$ 3,822,190	\$ 2,304,333

City of Muskegon
COMBINING BALANCE SHEET
 Other Special Revenue Funds
 June 30, 2023

	Total Other		Farmers		Criminal Forfeitures	Downtown BID	Lakeshore BID	Tree Replacement
	Special Revenue Funds	Local Street	Market and Kitchen 242	Street				
ASSETS								
Cash and investments	\$ 1,018,998	\$ 526,435	\$ 298,147	\$ 23,276	\$ 114,947	\$ 34,298	\$ 21,895	
Receivables								
Accounts	24,513	7,549	16,964	-	-	-	-	
Due from other governmental units	223,493	223,493	-	-	-	-	-	
Prepaid items	7,763	7,763	-	-	-	-	-	
Total assets	\$ 1,274,767	\$ 765,240	\$ 315,111	\$ 23,276	\$ 114,947	\$ 34,298	\$ 21,895	
LIABILITIES								
Accounts payable	\$ 57,135	\$ 22,309	\$ 24,731	\$ -	\$ 10,005	\$ 90	\$ -	
Accrued liabilities	5,134	4,224	910	-	-	-	-	
Unearned revenues - unused Farmers Market tokens	145,397	-	145,397	-	-	-	-	
Total liabilities	207,666	26,533	171,038	-	10,005	90	-	
FUND BALANCES								
Nonspendable - prepaid items	7,763	7,763	-	-	-	-	-	
Restricted								
Highways, streets and bridges	730,944	730,944	-	-	-	-	-	
Law enforcement	23,276	-	-	23,276	-	-	-	
Business improvement districts	139,150	-	-	-	104,942	34,208	-	
Other purposes	165,968	-	144,073	-	-	-	21,895	
Total fund balances	1,067,101	738,707	144,073	23,276	104,942	34,208	21,895	
Total liabilities and fund balances	\$ 1,274,767	\$ 765,240	\$ 315,111	\$ 23,276	\$ 114,947	\$ 34,298	\$ 21,895	

City of Muskegon
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 Other Special Revenue Funds
 For the year ended June 30, 2023

	Total Other Special Revenue Funds	Local Street	Farmers		Criminal Forfeitures	Downtown BID	Lakeshore BID	Tree Replacement
			Market and Kitchen 242					
REVENUES								
Intergovernmental revenues								
State	\$ 1,519,645	\$ 1,519,645	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	583,880	7,285	576,595	-	-	-	-	-
Investment earnings	3,958	2,023	917	115	685	169	49	
Other	205,224	710	48,573	-	104,655	24,240	27,046	
Total revenues	2,312,707	1,529,663	626,085	115	105,340	24,409	27,095	
EXPENDITURES								
Current								
Public works	167,332	-	-	-	131,340	35,992	-	-
Highways, streets and bridges	1,587,995	1,587,995	-	-	-	-	-	-
Culture and recreation	660,818	-	655,007	-	-	-	5,811	
Total expenditures	2,416,145	1,587,995	655,007	-	131,340	35,992	5,811	
Net change in fund balances	(103,438)	(58,332)	(28,922)	115	(26,000)	(11,583)	21,284	
Fund balances at beginning of year	1,170,539	797,039	172,995	23,161	130,942	45,791	611	
Fund balances at end of year	\$ 1,067,101	\$ 738,707	\$ 144,073	\$ 23,276	\$ 104,942	\$ 34,208	\$ 21,895	

City of Muskegon
BUDGETARY COMPARISON SCHEDULE
 Other Special Revenue Funds
 For the year ended June 30, 2023

	Local Street		Farmers Market and Kitchen 242			
	Final Budget	Actual	Variance with Final Budget	Final Budget	Actual	Variance with Final Budget
REVENUES						
Intergovernmental revenues						
State	\$ 1,465,000	\$ 1,519,645	\$ 54,645	\$ -	\$ -	\$ -
Charges for services	7,285	7,285	-	504,962	576,595	71,633
Investment earnings	3,500	2,023	(1,477)	700	917	217
Other	20,000	710	(19,290)	47,500	48,573	1,073
Total revenues	1,495,785	1,529,663	33,878	553,162	626,085	72,923
EXPENDITURES						
Current						
Highways, streets and bridges	1,710,482	1,587,995	122,487	-	-	-
Culture and recreation	-	-	-	681,550	655,007	26,543
Total expenditures	1,710,482	1,587,995	122,487	681,550	655,007	26,543
Excess of revenues over (under) expenditures	(214,697)	(58,332)	156,365	(128,388)	(28,922)	99,466
OTHER FINANCING SOURCES						
Transfers in	150,000	-	(150,000)	80,000	-	(80,000)
Net change in fund balances	<u>\$ (64,697)</u>	<u>(58,332)</u>	<u>\$ 6,365</u>	<u>\$ (48,388)</u>	<u>(28,922)</u>	<u>\$ 19,466</u>
Fund balances at beginning of year		<u>797,039</u>			<u>172,995</u>	
Fund balances at end of year		<u>\$ 738,707</u>			<u>\$ 144,073</u>	

City of Muskegon
BUDGETARY COMPARISON SCHEDULE—CONTINUED
 Other Special Revenue Funds
 For the year ended June 30, 2023

	Criminal Forfeitures			Downtown BID		
	Final Budget	Actual	Variance With Final Budget	Final Budget	Actual	Variance With Final Budget
REVENUES						
Fines and forfeitures	\$ 5,000	-	\$ (5,000)	\$ -	\$ -	\$ -
Investment earnings	20	115	95	-	685	685
Other	-	-	-	114,678	104,655	(10,023)
Total revenues	5,020	115	(4,905)	114,678	105,340	(9,338)
EXPENDITURES						
Current						
Public safety	12,000	-	12,000	-	-	-
Public works	-	-	-	134,900	131,340	3,560
Total expenditures	12,000	-	12,000	134,900	131,340	3,560
Net change in fund balances	<u>\$ (6,980)</u>	115	<u>\$ 7,095</u>	<u>\$ (20,222)</u>	(26,000)	<u>\$ (5,778)</u>
Fund balances at beginning of year		<u>23,161</u>			<u>130,942</u>	
Fund balances at end of year		<u>\$ 23,276</u>			<u>\$ 104,942</u>	

City of Muskegon
BUDGETARY COMPARISON SCHEDULE—CONTINUED
 Other Special Revenue Funds
 For the year ended June 30, 2023

	Lakeshore BID			Tree Replacement		
	Final Budget	Actual	Variance with Final Budget	Final Budget	Actual	Variance with Final Budget
REVENUES						
Investment earnings	\$ -	\$ 169	\$ 169	\$ -	\$ 49	\$ 49
Other	26,944	24,240	(2,704)	7,500	27,046	19,546
Total revenues	26,944	24,409	(2,535)	7,500	27,095	19,595
EXPENDITURES						
Current						
Public works	41,944	35,992	5,952	-	-	-
Culture and recreation	-	-	-	7,500	5,811	1,689
Total expenditures	41,944	35,992	5,952	7,500	5,811	1,689
Net change in fund balances	<u>\$ (15,000)</u>	<u>(11,583)</u>	<u>\$ 3,417</u>	<u>\$ -</u>	<u>21,284</u>	<u>\$ 21,284</u>
Fund balances at beginning of year		<u>45,791</u>			<u>611</u>	
Fund balances at end of year		<u>\$ 34,208</u>			<u>\$ 21,895</u>	

City of Muskegon
COMBINING BALANCE SHEET
 Other Capital Projects Funds
 June 30, 2023

	Total Other Capital Projects Funds	Public		Michcon		EDC		Community		HOME		Lead		Senior		Convention		Healthy	
		Improvement	Reimbursement	Reimbursement	Loan	Revolving	Block Grant	Rehabilitation	Abatement	Millage	Construction	Homes							
ASSETS																			
Cash and investments	\$ 4,377,950	\$ 3,092,077	\$ 229,832	\$ 560,531	\$ 82,708	\$ 268,998	\$ -	\$ 31,639	\$ 112,165	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Assets managed by others	33,595	33,595	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Receivables																			
Accounts and loans (net of allowance for uncollectibles)	1,070,576	434,151	-	625,961	-	8,399	-	105	-	1,960	-	-	-	-	-	-	-	-	-
Due from other governmental units	703,327	-	-	-	107,626	17,751	-	477,392	-	-	-	-	-	-	-	-	-	-	-
Total assets	\$ 6,185,448	\$ 3,559,823	\$ 229,832	\$ 1,186,492	\$ 190,334	\$ 295,148	\$ 477,497	\$ 31,639	\$ 114,125	\$ 100,558									
LIABILITIES																			
Accounts payable	\$ 1,112,416	\$ 980,760	\$ -	\$ -	\$ 40,634	\$ 1,000	\$ 58,758	\$ 8,198	\$ -	\$ 23,066									
Accrued liabilities	6,104	-	-	-	3,217	1,271	1,072	-	-	544									
Due to other governmental units	123	-	-	-	123	-	-	-	-	-									
Due to other funds	494,615	-	-	-	-	-	417,667	-	-	76,948									
Short-term draw note	750,000	750,000	-	-	-	-	-	-	-	-									
Total liabilities	2,363,258	1,730,760	-	-	43,974	2,271	477,497	8,198	-	100,558									
FUND BALANCES																			
Assigned for capital projects and public improvements	3,822,190	1,829,063	229,832	1,186,492	146,360	292,877	-	23,441	114,125	-									
Total liabilities and fund balances	\$ 6,185,448	\$ 3,559,823	\$ 229,832	\$ 1,186,492	\$ 190,334	\$ 295,148	\$ 477,497	\$ 31,639	\$ 114,125	\$ 100,558									

City of Muskegon
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 Other Capital Projects Funds
 For the year ended June 30, 2023

	Total Other Capital Projects Funds	Public Improvement	Michcon Remediation	EDC Revolving Loan	Community Development Block Grant	HOME Rehabilitation	Lead Abatement	Senior Millage	Convention Center Construction	Healthy Homes
REVENUES										
Intergovernmental revenues										
Federal	\$ 2,512,647	\$ -	\$ -	\$ -	\$ 1,151,380	\$ 83,537	\$ 994,208	\$ -	\$ -	\$ 283,522
State	62,642	-	-	-	-	-	62,642	-	-	-
Local	1,155,110	152,583	-	-	-	-	-	-	1,002,527	-
Charges for services	29,201	23,201	-	6,000	-	-	-	-	-	-
Investment earnings	14,134	5,807	1,146	6,497	-	-	-	355	329	-
Income from assets managed by others	4,583	4,583	-	-	-	-	-	-	-	-
Other	753,056	591,195	-	54,474	2,189	100	-	105,098	-	-
Total revenues	4,531,373	777,369	1,146	66,971	1,153,569	83,637	1,056,850	105,453	1,002,856	283,522
EXPENDITURES										
Debt service										
Principal	250,000	-	-	-	-	-	-	-	250,000	-
Interest and fees	608,420	435	-	-	-	-	-	-	607,985	-
Capital outlay	5,021,844	1,852,394	-	48,476	1,142,652	394,982	1,056,850	100,386	142,582	283,522
Total expenditures	5,880,264	1,852,829	-	48,476	1,142,652	394,982	1,056,850	100,386	1,000,567	283,522
Excess of revenues over (under) expenditures	(1,348,891)	(1,075,460)	1,146	18,495	10,917	(311,345)	-	5,067	2,289	-
OTHER FINANCING SOURCES (USES)										
Proceeds from sale of capital assets	2,976,733	2,669,128	-	-	20,866	286,739	-	-	-	-
Transfers in	316,000	-	-	-	-	316,000	-	-	-	-
Transfers out	(316,000)	(316,000)	-	-	-	-	-	-	-	-
Total other financing sources (uses)	2,976,733	2,353,128	-	-	20,866	602,739	-	-	-	-
Net change in fund balances	1,627,842	1,277,668	1,146	18,495	31,783	291,394	-	5,067	2,289	-
Fund balances at beginning of year	2,194,348	551,395	228,686	1,167,997	114,577	1,483	-	18,374	111,836	-
Fund balances at end of year	\$ 3,822,190	\$ 1,829,063	\$ 229,832	\$ 1,186,492	\$ 146,360	\$ 292,877	\$ -	\$ 23,441	\$ 114,125	\$ -

DESCRIPTION OF INTERNAL SERVICE FUNDS

Internal service funds are used to account for the financing of goods or services provided by one department to other departments of a governmental unit or to other governments on a cost-reimbursement basis.

A list and description of internal service funds maintained by the City follows:

Engineering Services – to account for salary, benefit and other costs related to the provision of internal engineering services for City projects; to account for charges to the user funds and projects to cover those expenses.

Equipment – to account for the purchase, operation, maintenance and depreciation of all City-owned vehicles and equipment; to account for charges to the user funds and departments to cover those expenses.

General Insurance – to account for the payment of claims and benefits, excess liability premiums and operating expenses; to account for charges to other funds and departments to cover the expenses.

Public Service Building – to account for the operation, maintenance and depreciation of the City's Public Service Building; to account for charges to the user funds and departments to cover these expenses.

City of Muskegon
COMBINING STATEMENT OF NET POSITION
Internal Service Funds
June 30, 2023

	Total Internal Service Funds	Engineering Services	Equipment	General Insurance	Public Service Building
ASSETS					
Current assets					
Cash and investments	\$ 4,403,761	\$ 150,724	\$ 1,468,094	\$ 1,611,139	\$ 1,173,804
Accounts receivable	354,597	7,951	-	346,646	-
Inventories	17,624	-	17,624	-	-
Prepaid items	86,833	3,321	76,264	-	7,248
Total current assets	4,862,815	161,996	1,561,982	1,957,785	1,181,052
Noncurrent assets					
Advances to component units	201,842	-	100,921	100,921	-
Capital assets					
Land	65,000	-	-	-	65,000
Land improvements	301,715	-	-	-	301,715
Buildings and improvements	1,668,215	-	-	-	1,668,215
Machinery and equipment	10,712,508	51,346	10,566,798	-	94,364
Less accumulated depreciation	(9,775,305)	(36,144)	(7,896,963)	-	(1,842,198)
Net capital assets	2,972,133	15,202	2,669,835	-	287,096
Total noncurrent assets	3,173,975	15,202	2,770,756	100,921	287,096
Total assets	8,036,790	177,198	4,332,738	2,058,706	1,468,148
DEFERRED OUTFLOWS OF RESOURCES					
Related to pension	391,007	-	146,628	-	244,379
Related to other postemployment benefits	132,570	-	49,714	-	82,856
Total deferred outflows of resources	523,577	-	196,342	-	327,235
Total assets and deferred outflows of resources	8,560,367	177,198	4,529,080	2,058,706	1,795,383
LIABILITIES					
Current liabilities					
Accounts payable	878,944	5,321	132,841	687,611	53,171
Accrued liabilities	25,147	7,015	6,232	652	11,248
Bonds and other obligations, due within one year	46,900	11,100	16,900	1,900	17,000
Total current liabilities	950,991	23,436	155,973	690,163	81,419
Noncurrent liabilities					
Bonds and other obligations, less amounts due within one year	188,001	44,568	67,586	7,651	68,196
Net pension liability	1,933,518	-	725,069	-	1,208,449
Net other postemployment benefits liability	237,167	-	88,938	-	148,229
Total noncurrent liabilities	2,358,686	44,568	881,593	7,651	1,424,874
Total liabilities	3,309,677	68,004	1,037,566	697,814	1,506,293
NET POSITION					
Net investment in capital assets	2,972,133	15,202	2,669,835	-	287,096
Unrestricted	2,278,557	93,992	821,679	1,360,892	1,994
Total net position	\$ 5,250,690	\$ 109,194	\$ 3,491,514	\$ 1,360,892	\$ 289,090

City of Muskegon
COMBINING STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
Internal Service Funds
For the year ended June 30, 2023

	<u>Total Internal Service Funds</u>	<u>Engineering Services</u>	<u>Equipment</u>	<u>General Insurance</u>	<u>Public Service Building</u>
OPERATING REVENUES					
Charges for services	\$ 9,442,916	\$ 682,361	\$ 3,346,478	\$ 3,539,653	\$ 1,874,424
Other	2,120,346	67,739	89,386	1,963,196	25
Total operating revenues	11,563,262	750,100	3,435,864	5,502,849	1,874,449
OPERATING EXPENSES					
Administration	1,063,561	137,912	203,463	49,529	672,657
Insurance premiums and claims	5,134,457	-	-	5,134,457	-
Other operations	4,898,895	675,830	2,655,595	58,167	1,509,303
Depreciation	566,059	2,499	536,064	-	27,496
Total operating expenses	11,662,972	816,241	3,395,122	5,242,153	2,209,456
Operating income (loss)	(99,710)	(66,141)	40,742	260,696	(335,007)
NONOPERATING REVENUES (EXPENSES)					
Investment earnings	25,374	150	12,624	8,663	3,937
Gain (loss) on sale of capital assets	53,967	-	53,967	-	-
Total nonoperating revenues (expenses)	79,341	150	66,591	8,663	3,937
Income (loss) before transfers	(20,369)	(65,991)	107,333	269,359	(331,070)
TRANSFERS					
Transfers in	635,000	125,000	-	-	510,000
Change in net position	614,631	59,009	107,333	269,359	178,930
Net position at beginning of year	4,636,059	50,185	3,384,181	1,091,533	110,160
Net position at end of year	\$ 5,250,690	\$ 109,194	\$ 3,491,514	\$ 1,360,892	\$ 289,090

City of Muskegon
COMBINING STATEMENT OF CASH FLOWS
Internal Service Funds
For the year ended June 30, 2023

	Total Internal Service Funds	Engineering Services	Equipment	General Insurance	Public Service Building
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$ 183,150	\$ 84,407	\$ 98,743	\$ -	\$ -
Receipts from interfund services provided	9,442,916	682,361	3,346,478	3,539,653	1,874,424
Other receipts	1,915,791	-	-	1,915,766	25
Payments to suppliers	(7,279,334)	(190,673)	(1,466,301)	(4,859,221)	(763,139)
Payments to employees	(2,397,034)	(500,632)	(585,164)	(53,935)	(1,257,303)
Payments for interfund services used	(1,117,064)	(117,742)	(859,872)	-	(139,450)
Net cash provided by (used for) operating activities	748,425	(42,279)	533,884	542,263	(285,443)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers in	635,000	125,000	-	-	510,000
Collections on advances to component units	96,144	-	48,072	48,072	-
Net cash provided by (used for) noncapital financing activities	731,144	125,000	48,072	48,072	510,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchases of capital assets	(714,728)	-	(714,728)	-	-
Proceeds from sale of capital assets	53,967	-	53,967	-	-
Net cash provided by (used for) capital and related financing activities	(660,761)	-	(660,761)	-	-
CASH FLOW FROM INVESTING ACTIVITIES					
Investment earnings	25,374	150	12,624	8,663	3,937
Net increase (decrease) in cash and investments	844,182	82,871	(66,181)	598,998	228,494
Cash and investments at beginning of year	3,559,579	67,853	1,534,275	1,012,141	945,310
Cash and investments at end of year	\$ 4,403,761	\$ 150,724	\$ 1,468,094	\$ 1,611,139	\$ 1,173,804
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities					
Operating income (loss)	\$ (99,710)	\$ (66,141)	\$ 40,742	\$ 260,696	\$ (335,007)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities					
Depreciation expense	566,059	2,499	536,064	-	27,496
Change in assets and liabilities					
Receivables	(21,405)	16,668	9,357	(47,430)	-
Inventories	21,243	-	21,243	-	-
Prepaid items	142,263	(415)	(13,545)	158,586	(2,363)
Accounts payable	99,562	513	(77,628)	166,655	10,022
Accrued liabilities	40,413	4,597	17,651	3,756	14,409
Net cash provided by (used for) operating activities	\$ 748,425	\$ (42,279)	\$ 533,884	\$ 542,263	\$ (285,443)

DESCRIPTION OF FIDUCIARY FUNDS

Fiduciary funds are used to account for assets held by a government in a trustee capacity for individuals, private organizations, other governments or other funds.

A list and description of the fiduciary funds maintained by the City follows:

CUSTODIAL FUNDS are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds.

Collector – to account for the collections and disbursement of funds to other entities and individuals and to account for payroll withholdings and their remittance to the appropriate governmental agencies.

Current Tax – to account for levy, collection and payment of taxes levied for the general and other funds of the City, county, public school districts, and other governmental entities.

Rehab Loan Escrow – to account for deposits made by housing rehabilitation program participants and their expenditures for the intended purposes.

City of Muskegon
COMBINING STATEMENT OF NET POSITION
 Custodial Funds
 June 30, 2023

	Total Custodial Funds	Collector	Current Tax	Rehab Loan Escrow
ASSETS				
Cash and investments	\$ 1,415,754	\$ 1,415,373	\$ -	\$ 381
Accounts receivable	26,232	26,232	-	-
Total assets	1,441,986	1,441,605	-	381
LIABILITIES				
Accounts payable	22,836	22,455	-	381
Due to other governmental units	1,089,362	1,089,362	-	-
Deposits held for others	329,788	329,788	-	-
Total liabilities	1,441,986	1,441,605	-	381
NET POSITION				
Restricted for individuals, organizations, and other governments	\$ -	\$ -	\$ -	\$ -

City of Muskegon
COMBINING STATEMENT OF CHANGES IN NET POSITION
 Custodial Funds
 For the year ended June 30, 2023

	<u>Total Custodial Funds</u>	<u>Collector</u>	<u>Current Tax</u>	<u>Rehab Loan Escrow</u>
ADDITIONS				
Tax collections for other governments	\$ 25,890,949	\$ 719,937	\$ 25,171,012	\$ -
Other collections for third parties	1,734,024	1,734,024	-	-
Total additions	27,624,973	2,453,961	25,171,012	-
DEDUCTIONS				
Payment of taxes to other governments	25,890,949	719,937	25,171,012	-
Other payments to third parties	1,734,024	1,734,024	-	-
Total deductions	27,624,973	2,453,961	25,171,012	-
Change in net position	-	-	-	-
Net position at beginning of year	-	-	-	-
Net position at end of year	\$ -	\$ -	\$ -	\$ -

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DESCRIPTION OF DISCRETELY PRESENTED COMPONENT UNITS

A list and description of the discretely presented component units maintained by the City are as follows:

Downtown Development Authority – to account for the collection of tax increment revenues, the issuance and repayment of debt and the construction of public facilities to promote and facilitate economic growth in the downtown.

Local Development Finance Authority - SmartZone – to account for the collection of tax increment revenues and the construction of public facilities to promote and facilitate economic growth in the SmartZone Hi-Tech Park.

Tax Increment Finance Authority – to account for the collection of tax increment revenues, the issuance and repayment of debt to promote and facilitate economic growth in a sub section of the downtown.

Lakeside Corridor Improvement Authority – to account for the collection of tax increment revenues to facilitate and promote economic growth in the Lakeside Business District corridor.

Brownfield Redevelopment Authorities – to account for the collection of tax increment revenues for environmental remediation in designated brownfield areas. Currently there are seven designated brownfield areas capturing tax increments.

- Area I – Betten-Henry Street brownfield site.
- Area II – Former downtown mall brownfield site.
- Area III – Terrace Point brownfield site.
- Area IV – Pigeon Hill brownfield site.
- Area V – Hartshore Marina site.
- Area VI – Scattered housing site.
- Area VII - Sweetwater

City of Muskegon
COMBINING BALANCE SHEET
 Discretely Presented Component Units
 June 30, 2023

	Local											
	Total Discretely Presented Component Units	Development Finance Authority - SmartZone		Downtown Development Authority		Tax Increment Finance Authority		Lakeside Corridor Improvement Authority		Brownfield Redevelopment Authorities		
ASSETS												
Cash and investments	\$ 639,463	\$ 53,019	\$ 471,256	\$ 23,921	\$ 7,484	\$ 83,783						
Accounts receivable	13,936	-	13,936	-	-	-						
Total assets	\$ 653,399	\$ 53,019	\$ 485,192	\$ 23,921	\$ 7,484	\$ 83,783						
LIABILITIES												
Accounts payable	\$ 91,201	\$ -	\$ 82,469	\$ -	\$ -	\$ 8,732						
Accrued liabilities	1,328	-	1,328	-	-	-						
Advances from primary government	891,561	-	-	-	-	891,561						
Total liabilities	984,090	-	83,797	-	-	900,293						
FUND BALANCES (DEFICITS)												
Unassigned	(330,691)	53,019	401,395	23,921	7,484	(816,510)						
Total liabilities and fund balances (deficits)	\$ 653,399	\$ 53,019	\$ 485,192	\$ 23,921	\$ 7,484	\$ 83,783						

City of Muskegon
**RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION**
Discretely Presented Component Units
June 30, 2023

Total fund balances (deficits)—governmental funds \$ (330,691)

Amounts reported for governmental activities in the Statement of Net Position
are different because:

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

Cost of capital assets	\$ 4,198,258	
Accumulated depreciation	<u>(3,381,025)</u>	817,233

Long-term liabilities in governmental activities are not due and payable in the
current period and, therefore, are not reported in the governmental funds.

Accrued interest payable	(4,100)	
Bonds and notes payable	<u>(833,373)</u>	<u>(837,473)</u>

Net position of governmental activities		<u>\$ (350,931)</u>
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City of Muskegon
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS)
Discretely Presented Component Units
For the year ended June 30, 2023

	Total Discretely Presented Component Units	Local							
		Development Finance Authority - SmartZone	Downtown Development Authority	Tax Increment Finance Authority	Lakeside Corridor Improvement Authority	Brownfield Redevelopment Authorities			
REVENUES									
Property taxes	\$ 1,500,595	\$ 86,205	\$ 401,043	\$ 44,105	\$ 7,473	\$ 961,769			
Intergovernmental revenues									
State	40,254	3,339	2,625	9,728	-	24,562			
Local	217,000	200,000	17,000	-	-	-			
Investment earnings	2,074	125	1,139	74	11	725			
Other	538,319	-	538,319	-	-	-			
Total revenues	2,298,242	289,669	960,126	53,907	7,484	987,056			
EXPENDITURES									
Current									
Community and economic development	1,541,360	-	812,350	50,000	-	679,010			
Debt service									
Principal	255,000	255,000	-	-	-	-			
Interest and fees	41,940	28,575	-	-	-	13,365			
Total expenditures	1,838,300	283,575	812,350	50,000	-	692,375			
Net change in fund balances (deficits)	459,942	6,094	147,776	3,907	7,484	294,681			
Fund balances (deficits) at beginning of year	(790,633)	46,925	253,619	20,014	-	(1,111,191)			
Fund balances (deficits) at end of year	\$ (330,691)	\$ 53,019	\$ 401,395	\$ 23,921	\$ 7,484	\$ (816,510)			

City of Muskegon
**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES (DEFICITS)
TO THE STATEMENT OF ACTIVITIES**
Discretely Presented Component Units
For the year ended June 30, 2023

Net change in fund balances (deficits)—total governmental funds \$ 459,942

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

Governmental funds report outlays for capital assets as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense.

Depreciation expense (172,648)

The issuance of long-term debt provides current financial resources to governmental funds, but increases liabilities in the Statement of Net Position. Repayment of debt is an expenditure in the governmental funds, but reduces long-term liabilities in the Statement of Net Position.

Repayment of principal on long-term debt 255,000

Changes in accrual of interest and amortization of premiums and discounts

Change in accrued interest payable \$ 1,300

Amortization of premiums 8,174 9,474

Change in net position of governmental activities **\$ 551,768**

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SCHEDULE OF INDEBTEDNESS

City of Muskegon

SCHEDULE OF INDEBTEDNESS

June 30, 2023

	Date of Issue	Amount of Issue	Interest Rate	Date of Maturity	6/30/2022	6/30/2023	Annual Interest Payable
Business-Type Activities Bonds and Loans Payable:							
Drinking Water State Revolving Fund	3/2/2004	\$ 13,900,000	2.13%	10/01/22	\$ 790,000	\$ -	-
			2.13%	10/01/23	810,000	810,000	43,988
			2.13%	10/01/24	825,000	825,000	26,616
Type of debt: state loan			2.13%	10/01/25	840,000	840,000	8,925
Revenue Pledged: water system net revenues					<u>3,265,000</u>	<u>2,475,000</u>	<u>79,529</u>
Drinking Water State Revolving Fund*	8/30/2019	\$ 1,600,000	2.00%	10/01/22	70,000	-	-
			2.00%	10/01/23	70,000	70,000	29,300
Type of debt: state loan			2.00%	10/01/24	70,000	70,000	27,900
Revenue Pledged: water system net revenues			2.00%	10/01/25	70,000	70,000	26,500
Forgiveness: 20%			2.00%	10/01/26	75,000	75,000	25,100
			2.00%	10/01/27	75,000	75,000	23,600
			2.00%	10/01/28	75,000	75,000	22,100
			2.00%	10/01/29	75,000	75,000	20,600
			2.00%	10/01/30	80,000	80,000	19,100
			2.00%	10/01/31	80,000	80,000	17,500
			2.00%	10/01/32	80,000	80,000	15,900
			2.00%	10/01/33	85,000	85,000	14,300
			2.00%	10/01/34	85,000	85,000	12,600
			2.00%	10/01/35	85,000	85,000	10,900
			2.00%	10/01/36	90,000	90,000	9,200
			2.00%	10/01/37	90,000	90,000	7,400
			2.00%	10/01/38	90,000	90,000	5,600
			2.00%	10/01/39	95,000	95,000	3,800
			2.00%	10/01/40	95,000	95,000	1,900
					<u>1,535,000</u>	<u>1,465,000</u>	<u>293,300</u>
Sanitary Sewer State Revolving Fund*	8/30/2019	\$ 2,875,000	2.00%	10/01/22	120,000	-	-
			2.00%	10/01/23	125,000	125,000	51,450
Type of debt: state loan			2.00%	10/01/24	125,000	125,000	48,950
Revenue Pledged: sanitary sewer system net revenues			2.00%	10/01/25	130,000	130,000	46,400
Forgiveness: 75%			2.00%	10/01/26	130,000	130,000	43,800
			2.00%	10/01/27	135,000	135,000	41,150
			2.00%	10/01/28	135,000	135,000	38,450
			2.00%	10/01/29	140,000	140,000	35,700
			2.00%	10/01/30	140,000	140,000	32,900
			2.00%	10/01/31	145,000	145,000	30,050
			2.00%	10/01/32	145,000	145,000	27,150
			2.00%	10/01/33	150,000	150,000	24,200
			2.00%	10/01/34	150,000	150,000	21,200
			2.00%	10/01/35	155,000	155,000	18,150
			2.00%	10/01/36	160,000	160,000	15,000
			2.00%	10/01/37	160,000	160,000	11,800
			2.00%	10/01/38	165,000	165,000	8,550
			2.00%	10/01/39	170,000	170,000	5,200
			2.00%	10/01/40	175,000	175,000	1,750
					<u>2,755,000</u>	<u>2,635,000</u>	<u>501,850</u>
Drinking Water State Revolving Fund*	9/30/2020	\$ 3,844,750	2.00%	04/01/23	160,000	-	-
			2.00%	04/01/24	165,000	150,000	62,855
Type of debt: state loan			2.00%	04/01/25	170,000	150,000	59,908
Revenue Pledged: water system net revenues			2.00%	04/01/26	170,000	155,000	56,908
Forgiveness: 9%			2.00%	04/01/27	175,000	155,000	53,808
			2.00%	04/01/28	180,000	160,000	50,708
			2.00%	04/01/29	180,000	165,000	47,508
			2.00%	04/01/30	185,000	170,000	44,208
			2.00%	04/01/31	190,000	170,000	40,808
			2.00%	04/01/32	195,000	175,000	37,408
			2.00%	04/01/33	195,000	175,000	33,908
			2.00%	04/01/34	200,000	180,000	30,408
			2.00%	04/01/35	205,000	180,000	26,808
			2.00%	04/01/36	210,000	185,000	23,208
			2.00%	04/01/37	215,000	185,000	19,508
			2.00%	04/01/38	220,000	190,000	15,808
			2.00%	04/01/39	220,000	190,000	12,008
			2.00%	04/01/40	59,101	200,000	8,208
			2.00%	04/01/41	-	210,390	4,208
					<u>3,294,101</u>	<u>3,145,390</u>	<u>628,191</u>

City of Muskegon

SCHEDULE OF INDEBTEDNESS—CONTINUED

June 30, 2023

	Date of Issue	Amount of Issue	Interest Rate	Date of Maturity	6/30/2022	6/30/2023	Annual Interest Payable
Business-Type Activities Bonds and Loans Payable—Continued:							
Sanitary Sewer State Revolving Fund*	9/30/2020	\$ 3,772,000	2.00%	04/01/23	\$ 155,000	\$ -	-
			2.00%	04/01/24	160,000	157,000	67,927
Type of debt: state loan			2.00%	04/01/25	165,000	162,000	64,810
Revenue Pledged: sanitary sewer system net revenues			2.00%	04/01/26	170,000	167,000	61,570
Forgiveness: 20%			2.00%	04/01/27	170,000	167,000	58,230
			2.00%	04/01/28	175,000	172,000	54,890
			2.00%	04/01/29	180,000	176,000	51,450
			2.00%	04/01/30	185,000	181,000	47,930
			2.00%	04/01/31	185,000	181,000	44,310
			2.00%	04/01/32	190,000	186,000	40,690
			2.00%	04/01/33	190,000	186,000	36,970
			2.00%	04/01/34	195,000	191,000	33,250
			2.00%	04/01/35	200,000	196,000	29,430
			2.00%	04/01/36	205,000	201,000	25,510
			2.00%	04/01/37	210,000	206,000	21,490
			2.00%	04/01/38	215,000	211,000	17,370
			2.00%	04/01/39	220,000	216,000	13,150
			2.00%	04/01/40	225,000	221,000	8,830
			2.00%	04/01/41	130,614	220,498	4,410
					<u>3,525,614</u>	<u>3,397,498</u>	<u>682,217</u>
Drinking Water State Revolving Fund*	9/30/2022	\$ 3,240,000	1.875%	10/01/23	-	-	-
			1.875%	10/01/24	-	-	-
Type of debt: state loan			1.875%	10/01/25	-	-	-
Revenue Pledged: water system net revenues			1.875%	10/01/26	-	10,000	664
Forgiveness: 92.5%			1.875%	10/01/27	-	10,000	477
			1.875%	10/01/28	-	10,000	289
			1.875%	10/01/29	-	5,431	102
					<u>-</u>	<u>35,431</u>	<u>1,532</u>
Sanitary Sewer State Revolving Fund*	9/30/2022	\$ 3,535,000	1.875%	10/01/23	-	118,000	18,633
			1.875%	10/01/24	-	120,000	16,421
Type of debt: state loan			1.875%	10/01/25	-	120,000	14,171
Revenue Pledged: sanitary sewer system net revenues			1.875%	10/01/26	-	125,000	11,921
Forgiveness: 20%			1.875%	10/01/27	-	125,000	9,577
			1.875%	10/01/28	-	130,000	7,233
			1.875%	10/01/29	-	130,000	4,796
			1.875%	10/01/30	-	125,771	2,358
					<u>-</u>	<u>993,771</u>	<u>85,110</u>
TOTAL BUSINESS TYPE ACTIVITIES BONDS AND LOAN PAYABLE:					<u>\$ 14,374,715</u>	<u>\$ 14,147,090</u>	<u>\$ 2,271,729</u>

*If certain conditions are met, a portion of the principal amount on these debts may be forgiven.

Governmental Activities Bonds and Loan Payable:

Capital Improvement Refunding Bonds of 2016 (\$132,903 unamortized premium)	3/8/2016	\$ 4,535,000	3.00%	10/01/22	\$ 300,000	\$ -	-
			3.00%	10/01/23	300,000	300,000	122,400
			3.00%	10/01/24	320,000	320,000	110,000
Type of debt: limited general obligation bonds			4.00%	10/01/25	325,000	325,000	97,100
Revenue pledged: general revenues			4.00%	10/01/26	325,000	325,000	84,100
			4.00%	10/01/27	325,000	325,000	71,100
			4.00%	10/01/28	325,000	325,000	58,100
			4.00%	10/01/29	325,000	325,000	45,100
			4.00%	10/01/30	325,000	325,000	32,100
			4.00%	10/01/31	320,000	320,000	19,200
			4.00%	10/01/32	320,000	320,000	6,400
					<u>3,510,000</u>	<u>3,210,000</u>	<u>645,600</u>

City of Muskegon

SCHEDULE OF INDEBTEDNESS—CONTINUED

June 30, 2023

	Date of Issue	Amount of Issue	Interest Rate	Date of Maturity	6/30/2022	6/30/2023	Annual Interest Payable
Governmental Activities Bonds and Loan Payable—Continued:							
Capital Improvement Bonds of 2019 Convention Center (\$120,850 unamortized discount)	10/9/2019	\$ 19,420,000	1.83%	10/01/22	\$ 250,000	\$ -	\$ -
			1.88%	10/01/23	300,000	300,000	602,740
			1.93%	10/01/24	320,000	320,000	596,645
			2.00%	10/01/25	340,000	340,000	589,875
			2.10%	10/01/26	360,000	360,000	582,273
Type of debt: limited general obligation bonds			2.24%	10/01/27	380,000	380,000	573,795
Revenue Pledged: excise tax on hotel rooms levied by the County of Muskegon pursuant to Act 263			2.34%	10/01/28	405,000	405,000	564,429
			2.43%	10/01/29	430,000	430,000	553,918
			2.60%	10/01/30	455,000	455,000	542,412
			2.60%	10/01/31	480,000	480,000	530,066
			2.68%	10/01/32	510,000	510,000	516,544
			2.78%	10/01/33	540,000	540,000	501,815
			2.83%	10/01/34	570,000	570,000	485,822
			2.93%	10/01/35	605,000	605,000	467,399
			3.30%	10/01/36	640,000	640,000	446,670
			3.30%	10/01/37	680,000	680,000	424,692
			3.30%	10/01/38	720,000	720,000	401,382
			3.30%	10/01/39	760,000	760,000	376,740
			3.30%	10/01/40	800,000	800,000	350,166
			3.48%	10/01/41	845,000	845,000	321,543
			3.48%	10/01/42	895,000	895,000	291,267
			3.48%	10/01/43	940,000	940,000	259,338
			3.48%	10/01/44	995,000	995,000	225,669
			3.48%	10/01/45	1,045,000	1,045,000	189,651
			3.58%	10/01/46	1,105,000	1,105,000	151,165
			3.58%	10/01/47	1,160,000	1,160,000	110,622
			3.58%	10/01/48	1,225,000	1,225,000	67,931
			3.58%	10/01/49	1,285,000	1,285,000	23,001
					<u>19,040,000</u>	<u>18,790,000</u>	<u>10,747,570</u>
Capital Improvement Bonds of 2020 Series 2020A (\$580,424 unamortized premium)	11/12/2020	\$ 4,325,000	4.00%	10/01/22	335,000	-	-
			4.00%	10/01/23	360,000	360,000	156,900
			4.00%	10/01/24	370,000	370,000	142,300
			4.00%	10/01/25	385,000	385,000	127,200
Type of debt: limited general obligation bonds			4.00%	10/01/26	405,000	405,000	109,375
Revenue pledged: general revenues			5.00%	10/01/27	420,000	420,000	88,750
			5.00%	10/01/28	445,000	445,000	67,125
			5.00%	10/01/29	470,000	470,000	44,250
			5.00%	10/01/30	485,000	485,000	20,375
			5.00%	10/01/31	30,000	30,000	7,875
			2.50%	10/01/32	30,000	30,000	7,125
			2.50%	10/01/33	30,000	30,000	6,375
			2.50%	10/01/34	30,000	30,000	5,625
			2.50%	10/01/35	35,000	35,000	4,813
			2.50%	10/01/36	35,000	35,000	3,937
			2.50%	10/01/37	35,000	35,000	3,063
			2.50%	10/01/38	35,000	35,000	2,187
			2.50%	10/01/39	35,000	35,000	1,313
			2.50%	10/01/40	35,000	35,000	437
					<u>4,005,000</u>	<u>3,670,000</u>	<u>799,025</u>
Capital Improvement Bonds of 2020 Series 2020B	11/12/2020	\$ 2,055,000	0.68%	10/01/22	85,000	-	-
			0.68%	10/01/23	90,000	90,000	44,951
			0.68%	10/01/24	90,000	90,000	44,038
Type of debt: limited general obligation bonds			1.35%	10/01/25	90,000	90,000	42,823
Revenue pledged: general revenues			1.35%	10/01/26	90,000	90,000	41,608
			1.35%	10/01/27	95,000	95,000	40,050
			2.00%	10/01/28	95,000	95,000	38,150
			2.00%	10/01/29	95,000	95,000	36,250
			2.00%	10/01/30	100,000	100,000	34,300
			2.00%	10/01/31	100,000	100,000	32,000
			2.60%	10/01/32	105,000	105,000	29,335
			2.60%	10/01/33	105,000	105,000	26,605
			2.60%	10/01/34	110,000	110,000	23,810
			2.60%	10/01/35	110,000	110,000	20,950
			3.20%	10/01/36	115,000	115,000	17,680
			3.20%	10/01/37	120,000	120,000	13,920
			3.20%	10/01/38	120,000	120,000	10,080
			3.20%	10/01/39	125,000	125,000	6,160
			3.20%	10/01/40	130,000	130,000	2,080
					<u>1,970,000</u>	<u>1,885,000</u>	<u>504,789</u>

City of Muskegon

SCHEDULE OF INDEBTEDNESS—CONTINUED

June 30, 2023

	Date of Issue	Amount of Issue	Interest Rate	Date of Maturity	6/30/2022	6/30/2023	Annual Interest Payable
Governmental Activities Bonds and Loan Payable—Continued:							
Installment Purchase Agreement of 2021 (fire tower ladder truck)	9/15/2021	\$ 1,370,873	1.78%	09/25/22	\$ 268,269	\$ -	\$ -
			1.78%	09/25/23	273,023	273,023	13,717
			1.78%	09/25/24	277,860	277,860	8,880
Type of debt: installment purchase agreements			1.78%	09/25/25	282,784	282,784	3,956
Revenue pledged: general revenues			1.78%	09/25/26	71,475	71,475	210
					<u>1,173,411</u>	<u>905,142</u>	<u>26,763</u>
Installment Purchase Agreement of 2023 (fire pumper truck)	3/20/2023	\$ 761,603	4.40%	04/20/24	-	140,780	29,187
			4.40%	04/20/25	-	147,101	22,867
			4.40%	04/20/26	-	153,706	16,262
Type of debt: installment purchase agreements			4.40%	04/20/27	-	160,607	9,361
Revenue pledged: general revenues			4.40%	04/20/28	-	125,169	2,306
					-	<u>727,363</u>	<u>79,983</u>
TOTAL GOVERNMENTAL ACTIVITIES BONDS AND LOANS PAYABLE					<u>\$ 29,698,411</u>	<u>\$ 29,187,505</u>	<u>\$ 12,803,730</u>
TOTAL PRIMARY GOVERNMENT BONDS AND LOANS PAYABLE					<u>\$ 44,073,126</u>	<u>\$ 43,334,595</u>	<u>\$ 15,075,459</u>
Discretely Presented Component Unit Bonds and Loans Payable:							
Local Development Finance Authority	3/20/2012	\$ 4,100,000	3.00%	11/01/22	\$ 255,000	\$ -	\$ -
Smartzone Refunding Bonds			3.00%	11/01/23	265,000	265,000	20,775
(\$8,373 unamortized premium)			3.00%	11/01/24	275,000	275,000	12,675
Type of debt: limited general obligation bonds			3.00%	11/01/25	285,000	285,000	4,275
Revenue pledged: LDFA tax increments, general revenues					<u>1,080,000</u>	<u>825,000</u>	<u>37,725</u>
TOTAL DISCRETELY PRESENTED COMPONENT UNIT BONDS AND LOANS PAYABLE					<u>\$ 1,080,000</u>	<u>\$ 825,000</u>	<u>\$ 37,725</u>
TOTAL REPORTING ENTITY BONDS AND LOANS PAYABLE					<u>\$ 45,153,126</u>	<u>\$ 44,159,595</u>	<u>\$ 15,113,184</u>

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Statistical Section

This part of the City of Muskegon’s Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City’s overall financial health.

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Financial Trends	
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These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.	134
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Revenue Capacity	
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These schedules contain information to help the reader assess the factors affecting the City’s ability to generate its property and sales taxes.	139
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Debt Capacity	
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These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.	146
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Demographic and Economic Information	
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These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place and to help make comparisons over time and with other governments.	150
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Operating Information	
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These schedules contain information about the City’s operations and resources to help the reader understand how the City’s financial information relates to the services the City provides and the activities it performs.	152
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Sources: Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Reports for the relevant year.

City of Muskegon

NET POSITION BY COMPONENT

Last Ten Fiscal Years

	2014	2015 (a)	2016	2017	2018 (b)	2019	2020	2021	2022	2023
Governmental Activities										
Net Investment in Capital Assets	\$ 63,731,255	\$ 63,514,691	\$ 64,326,891	\$ 62,520,466	\$ 61,267,518	\$ 66,734,006	\$ 70,274,679	\$ 72,200,515	\$ 75,201,511	\$ 77,169,106
Restricted	4,023,895	4,807,531	4,140,342	3,777,410	6,138,596	5,519,207	4,459,799	5,003,269	5,845,255	7,228,272
Unrestricted	12,811,852	491,914	(4,142,119)	(5,966,349)	(8,350,634)	(14,355,143)	(28,084,776)	(29,065,065)	(22,938,317)	(23,043,056)
Total Governmental Net Position	\$ 80,567,002	\$ 68,814,136	\$ 64,325,114	\$ 60,731,527	\$ 59,055,480	\$ 57,898,070	\$ 46,649,702	\$ 48,138,719	\$ 58,108,449	\$ 61,354,322
Business-type Activities										
Net Investment in Capital Assets	\$ 39,385,043	\$ 39,231,223	\$ 39,013,529	\$ 38,114,686	\$ 38,549,547	\$ 41,741,666	\$ 44,543,391	\$ 54,257,461	\$ 54,668,925	\$ 57,495,571
Restricted	599,500	599,500	599,500	599,500	599,500	599,500	599,500	822,000	822,000	822,000
Unrestricted	8,377,093	6,423,540	5,762,272	6,382,906	6,041,091	2,424,616	(2,353,801)	(873,805)	424,949	2,644,375
Total Business-type Activities Net Position	\$ 48,341,636	\$ 46,254,263	\$ 45,375,301	\$ 45,097,092	\$ 45,190,138	\$ 44,765,782	\$ 42,789,090	\$ 54,205,656	\$ 55,915,874	\$ 60,961,946
Primary Government										
Net Investment in Capital Assets	\$ 103,096,298	\$ 102,745,914	\$ 103,340,420	\$ 100,635,152	\$ 99,817,065	\$ 108,475,672	\$ 114,818,070	\$ 126,457,976	\$ 129,870,436	\$ 134,664,677
Restricted	4,623,395	5,407,031	4,739,842	4,376,910	6,738,096	6,118,707	5,059,299	5,825,269	6,667,255	8,050,272
Unrestricted	21,188,945	6,915,454	1,620,153	816,557	(2,309,543)	(11,930,527)	(30,438,577)	(29,938,870)	(22,513,368)	(20,398,681)
Total Primary Government Net Position	\$ 128,908,638	\$ 115,068,399	\$ 109,700,415	\$ 105,828,619	\$ 104,245,618	\$ 102,663,852	\$ 89,438,792	\$ 102,344,375	\$ 114,024,323	\$ 122,316,268

(a) In 2015, the City implemented GASB 68 and 71 which changed how governments measure and report pension liabilities.

(b) In 2018, the City implemented GASB 75 which changed how governments measure and report other postemployment benefit liabilities.

SOURCE: The information in these schedules (unless otherwise noted) is derived from the annual comprehensive financial reports for the relevant year.

City of Muskegon
CHANGES IN NET POSITION
 Last Ten Fiscal Years

	2014	2015 (a)	2016	2017	2018 (b)	2019	2020	2021	2022	2023
EXPENSES										
Governmental Activities										
Public representation	543,425	614,757	663,077	679,139	507,275	800,887	962,981	826,344	913,923	1,094,528
Administrative services	2,171,958	2,547,766	2,331,236	2,483,519	1,995,426	2,700,775	3,007,018	5,039,787	5,473,498	6,145,566
Financial services	12,946,466	14,243,233	17,118,742	16,910,473	12,404,126	20,433,642	25,982,246	18,249,379	13,387,378	18,908,078
Public safety	3,361,422	3,183,627	3,109,454	3,551,230	3,471,618	4,438,358	4,581,526	4,025,982	4,687,660	4,561,496
Highways, streets and bridges	7,053,326	7,165,703	7,251,882	6,996,540	6,917,260	7,185,642	7,593,019	6,862,862	7,308,858	7,480,486
Community and economic development	2,417,518	2,712,131	5,223,431	3,738,566	5,015,160	2,890,216	5,359,282	4,999,907	9,857,082	13,217,161
Culture and recreation	1,871,186	1,806,790	3,551,692	3,918,814	3,994,582	4,547,739	5,269,578	4,507,120	6,588,542	7,869,866
General administration	366,634	369,248	326,452	301,287	376,112	302,582	369,863	404,303	511,323	977,506
Interest on long-term debt	277,345	271,607	248,223	172,591	165,023	151,304	732,065	1,112,166	881,204	866,450
Total Governmental Activities Expenses	31,839,285	33,874,769	40,931,740	39,866,056	36,194,200	44,781,159	55,378,657	47,831,260	51,324,518	63,099,130
Business-type Activities										
Water	6,016,192	6,047,244	6,750,826	7,206,564	7,090,770	7,752,703	8,437,862	8,612,574	9,261,276	10,758,625
Sewer	7,582,602	8,460,509	8,669,469	8,876,890	8,093,752	9,119,941	9,902,515	8,084,729	8,183,673	8,608,922
Marina and launch ramp	503,957	305,990	327,832	336,912	377,614	430,431	529,007	515,025	461,504	490,079
Total Business-type Activities Expenses	14,102,791	14,813,743	15,748,127	16,420,166	15,562,136	17,303,075	18,869,384	17,212,328	17,876,453	19,857,626
Total Primary Government Expenses	45,942,076	48,688,512	56,679,867	56,286,222	51,756,336	62,084,234	74,248,041	64,843,588	69,200,971	82,956,756
PROGRAM REVENUES										
Governmental Activities										
Charges for Services	189,444	188,638	226,559	228,767	232,736	250,931	253,511	280,395	324,314	367,723
Public representation	325,937	415,308	474,737	572,739	539,178	604,290	538,791	504,281	715,421	697,070
Administrative services	871,632	823,547	925,474	895,924	903,322	921,748	913,968	988,501	1,085,220	1,129,918
Financial services	1,407,722	1,218,644	1,248,911	1,824,114	2,794,347	2,292,158	2,290,640	2,207,966	2,680,675	3,270,826
Public safety	796,739	571,426	379,877	646,876	743,110	691,312	835,149	828,098	854,793	1,361,232
Public works	351,962	258,475	234,861	236,190	188,248	191,883	193,267	187,478	522,779	243,319
Highways, streets and bridges	477,486	576,863	444,632	706,195	348,933	786,120	789,860	912,247	498,766	609,408
Community and economic development	535,211	368,168	1,229,067	1,463,839	1,651,304	1,853,547	2,124,968	1,976,229	4,389,524	3,624,178
Culture and recreation	50,728	48,764	52,512	37,892	38,549	40,400	59,537	65,592	76,182	89,072
General administration	4,664,098	5,071,239	5,330,825	5,208,818	6,478,526	6,892,530	7,398,202	9,839,245	11,024,058	12,340,614
Operating grants and contributions	1,408,424	3,496,623	3,804,656	862,074	2,305,620	4,015,097	4,064,216	2,901,176	2,815,119	3,801,190
Capital grants and contributions										
Total Governmental Program Revenues	11,079,383	13,037,895	14,352,111	12,703,426	16,223,873	18,540,016	19,442,109	20,891,038	24,986,851	27,534,550
Business-type Activities										
Water	6,099,480	6,375,869	7,485,013	7,430,314	7,445,669	7,946,983	8,316,552	8,752,570	8,903,549	10,311,141
Sewer	6,633,911	6,363,808	6,305,554	7,620,208	8,217,497	8,098,828	8,397,838	9,298,156	10,298,642	10,177,369
Marina and launch ramp	228,339	255,638	287,547	278,753	325,917	298,312	74,659	178,706	292,416	329,518
Operating grants and contributions	-	-	-	2,436	42,531	510,533	94,462	-	103,208	427,075
Capital grants and contributions	327,240	474,681	765,363	784,969	-	-	-	10,354,544	-	2,289,819
Total Business-type program revenues	13,286,970	13,469,996	14,843,477	16,116,680	16,031,614	16,854,656	16,893,511	28,563,976	19,597,815	23,534,922
Total Primary Government program revenues	24,366,353	26,507,691	29,195,588	28,820,108	32,255,487	35,394,672	36,325,620	49,275,014	44,584,666	51,069,472
NET (EXPENSE) REVENUE										
Governmental Activities	(20,759,902)	(20,837,074)	(26,579,629)	(27,162,628)	(19,970,327)	(26,241,143)	(35,936,548)	(26,940,222)	(26,337,667)	(35,564,580)
Business-type Activities	(813,821)	(1,343,747)	(904,650)	(303,486)	(469,478)	(448,419)	(1,985,873)	(11,371,648)	(1,721,362)	(3,577,296)
Total Primary Government net expense	(21,573,723)	(22,180,821)	(27,484,279)	(27,466,114)	(19,500,849)	(26,689,562)	(37,922,421)	(15,568,574)	(24,616,305)	(31,887,284)

City of Muskegon

CHANGES IN NET POSITION

Last Ten Fiscal Years

	2014	2015 (a)	2016	2017	2018 (b)	2019	2020	2021	2022	2023
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION										
Governmental Activities										
Property taxes	\$ 7,383,236	\$ 7,894,189	\$ 8,366,212	\$ 8,389,243	\$ 8,450,103	\$ 8,230,573	\$ 8,466,886	\$ 8,813,155	\$ 9,182,184	\$ 10,289,863
Income taxes	7,762,719	8,478,231	8,386,775	8,707,279	8,995,294	8,939,887	9,437,451	9,609,218	10,020,370	12,196,364
Franchise fees	358,754	369,965	372,117	378,955	368,495	380,343	361,405	374,219	369,420	349,044
Grants and contributions not restricted for specific programs	3,813,221	3,989,178	4,051,050	4,630,111	4,955,168	5,102,602	5,276,036	6,427,138	15,303,423	13,168,368
Unrestricted investment earnings	146,590	99,733	189,408	106,653	92,771	546,533	568,408	229,177	(644,067)	765,542
Miscellaneous	124,085	805,432	626,014	512,738	545,536	550,381	577,677	370,268	918,179	688,390
Gain on sale of capital asset	23,836	20,302	99,031	844,062	712,415	1,333,414	317	2,641,064	1,122,888	2,724,195
Transfers	-	-	-	-	-	-	-	(35,000)	35,000	(1,341,313)
Total Governmental Program Revenues	19,612,441	21,657,030	22,090,607	23,569,041	24,119,762	25,083,733	24,688,180	28,429,239	36,307,397	38,810,453
Business-type Activities										
Unrestricted investment earnings	31,251	29,879	25,688	25,277	28,550	24,063	9,181	9,918	23,856	27,463
Transfers	-	-	-	-	-	-	-	35,000	(35,000)	1,341,313
Total Business-type program revenues	31,251	29,879	25,688	25,277	28,550	24,063	9,181	44,918	(11,144)	1,368,776
Total Primary Government program revenues	19,643,692	21,686,909	22,116,295	23,594,318	24,148,332	25,107,796	24,697,361	28,474,157	36,296,253	40,179,229
CHANGE IN NET POSITION										
Governmental Activities	(1,147,461)	819,956	(4,489,022)	(3,593,687)	4,149,455	(1,157,410)	(11,248,368)	1,489,017	9,989,730	3,245,873
Business-type Activities	(782,570)	(1,313,868)	(678,962)	(278,209)	498,028	(424,356)	(1,976,692)	11,416,566	1,710,218	5,046,072
Total Primary Government	\$ (1,930,031)	\$ (493,912)	\$ (5,167,984)	\$ (3,871,796)	\$ 4,647,483	\$ (1,581,766)	\$ (13,225,060)	\$ 12,905,583	\$ 11,679,948	\$ 8,291,945

(a) In 2015, the City implemented GASB 68 and 71 which changed how governments measure and report pension liabilities.

(b) In 2018, the City implemented GASB 75 which changed how governments measure and report other postemployment benefit liabilities.

SOURCE: The information in these schedules (unless otherwise noted) is derived from the annual comprehensive financial reports for the relevant year.

City of Muskegon

FUND BALANCE OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General fund										
Nonspendable	\$ 300,952	\$ 220,178	\$ 232,332	\$ 209,353	\$ 222,458	\$ 241,684	\$ 280,986	\$ 269,920	\$ 881,961	\$ 873,226
Restricted	-	-	-	-	-	-	-	66,965	8,701	201,500
Committed	-	-	-	-	-	-	-	39,000	189,037	295,113
Assigned	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,800,000	2,790,501
Unassigned	5,495,145	5,883,318	6,098,977	6,148,292	6,469,108	6,563,511	5,920,869	9,121,955	7,981,674	5,857,568
Total general fund	\$ 7,496,097	\$ 7,803,496	\$ 8,031,309	\$ 8,057,645	\$ 8,391,566	\$ 8,505,195	\$ 7,901,855	\$ 11,197,840	\$ 10,861,373	\$ 10,017,908
All other governmental funds										
Nonspendable	\$ 1,556,347	\$ 2,073,747	\$ 1,597,371	\$ 1,716,825	\$ 1,589,699	\$ 1,624,737	\$ 1,663,979	\$ 1,709,000	\$ 1,737,125	\$ 1,749,272
Restricted	2,305,385	3,159,130	2,995,610	2,726,754	5,130,188	4,621,126	3,842,461	4,397,502	5,170,662	6,373,122
Assigned	1,729,457	2,146,050	1,373,669	3,510,747	2,619,342	1,823,959	9,764,600	1,907,590	2,195,895	3,823,737
Unassigned	(100,054)	-	-	-	-	-	(1,601,331)	(2,919,404)	-	-
Total all other governmental funds	\$ 5,491,135	\$ 7,378,927	\$ 5,966,650	\$ 7,954,326	\$ 9,339,229	\$ 8,069,822	\$ 13,669,709	\$ 5,094,688	\$ 9,103,682	\$ 11,946,131

SOURCE: The information in these schedules (unless otherwise noted) is derived from the annual comprehensive financial reports for the relevant year.

City of Muskegon

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues										
Taxes	\$ 14,954,904	\$ 15,830,137	\$ 16,178,761	\$ 16,667,272	\$ 16,877,055	\$ 16,582,030	\$ 17,253,857	\$ 17,700,658	\$ 18,795,646	\$ 21,804,988
Intergovernmental	9,945,065	12,301,594	11,711,788	10,743,434	13,488,014	15,776,333	16,777,402	18,131,093	28,487,691	28,839,074
Charges for services	2,569,335	2,468,889	3,468,938	3,918,217	4,229,797	4,430,419	4,563,652	4,898,325	7,744,999	7,202,418
Other	3,256,324	4,003,105	3,868,958	4,005,126	5,251,208	5,312,773	5,745,006	5,745,273	5,399,182	7,063,899
Total revenues	<u>30,725,628</u>	<u>34,603,725</u>	<u>35,228,445</u>	<u>35,334,049</u>	<u>39,846,074</u>	<u>42,101,555</u>	<u>44,339,917</u>	<u>46,475,349</u>	<u>60,427,518</u>	<u>64,910,379</u>
Expenditures										
Public representation	1,031,984	930,788	1,064,503	1,080,032	1,383,573	1,281,107	1,379,406	1,556,327	1,758,928	1,905,638
Administrative services	497,025	554,330	577,454	624,284	537,913	739,301	844,270	783,403	945,841	1,079,807
Financial services	2,197,651	2,476,740	2,068,208	2,236,941	2,191,245	2,394,866	2,358,848	4,810,339	5,668,254	6,089,585
Public safety	12,987,898	13,285,004	13,476,557	14,086,619	15,156,977	16,131,196	16,820,356	14,641,568	15,781,113	17,798,350
Public works	2,918,305	2,876,576	2,864,878	3,206,050	3,377,174	4,176,904	4,187,956	3,604,722	4,472,813	4,239,317
Highways, streets and bridges	3,011,611	2,996,909	3,102,391	3,096,875	4,554,968	2,963,498	2,965,598	2,666,529	3,330,669	3,355,487
Community and economic development	2,687,933	2,957,071	5,415,436	3,878,547	3,962,759	2,930,725	4,986,000	5,281,825	10,306,669	13,450,233
Culture and recreation	1,308,481	1,444,471	3,100,338	3,523,178	3,713,177	4,050,986	4,662,534	3,836,817	6,085,847	6,610,019
Other governmental functions	643,666	369,408	305,807	280,416	355,241	281,711	371,461	380,232	485,024	950,789
Debt service										
Principal	402,492	417,842	428,199	283,563	288,934	294,313	818,285	2,813,804	1,342,462	1,272,509
Interest	278,412	272,946	257,516	211,242	197,723	189,905	543,740	943,216	1,011,004	985,750
Issuance costs	-	-	97,578	-	-	-	70,525	140,750	1,000	-
Capital outlay	3,577,837	3,992,111	3,867,579	2,328,615	3,134,369	9,363,862	21,498,055	19,695,829	7,775,915	6,935,934
Total expenditure	<u>31,543,295</u>	<u>32,564,196</u>	<u>36,626,444</u>	<u>34,836,362</u>	<u>38,854,053</u>	<u>44,798,374</u>	<u>61,507,034</u>	<u>61,155,361</u>	<u>58,965,539</u>	<u>64,673,418</u>
Excess of revenues over (under) expenditures	(817,667)	2,039,529	(1,397,999)	497,687	992,021	(2,696,819)	(17,167,117)	(14,680,012)	1,461,979	236,961
Other financing sources (uses)										
Transfers in	743,035	853,910	1,563,094	1,805,000	1,370,000	1,210,236	2,017,077	895,000	9,832,799	6,116,212
Transfers out	(771,081)	(942,933)	(1,638,094)	(1,818,000)	(1,385,000)	(1,210,236)	(2,037,077)	(1,555,000)	(10,197,799)	(8,092,525)
Long-term debt issued	-	-	97,578	-	-	-	21,691,740	7,152,424	1,370,873	761,603
Proceeds from sale of capital assets	176,887	244,685	190,957	1,529,325	741,803	1,541,041	491,924	2,908,552	1,204,675	2,976,733
Total other financing sources (uses)	<u>148,841</u>	<u>155,662</u>	<u>213,535</u>	<u>1,516,325</u>	<u>726,803</u>	<u>1,541,041</u>	<u>22,163,664</u>	<u>9,400,976</u>	<u>2,210,548</u>	<u>1,762,023</u>
Net change in fund balances	<u>\$(668,826)</u>	<u>\$ 2,195,191</u>	<u>\$(1,184,464)</u>	<u>\$ 2,014,012</u>	<u>\$ 1,718,824</u>	<u>\$(1,155,778)</u>	<u>\$ 4,996,547</u>	<u>\$(5,279,036)</u>	<u>\$ 3,672,527</u>	<u>\$ 1,998,984</u>
Debt service as a percentage of noncapital expenditures	2.43%	2.42%	2.09%	1.52%	1.36%	1.37%	3.40%	9.06%	4.60%	3.91%

SOURCE: The information in these schedules (unless otherwise noted) is derived from the annual comprehensive financial reports for the relevant year.

City of Muskegon

GOVERNMENTAL ACTIVITIES REVENUES BY SOURCE

Last Ten Fiscal Years

Fiscal Year	Property Tax	% of Total	Income Tax	% of Total	Intergovernmental	% of Total	Charges for Service	% of Total	Licenses and Permits	% of Total	Fines and Fees	% of Total	Interest and Rent	% of Total	Other	% of Total	Total	% Change
2014	\$ 7,123,481	23.2%	\$ 7,831,423	25.5%	\$ 9,945,065	32.4%	\$ 2,569,335	8.4%	\$ 1,570,137	5.1%	\$ 418,691	1.4%	\$ 352,153	1.1%	\$ 915,343	3.0%	\$ 30,725,628	3.1%
2015	7,555,471	21.8%	8,274,666	23.9%	12,301,594	35.5%	2,468,889	7.1%	1,361,721	3.9%	452,004	1.3%	343,105	1.0%	1,846,275	5.3%	34,603,725	12.6%
2016	8,026,859	22.8%	8,151,902	23.1%	11,711,788	33.2%	3,468,938	9.8%	1,443,144	4.1%	459,181	1.3%	455,671	1.3%	1,510,962	4.3%	35,228,445	1.8%
2017	8,056,480	22.8%	8,610,812	24.4%	10,743,434	30.4%	3,918,217	11.1%	1,884,341	5.3%	494,369	1.4%	290,578	0.8%	1,335,838	3.8%	35,334,049	0.3%
2018	8,118,381	20.4%	8,758,674	22.0%	13,488,014	33.9%	4,229,797	10.6%	2,965,599	7.4%	457,172	1.1%	212,069	0.5%	1,616,368	4.1%	39,846,074	12.8%
2019	7,890,357	18.7%	8,691,673	20.6%	15,776,333	37.5%	4,430,419	10.5%	2,452,807	5.8%	488,578	1.2%	757,911	1.8%	1,613,477	3.8%	42,101,555	5.7%
2020	8,116,143	18.3%	9,137,714	20.6%	16,777,402	37.8%	4,563,652	10.3%	2,420,604	5.5%	412,575	0.9%	742,567	1.7%	2,169,260	4.9%	44,339,917	5.3%
2021	8,443,832	18.2%	9,256,826	19.9%	18,131,093	39.0%	4,898,325	10.5%	2,246,375	4.8%	594,813	1.3%	477,559	1.0%	2,426,526	5.2%	46,475,349	4.8%
2022	8,793,023	14.6%	10,002,623	16.6%	28,487,691	47.1%	7,744,999	12.8%	2,306,048	3.8%	582,633	1.0%	35,018	0.1%	2,475,483	4.1%	60,427,518	30.0%
2023	9,847,883	15.2%	11,957,105	18.4%	28,839,074	44.4%	7,202,418	11.1%	3,074,012	4.7%	604,038	0.9%	1,233,994	1.9%	2,151,855	3.3%	64,910,379	7.4%

SOURCE: The information in these schedules (unless otherwise noted) is derived from the annual comprehensive financial reports for the relevant year.

Taxable, Assessed and Equalized and Estimated Actual Valuation of Property

Last Ten Fiscal Years

Taxable Valuation of Property

Year	Ad Valorem Assessment Roll					Industrial and Commercial Facilities Assessment Roll					Total Taxable Valuation	Total City	Taxable Value As a Percent Actual		
	Residential	Agriculture	Commercial	Industrial	Total Real Property	Personal Property	Total Ad Valorem	Industrial Real Property	Industrial Personal Property	Commercial Real Property				Total IFT and CFT	
2013	\$ 310,252,865	\$ -	\$ 118,856,014	\$ 76,331,458	\$ 505,440,337	\$ 91,730,093	\$ 597,170,430	\$ 6,877,737	\$ 7,472,900	\$ -	\$ -	\$ 14,150,637	\$ 611,321,067	12,0865	96.97%
2014	312,031,296	-	115,070,943	61,196,955	488,299,194	91,020,452	579,319,646	3,874,303	6,512,600	-	-	10,386,903	589,706,549	13,0875	96.26%
2015	314,055,244	-	116,448,947	54,898,389	485,402,580	95,068,912	580,501,492	3,149,352	7,772,000	-	-	10,921,352	591,422,844	13,0869	95.28%
2016	314,289,363	-	114,855,236	50,232,295	479,386,894	74,155,243	553,542,137	3,628,098	5,690,600	-	-	9,318,698	562,860,835	13,0905	93.60%
2017	319,768,625	-	113,497,599	50,381,292	483,647,516	67,760,237	551,407,753	3,692,357	4,627,400	-	-	8,319,757	559,727,510	13,0908	91.38%
2018	331,347,976	-	113,370,852	48,272,032	492,990,860	65,728,440	558,719,300	3,990,263	3,739,800	-	-	7,730,063	566,449,363	13,0899	89.69%
2019	346,233,797	-	120,836,165	48,156,907	515,226,669	61,993,800	577,220,669	6,561,033	3,146,800	-	-	9,707,833	586,928,502	13,0895	87.80%
2020	362,796,641	-	125,649,743	48,231,815	536,678,199	67,398,400	604,076,599	14,874,922	2,612,700	-	-	17,487,622	621,564,221	13,0865	83.40%
2021	411,808,285	-	143,992,198	53,700,376	609,500,859	73,874,500	683,375,359	15,756,956	1,312,300	-	-	17,069,256	700,444,615	12,9722	76.41%
2022	409,432,249	-	142,894,033	53,700,376	606,026,658	73,772,100	679,798,758	15,713,408	1,575,400	-	-	17,288,808	696,087,566	12,7971	75.94%

Assessed and Equalized Valuation of Property

Year	Ad Valorem Assessment Roll					Industrial and Commercial Facilities Assessment Roll					Total Assessed Valuation	Total Estimated Actual Value		
	Residential	Agriculture	Commercial	Industrial	Total Real Property	Personal Property	Total Ad Valorem	Industrial Real Property	Industrial Personal Property	Commercial Real Property			Total IFT and CFT	
2013	\$ 321,604,220	\$ -	\$ 123,831,400	\$ 79,037,400	\$ 524,473,020	\$ 91,720,300	\$ 616,193,320	\$ 6,766,000	\$ 7,472,900	\$ -	\$ -	\$ 14,238,900	\$ 630,432,220	\$ 1,260,864,440
2014	326,690,900	-	120,803,800	63,704,200	511,198,900	91,004,400	602,203,300	3,877,300	6,512,600	-	-	10,389,900	612,593,200	1,225,186,400
2015	335,445,400	-	122,235,600	57,024,100	514,705,300	95,084,900	609,790,200	3,149,800	7,772,000	-	-	10,921,800	620,712,000	1,241,424,000
2016	342,767,600	-	122,574,300	52,323,600	517,665,500	74,140,100	591,805,600	3,851,200	5,690,600	-	-	9,541,800	601,347,400	1,202,694,800
2017	363,318,800	-	120,587,210	52,278,900	536,184,910	67,745,200	603,930,110	3,957,900	4,639,600	-	-	8,597,500	612,527,610	1,225,055,220
2018	382,994,200	-	124,938,600	50,130,470	558,063,270	65,713,100	623,776,370	4,017,100	3,739,800	-	-	7,756,900	631,533,270	1,263,066,540
2019	409,745,000	-	135,884,102	51,070,400	596,699,502	61,981,500	658,681,002	6,649,100	3,146,800	-	-	9,795,900	668,476,902	1,336,953,804
2020	461,026,400	-	146,950,200	52,388,900	660,365,500	67,388,800	727,754,300	14,929,600	2,612,700	-	-	17,542,300	745,296,600	1,490,593,200
2021	580,236,600	-	186,202,700	58,746,100	825,185,400	73,866,200	899,051,600	16,221,300	1,312,300	-	-	17,585,600	916,637,200	1,833,274,400
2022	576,926,300	-	185,097,800	58,746,100	820,770,200	73,763,800	894,534,000	16,221,300	1,575,400	-	-	17,802,900	912,336,900	1,824,673,800

Property is assessed at 50% of true cash value. The assessed and equalized valuation of taxable property is determined as of December 31st of each year and is the basis upon which taxes are levied during the succeeding fiscal year. The passage of Proposal A in May, 1994 altered how tax values are determined. Beginning in the 1995-1996 fiscal year, property taxes are based on taxable value instead of state equalized value. Proposal A also capped taxable value of each parcel of property, adjusted for additions and losses, at the previous year's rate of inflation or 5% whichever is less, until the property is sold or transferred. When ownership of a parcel of property is transferred, the taxable value becomes 50% of true cash value, or the state equalized valuation. The Industrial and Commercial Facilities Tax Acts permit certain property to be taxed at one-half the tax rate for a period up to twelve years.

City of Muskegon

Principal Property Taxpayers

Current Year and Ten Years Ago

Taxpayer	6/30/2023			6/30/2014		
	Taxable Valuation	Rank	Percent of Total Taxable Valuation	Taxable Valuation	Rank	Percent of Total Taxable Valuation
Consumers Energy	\$ 20,171,325	1	2.80%	\$ 43,086,282	1	7.0%
DTE Gas Company	16,026,939	2	2.23%	6,655,800	4	1.1%
James Street Capital Holdings	10,911,200	3	1.52%			
Muskegon SC Holdings LLC	6,601,287	4	0.92%	3,971,900	7	0.6%
Michigan Electric Transmission	5,659,600	5	0.79%			
Glen Oaks Apartments LLC	3,720,098	6	0.52%	3,432,300	9	0.6%
Mercy Health Partners	3,335,100	7	0.46%			
Core Sherman LLC	3,284,412	8	0.46%			
Verplank Port Facility LLC	2,941,212	9	0.41%			
Hinman Lake LLC	2,568,825	10	0.36%			
Adac Plastics				8,975,700	2	1.5%
Esco Company				6,860,454	3	1.1%
GE Aviation				5,526,800	5	0.9%
Fleet Engineers				4,176,400	6	0.7%
Lorin Industries				3,837,267	8	0.6%
Coles Quality Foods				3,263,824	10	0.5%
Total - 10 Largest	75,219,998		10.46%	89,786,727		14.7%
Total - All Other	644,226,433		89.54%	521,534,340		85.3%
	\$ 719,446,431		100.0%	\$ 611,321,067		100.0%

Source: Muskegon County Equalization Department; City of Muskegon Treasurer's Office

City of Muskegon

Property Tax Rates - Direct and Overlapping Government Units
Property Tax Rates Per \$1,000 Taxable Valuation

Last Ten Fiscal Years

City-Wide Rates						
Year	Operating	Promotion	Sanitation	Total City	Library District	Library Debt
2013	9.5000	0.0865	2.5000	12.0865	2.4000	-
2014	10.0000	0.0875	3.0000	13.0875	2.4000	-
2015	10.0000	0.0869	3.0000	13.0869	2.4000	0.5611
2016	10.0000	0.0905	3.0000	13.0905	2.4000	0.4962
2017	10.0000	0.0908	3.0000	13.0908	2.4000	0.4999
2018	10.0000	0.0899	3.0000	13.0899	2.4000	0.4866
2019	10.0000	0.0865	3.0000	13.0865	2.4000	0.4522
2020	9.9930	0.0824	2.9979	13.0733	2.3997	0.4532
2021	9.9180	0.0788	2.9754	12.9722	2.3821	0.4351
2022	9.7880	0.0727	2.9364	12.7971	2.3516	0.4999

Overlapping - County-Wide Rates							
Year	Muskegon County	Intermediate School	Special Education	Vocational Education	Community College	MAISD Gen Ed	Community College Debt
2013	6.6957	0.4597	2.2987	0.9996	2.2037	-	-
2014	6.6557	0.4597	2.2987	0.9996	2.2037	1.0000	0.3400
2015	6.6357	0.4597	2.2987	0.9996	2.2037	1.0000	0.3400
2016	6.8957	0.4597	2.2987	0.9996	2.2037	1.0000	0.3400
2017	6.8957	0.4597	2.2987	0.9996	2.2037	1.0000	0.3400
2018	6.8957	0.4597	2.2987	0.9996	2.2037	1.0000	0.3400
2019	6.8957	0.4597	2.2987	0.9996	2.2037	1.0000	0.3400
2020	6.8947	0.4593	2.2968	0.9988	2.2034	0.9992	0.3400
2021	6.8490	0.4562	2.2815	0.9922	2.1888	0.9926	0.3400
2022	6.7878	0.4518	2.2597	0.9827	2.1693	0.9831	0.3400

Overlapping - School District					Grand Total	
Year	Operating	Debt	Total	State Education	Homestead	Non-Homestead
2013	18.0000	7.1000	25.1000	6.0000	40.2439	58.2439
2014	18.0000	7.6000	25.6000	6.0000	43.0449	61.0449
2015	18.0000	6.8000	24.8000	6.0000	42.7854	60.7854
2016	18.0000	6.3500	24.3500	6.0000	42.5341	60.5341
2017	18.0000	7.6800	25.6800	6.0000	43.8681	61.8681
2018	18.0000	8.3600	26.3600	6.0000	44.5339	62.5339
2019	18.0000	8.3600	26.3600	6.0000	44.4961	62.4961
2020	17.9838	8.3581	26.3419	6.0000	44.4765	62.4603
2021	17.7518	9.3467	27.0985	6.0000	45.2364	62.9882
2022	17.3754	8.9712	26.3466	6.0000	44.5942	61.9696

SOURCE: City of Muskegon Treasurer' Office

City of Muskegon

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years

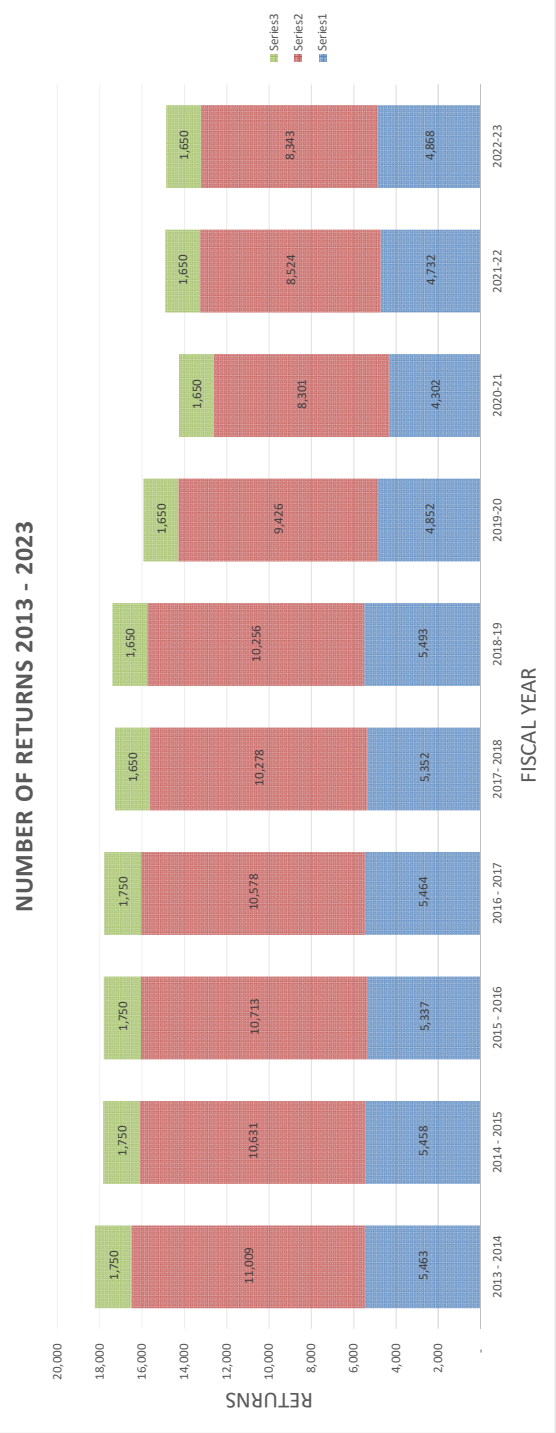
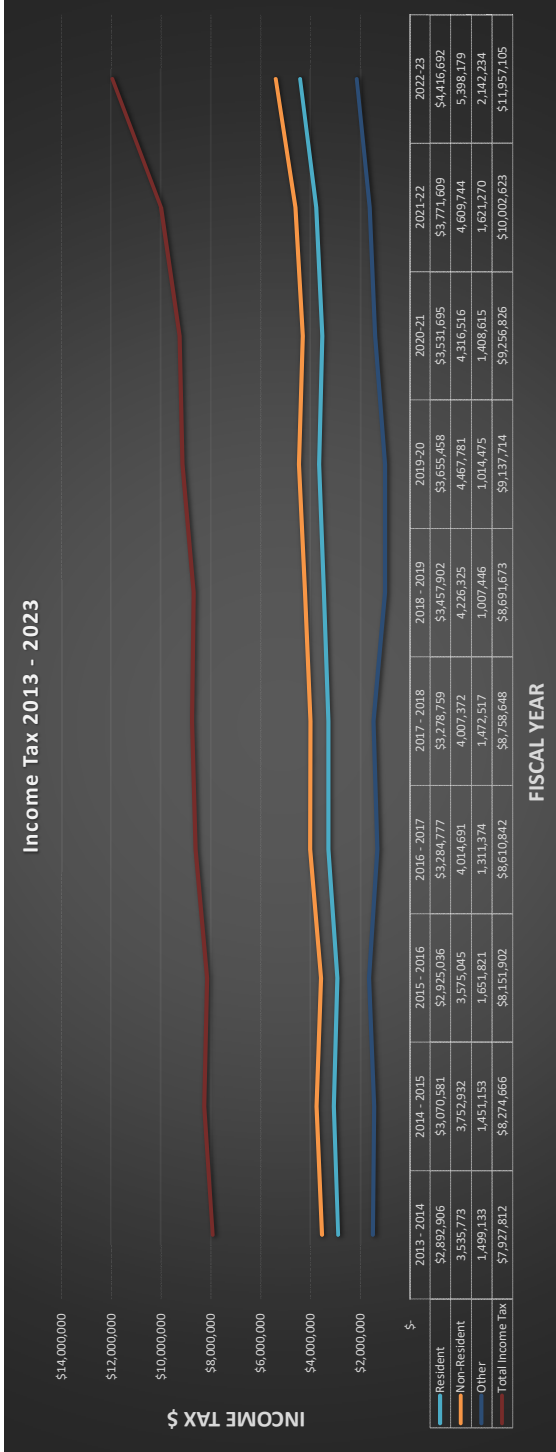
Fiscal Year	Total Tax Levy	Current Tax Collections	Percent Of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Total Tax Collections as % of Levy	Charge backs			Outstanding Delinquent Personal	Outstanding Delinquent Specific	Percent of Delinquent Taxes to Levy
							On Uncollected Delinquent Taxes	Delinquent Taxes	Delinquent Taxes			
2013	\$ 7,668,166	\$ 6,703,147	87.4%	\$ 912,362	\$ 7,615,509	99.3%	\$ 102,713	\$ 45,361	\$ 7,296	2.03%		
2014	8,032,955	7,069,804	88.0%	917,806	7,987,610	99.4%	57,680	41,074	2,788	1.26%		
2015	8,132,782	7,247,701	89.1%	848,266	8,095,967	99.5%	62,345	33,407	1,862	1.20%		
2016	7,719,829	6,828,816	88.5%	853,639	7,682,455	99.5%	42,063	23,671	1,365	0.87%		
2017	7,633,290	6,776,856	88.8%	795,164	7,572,020	99.2%	51,584	43,665	11,728	1.40%		
2018	9,545,232	8,631,502	90.4%	839,208	9,470,710	99.2%	-	53,873	13,529	0.71%		
2019	9,737,757	8,873,258	91.1%	821,601	9,694,859	99.6%	-	20,987	15,355	0.37%		
2020	9,943,231	9,114,832	91.7%	749,195	9,864,027	99.2%	-	35,111	31,560	0.67%		
2021	9,987,802	9,121,784	91.3%	637,083	9,758,867	97.7%	-	19,026	41,200	0.60%		
2022	11,061,640	9,944,396	89.9%	904,123	10,848,519	98.1%	-	49,489	96,863	1.32%		

SOURCE: City of Muskegon Treasurer' Office

City of Muskegon

TOTAL INCOME TAX COLLECTED AND NUMBER OF RETURNS FILED - GRAPHICAL

Last Ten Fiscal Years



TOTAL INCOME TAX COLLECTED AND NUMBER OF RETURNS FILED - DATA

Last Ten Fiscal Years

Income Tax 2013 - 2023

Year	2013 - 2014	2014 - 2015	2015 - 2016	2016 - 2017	2017 - 2018	2018 - 2019	2019-20	2020-21	2021-22	2022-23
Resident	\$2,892,906	\$3,070,581	\$2,925,036	\$3,284,777	\$3,278,759	\$3,457,902	\$3,655,458	\$3,531,695	\$3,771,609	\$4,416,692
Non-Resident	3,535,773	3,752,932	3,575,045	4,014,691	4,007,372	4,226,325	4,467,781	4,316,516	4,609,744	5,398,179
Other	1,499,133	1,451,153	1,651,821	1,311,374	1,472,517	1,007,446	1,014,475	1,408,615	1,621,270	2,142,234
Total Income Tax	\$7,927,812	\$8,274,666	\$8,151,902	\$8,610,842	\$8,758,648	\$8,691,673	\$9,137,714	\$9,256,826	\$10,002,623	\$11,957,105

Number of Returns 2013-2023

Year	2013 - 2014	2014 - 2015	2015 - 2016	2016 - 2017	2017 - 2018	2018-19	2019-20	2020-21	2021-22	2022-23
Resident	5,463	5,458	5,337	5,464	5,352	5,493	4,852	4,302	4,732	4,868
Non-Resident	11,009	10,631	10,713	10,578	10,278	10,256	9,426	8,301	8,524	8,343
Other	1,750	1,750	1,750	1,750	1,650	1,650	1,650	1,650	1,650	1,650
Total Returns	18,222	17,839	17,800	17,792	17,280	17,399	15,928	14,253	14,906	14,861

City of Muskegon

RATIO OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

Year	Governmental Activities				Business-Type Activities				Total Primary Government	Per Capita
	General Obligation Limited Tax Bonds	Installment Purchase Agreements	State Loans	Total Governmental Activities	Revenue Bonds	State Loans	Total Business-Type Activities	Total Primary Government		
2014	\$ 6,954,535	\$ -	\$ 112,550	\$ 7,067,085	\$ 3,630,728	\$ 9,030,000	\$ 12,660,728	\$ 19,727,813	\$ 533	
2015	6,555,436	-	94,708	6,650,144	2,949,368	8,360,000	11,309,368	17,959,512	483	
2016	6,243,903	-	76,509	6,320,412	2,246,962	7,675,000	9,921,962	16,242,374	436	
2017	5,940,903	-	57,946	5,998,849	1,523,661	6,980,000	8,503,661	14,502,510	378	
2018	5,633,903	-	39,012	5,672,915	774,614	6,270,000	7,044,614	12,717,529	331	
2019	5,322,903	-	19,699	5,342,602	-	5,545,000	5,545,000	10,887,602	284	
2020	24,059,753	2,123,804	-	26,183,557	-	6,607,956	6,607,956	32,791,513	854	
2021	30,496,677	-	-	30,496,677	-	9,056,453	9,056,453	39,553,130	1,051	
2022	29,229,777	1,173,411	-	30,403,188	-	14,374,715	14,374,715	44,777,903	1,192	
2023	28,147,477	1,632,505	-	29,779,982	-	14,147,090	14,147,090	43,927,072	1,170	

NOTE: None of the debt issued by the City is payable through the levy of property tax millages.

SOURCE: The information in these schedules (unless otherwise noted) is derived from the comprehensive annual financial reports for the relevant year.

City of Muskegon

DIRECT AND OVERLAPPING DEBT

June 30, 2023

Name of Governmental Unit	Total Debt Outstanding	Self Supporting	Debt Supported by City General Revenues
Direct Debt			
City of Muskegon:			
Revenue Bonds	\$ 14,147,090	\$ 14,147,090	\$ -
Capital Improvement Bonds	28,147,477	-	27,555,000
Installment Purchase Agreements	1,632,505	-	1,632,505
Component Unit Debt:			
Local Development Finance Authority	833,373	833,373	-
Total City Direct Debt	\$ 44,760,445	\$ 14,980,463	\$ 29,187,505

	Gross	City Share as Percent of Gross	Net
Overlapping Debt			
Muskegon School District	\$ 79,755,000	95.82%	\$ 76,421,241
Orchard View School District	33,412,823	16.58%	5,539,846
Reeth's Puffer School District	56,263,184	0.78%	438,853
Hackley Public Library	1,585,000	95.82%	1,518,747
Muskegon County	111,815,512	12.97%	14,502,472
Muskegon Community College	26,440,000	12.97%	3,429,268
Total Overlapping Debt	\$ 309,271,519		101,850,427
Total City Direct and Overlapping Debt			\$ 131,037,932

NOTE: None of the debt issued by the City is payable through the levy of property tax millages

The percentage of overlapping debt is estimated using taxable property values. Applicable percentages were estimated by determining the portion of the City's taxable value that is within each overlapping government unit's boundaries. Details regarding the City's outstanding debt can be found in the notes to the financial statements.

SOURCE: Municipal Advisory Council of Michigan and City of Muskegon Finance Department. The information in these schedules (unless otherwise noted) is derived from the comprehensive annual financial reports for the relevant year.

City of Muskegon
LEGAL DEBT MARGIN INFORMATION
 Last Ten Fiscal Years

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Debt Limit	\$ 61,706,477	\$ 61,510,980	\$ 60,962,090	\$ 61,333,841	\$ 64,124,907	\$ 101,083,635	\$ 108,732,428	\$ 128,830,259	\$ 144,430,377	\$ 167,769,346
Total net debt applicable to limit	12,847,550	11,969,708	11,313,794	10,290,785	9,240,855	8,510,021	27,943,934	31,848,925	31,499,735	30,613,355
Legal debt margin	\$ 48,858,927	\$ 49,541,272	\$ 49,648,296	\$ 51,043,056	\$ 54,884,052	\$ 92,573,614	\$ 80,788,494	\$ 96,981,334	\$ 112,930,642	\$ 137,155,991
Total net debt applicable to the limit as a percentage of debt limit	20.82%	19.46%	18.56%	16.78%	14.41%	8.42%	25.70%	24.72%	21.81%	18.25%

Legal Debt Margin Calculation for 2022:

Assessed Valuation:	\$ 1,677,693,463
Legal Debt Limit (10%)	167,769,346
Total Indebtedness:	\$ 44,760,445
Debt not Subject to Limitation:	-
Paid by Special Assessment	
Revenue Bonds	(14,147,090)
Debt Subject to Limitation	30,613,355
Legal Debt Margin	\$ 137,155,991

SOURCE: The information in these schedules (unless otherwise noted) is derived from the comprehensive annual financial reports for the relevant year.

**City of Muskegon
REVENUE BOND COVERAGE**

Last Ten Fiscal Years

Water Supply System

Fiscal Year	Gross Revenue (a)	Direct Operating Expenses (b)	Net Revenue Available For Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2014	\$ 6,109,144	\$ 3,511,477	\$ 2,597,667	\$ 1,295,000	\$ 352,634	\$ 1,647,634	1.58
2015	6,388,474	3,774,508	2,613,966	1,330,000	320,857	1,650,857	1.58
2016	7,498,376	4,460,076	3,038,300	1,370,000	283,360	1,653,360	1.84
2017	7,449,646	4,997,912	2,451,734	1,405,000	246,434	1,651,434	1.48
2018	7,507,323	4,949,807	2,557,516	1,450,000	203,106	1,653,106	1.55
2019	8,472,413	5,672,522	2,799,891	1,495,000	158,260	1,653,260	1.69
2020	8,417,771	6,374,033	2,043,738	745,000	109,916	854,916	2.39
2021	8,762,308	6,481,996	2,280,312	760,000	107,860	867,860	2.63
2022	9,026,192	7,255,731	1,770,461	994,750	146,568	1,141,318	1.55
2023	10,752,667	8,581,636	2,171,031	1,020,000	157,421	1,177,421	1.84

Sewage Disposal System

Fiscal Year	Gross Revenue (a)	Direct Operating Expenses (b)	Net Revenue Available For Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2014			No Direct System Indebtedness				
2015			No Direct System Indebtedness				
2016			No Direct System Indebtedness				
2017			No Direct System Indebtedness				
2018			No Direct System Indebtedness				
2019			No Direct System Indebtedness				
2020	\$ 8,399,047	\$ 9,307,397	\$ (908,350)	\$ -	\$ -	\$ -	-
2021	9,298,294	7,481,042	1,817,252	-	3,151	3,151	576.72
2022	10,303,063	7,502,182	2,800,881	272,000	84,439	356,439	7.86
2023	10,190,360	7,738,670	2,451,690	275,000	124,455	399,455	6.14

For years in which "revenue bond coverage" is less than 1.00, the shortfall was made up either by use of net position or by transfer in.

- (a) "Gross Revenue" equals total operating revenues plus interest income.
- (b) "Direct Operating Expenses" equal total operating expenses net of depreciation expense.

SOURCE: The information in these schedules (unless otherwise noted) is derived from the comprehensive annual financial reports for the relevant year.

City of Muskegon

DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Fiscal Years

Fiscal Year	Population	Personal Income	Per Capita Income	Median Age	Public School Enrollment	Building Permits		Unemployment
						Number	Value	
2014	37,213	\$ 769,789,707	\$ 20,686	34.1	4,808	1,108	\$ 54,065,115	9.6%
2015	37,213	789,034,450	21,203	35.8	4,387	1,102	46,541,966	10.3%
2016	37,213	808,760,311	21,733	35.8	4,206	1,112	58,924,856	8.3%
2017	38,349	854,285,543	22,277	35.8	3,985	1,075	78,271,395	4.8%
2018	38,401	876,830,025	22,834	35.4	3,732	1,202	171,523,877	4.1%
2019	38,401	898,750,775	23,404	35.4	3,589	1,295	94,667,004	4.2%
2020	38,401	921,219,545	23,989	36.3	3,625	1,233	92,319,998	17.7%
2021	37,633	925,365,524	24,589	35.8	3,472	1,266	53,810,437	5.0%
2022	37,552	946,458,144	25,204	34.9	3,478	1,051	65,634,790	10.3%
2023	38,220	987,376,731	25,834	35.3	3,353	1,050	158,396,766	8.8%

SOURCE: US Census Bureau, Muskegon Area Intermediate School District (MAISD), City of Muskegon Inspections Department, Michigan Department of Technology, Management, & Budget

City of Muskegon

PRINCIPAL EMPLOYERS

Current Year and Ten Years Ago

Employer	2023			2014		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Mercy General Health Partners	4,003	1	32.72%	3,881	1	26.3%
ADAC Automotive	1,028	2	8.40%	1,000	3	6.8%
County of Muskegon	1,000	3	8.17%	1,250	2	8.5%
G.E. Aviation	666	4	5.44%	647	6	4.4%
Muskegon Public School District	449	5	3.67%	676	5	4.6%
Port City Group Companies	421	6	3.44%	622	7	4.2%
Muskegon Community College	380	7	3.11%	209	10	1.4%
KL Outdoors	375	8	3.07%			
Muskegon Area Intermediate School District	341	9	2.79%			
Knoll Inc	270	10	2.21%	375	8	2.5%
State of Michigan				750	4	5.1%
SAF Holland USA				350	9	2.4%

SOURCE: City of Muskegon; Muskegon Area First; Michigan Department of Energy, Labor & Economic Growth

City of Muskegon

BUDGETED FULL-TIME CITY GOVERNMENT POSITIONS BY DEPARTMENT

Last Ten Fiscal Years

Department	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Administration	0.40	-	-	-	-	-	-	-	-	-
Affirmative Action	1.10	1.30	1.30	1.46	0.40	1.00	1.00	1.00	1.00	1.00
Cemetaries	1.25	1.25	1.25	1.25	1.25	1.25	2.25	2.25	2.25	2.25
City Clerk & Elections	3.00	3.00	3.00	3.54	3.80	3.80	4.80	5.80	5.80	5.80
City Commission	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
City Hall Maintenance	0.55	0.55	0.55	0.55	0.55	0.55	1.05	1.00	1.00	1.00
City Manager's Office	2.25	2.05	2.05	1.75	2.75	2.75	2.75	3.30	3.30	4.30
City Treasurer's Office	4.50	5.50	5.50	5.50	5.50	5.50	5.50	5.30	5.30	5.50
Environmental Services	5.00	2.00	2.00	2.00	2.00	-	-	-	-	-
Farmers Market	0.05	0.05	0.05	-	0.20	1.20	1.20	0.70	0.70	1.20
Finance Administration	2.00	3.00	3.00	3.00	3.60	3.00	3.45	3.70	3.70	3.70
Fire	28.83	32.00	35.00	35.00	35.00	26.00	29.00	29.50	29.50	29.50
Fire Safety Inspections	0.83	-	-	-	-	-	-	-	-	-
Income Tax Administration	4.50	3.50	3.50	3.50	3.50	3.50	3.50	3.70	3.70	3.50
Information Systems	3.00	3.00	3.00	3.00	3.50	3.50	3.50	3.50	3.50	3.50
Parks	6.00	6.00	6.00	7.05	7.05	10.05	10.05	10.05	10.05	11.00
Planning, Zoning & Economic Development	3.00	3.40	3.40	3.45	3.45	5.45	6.00	7.00	7.00	6.75
Police	87.34	88.00	88.00	88.00	88.00	89.00	89.00	91.00	91.00	92.00
Sanitation	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20
Senior Transit	0.05	-	-	-	-	-	-	-	-	-
MVH-Major Streets	10.70	10.70	10.70	10.70	10.70	12.20	12.20	13.20	13.20	12.75
MVH-Local Streets	6.70	6.70	6.70	6.70	6.70	7.20	7.20	7.20	7.20	6.75
Community Development	4.00	4.00	4.00	4.00	3.55	3.55	4.30	5.30	5.30	5.30
Sewer Maintenance	9.80	9.80	9.80	9.80	9.80	9.80	10.80	10.95	10.95	10.70
Water Filtration	10.00	10.00	10.00	10.00	10.00	10.00	11.00	12.15	12.15	11.90
Water Maintenance	11.75	11.75	11.75	11.75	11.75	11.75	12.75	14.90	14.90	16.65
Hartshorn Marina Fund	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.25
Mercy Health Arena	-	-	-	-	-	-	3.00	6.00	6.00	6.50
Public Service Building	8.45	8.50	8.50	8.50	8.50	8.50	8.75	8.75	8.75	9.50
Engineering	4.95	4.95	4.95	4.95	4.95	5.95	5.20	4.25	4.25	5.50
Equipment	6.25	6.25	6.25	6.25	6.25	6.25	6.25	6.25	6.25	6.25
	227.00	228.00	231.00	232.45	233.50	232.50	245.25	257.50	257.50	263.50

SOURCE: City of Muskegon Finance Department

City of Muskegon

OPERATING INDICATORS BY FUNCTION/PROGRAM

Last Ten Fiscal Years

Function/Program	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Administrative Services										
Elections										
Number of registered voters	26,025	24,014	24,005	24,612	26,136	25,182	28,127	27,889	28,004	28,004
Number of votes cast:										
Last general election	3,029	7,763	2,547	13,179	15,271	11,407	3,105	15,156	15,519	15,519
Last city election	3,029	7,763	2,547	13,179	2,254	1,938	3,105	2,968	4,459	4,459
Percentage of registered voters voting:										
Last general election	12%	32%	11%	54%	58%	45%	11%	54%	55%	55%
Last city election	12%	32%	11%	54%	9%	8%	11%	12%	16%	16%
Financial Services										
Property Tax Bills										
Property Tax Returns	15,211	14,528	14,611	14,243	14,229	14,180	15,090	15,117	15,103	15,145
Income Tax Returns	18,222	17,839	17,800	17,792	17,280	17,399	15,928	14,253	14,906	14,861
Paper Check Issued to Vendors	1,404	1,527	1,608	1,675	1,782	1,863	1,946	1,676	1,853	1,689
Electronic Payments to Vendors	1,579	1,471	1,849	1,998	2,104	2,307	2,494	2,465	3,654	3,948
Public Safety										
Fire Protection										
Number of firefighter and officer positions	38	35	35	35	23	29	26	29	25	26
Number of emergency calls	4,354	4,881	4,938	4,895	4,948	5,106	5,147	4,203	6,018	5,729
Police Protection										
Number of sworn officer positions	76	76	76	75	79	80	80	89	80	80
Part I (Major) Crimes	2,240	2,107	1,989	2,816	2,357	1,728	1,621	1,442	808	1,364
Public Works										
Refuse Collected (Tons per Year)	10,217	10,512	10,994	11,009	10,801	10,753	11,534	12,289	10,326	11,233
Recyclables Collected (Tons per Year)	-	-	-	-	-	-	160	224	341	356
Yard Waste	-	-	-	-	-	-	-	-	-	7,252
Water & Sewer										
Average daily water consumption (GPD)	7,666,000	8,293,570	11,027,945	10,947,233	9,559,304	10,867,590	10,674,712	7,570,000	10,789,900	10,950,579
Number of consumers	13,086	13,223	13,307	13,248	13,104	13,343	13,422	12,660	12,821	12,876
Water main breaks repaired	30	15	16	12	15	11	17	13	15	7
Sewer flows (Millions Gallons per Year)	1,833	2,013	1,794	1,815	1,832	2,048	2,138	1,596	1,462	1,464
Sewer Service Calls	532	501	521	462	451	443	475	541	426	463

SOURCE: City of Muskegon Departments

City of Muskegon

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

Last Ten Fiscal Years

Function/Program	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Public Safety										
Fire Protection										
Number of stations	3	3	3	3	3	3	3	3	3	3
Police Protection										
Number of stations	1	1	1	1	1	1	1	1	1	1
Highways, Streets and Bridges										
Miles of Streets	196.95	196.95	196.95	196.95	196.95	197.19	187.34	187.34	187.28	187.28
Number of streetlights	2,838	2,838	2,900	2,984	2,967	2,930	2,995	2,995	2,995	2,995
Culture and Recreation										
Number of parks (acres)	701	701	701	701	701	701	701	701	701	701
Lake Michigan beaches (acres)	119	119	119	119	119	119	119	119	119	119
Hockey/Entertainment Arena	1	1	1	1	1	1	1	2	2	2
Sewer										
Sanitary sewers (miles)	177.04	177.04	177.04	177.04	177.04	177.04	177.04	176.69	166.63	166.63
Storm sewers (miles)	184.35	184.35	184.35	184.35	184.35	184.35	184.35	147.58	148.38	148.38
Water										
Water mains (miles)	195.95	195.95	195.95	195.95	195.95	195.27	195.27	213.92	214.70	214.70

SOURCE: City of Muskegon Departments

SINGLE AUDIT OF FEDERAL FINANCIAL ASSISTANCE PROGRAMS

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

City Commission
City of Muskegon
Muskegon, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), 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 Muskegon as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Muskegon's basic financial statements, and have issued our report thereon dated December 27, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Muskegon's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Muskegon's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Muskegon's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

City Commission
City of Muskegon
Page 2

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Muskegon’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Muskegon, Michigan
December 27, 2023

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

City Commission
City of Muskegon
Muskegon, Michigan

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited City of Muskegon's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of City of Muskegon's major federal programs for the year ended June 30, 2023. The City of Muskegon's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the City of Muskegon complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City of Muskegon and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City of Muskegon's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City of Muskegon's federal programs.

Report on Compliance for Each Major Federal Program—Continued

Auditor’s Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City of Muskegon’s compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City of Muskegon’s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, 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 City of Muskegon’s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the City of Muskegon’s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City of Muskegon’s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

City Commission
City of Muskegon
Page 3

Report on Internal Control Over Compliance—Continued

Our consideration of internal control over compliance was for the limited purpose described in the Auditor’s Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitation, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Muskegon, Michigan
December 27, 2023

City of Muskegon
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the year ended June 30, 2023

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title/Identifying Number	Assistance Listing Number	Entitle ment Program or Award Amount	Accrued (Unearned) Revenue July 1, 2022	Adjustments and Transfers	Cash or Payments In- Kind Received (Cash Basis)	Amount of Grant Expenditures	Accrued (Unearned) Revenue June 30, 2023	Passed Through to Subrecipients	Notes
<i>U.S. Department of Housing and Urban Development</i>									
Direct programs									
CDBG - Entitlement Grants Cluster									
Community Development Block Grants/Entitlement Grants									
B-17-MC-26-0026	14.218	\$ 871,542	\$ 9,949	\$ -	\$ 9,949	\$ -	\$ -	-	
B-18-MC-26-0026		937,658	71,725	-	71,725	-	-	-	
B-19-MC-26-0026		973,451	20,709	-	61,460	47,463	6,712	-	
B-20-MC-26-0026		994,698	15,044	-	191,958	187,558	10,644	-	
COVID-19 - B-20-MW-26-0026		794,564	36,010	-	86,855	52,890	2,045	-	
B-21-MC-26-0026		988,508	21,133	-	59,485	70,675	32,323	-	
B-22-MC-26-0026		912,894	-	-	736,892	792,794	55,902	130,692	
Program Income		23,055	-	-	23,055	-	-	-	
Total CDBG - Entitlement Grants Cluster		6,496,370	174,570	-	1,241,379	1,174,435	107,626	130,692	
Home Investment Partnerships Program									
M-19-MC-26-0215	14.239	334,818	9,819	-	(21,596)	(25,174)	6,241	-	3
M-20-MC-26-0215		343,362	5,584	-	(145,763)	(151,347)	-	-	3
M-21-MC-26-0215		336,456	42,310	-	285,669	243,808	449	-	
M-22-MC-26-0215		339,650	-	-	5,189	16,250	11,061	-	
Program Income		602,839	-	-	602,839	602,839	-	-	
Total Home Investment Partnerships Program		1,957,125	57,713	-	726,338	686,376	17,751	-	
Healthy Homes Production Program									
MIHHP0083-22	14.913	1,500,000	2,015	-	184,979	283,522	100,558	-	
Total U.S. Department of Housing and Urban Development		9,953,495	234,298	-	2,152,696	2,144,333	225,935	130,692	

City of Muskegon
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS—Continued
For the year ended June 30, 2023

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title/Identifying Number	Assistance Listing Number	Entitlement Program or Award Amount	Accrued (Unearned) Revenue July 1, 2022	Adjustments and Transfers	Cash or Payments In- Kind Received (Cash Basis)	Amount of Grant Expenditures	Accrued (Unearned) Revenue June 30, 2023	Passed Through to Subrecipients	Notes
<i>U.S. Department of Justice</i>									
Direct programs									
Bulletproof Vest Partnership Program	16.607	\$ 11,721	\$ 6,615	\$ -	\$ 11,722	\$ 5,107	\$ -	\$ -	
2020 Grant		4,410	4,410	-	551	-	4,410	-	
2021 Grant		16,131	11,025	-	12,273	5,658	4,410	-	
Edward Byrne Memorial Justice Assistance Grant Program	16.738	35,195	-	-	2,400	2,400	-	2,400	
2019-DJ-BX-0927									
Criminal and Juvenile Justice and Mental Health Collaboration Program	16.745	100,000	-	(1,913)	(1,574)	339	-	-	4
2019-MO-BX-0006									
Total direct programs		151,326	11,025	(1,913)	13,099	8,397	4,410	2,400	
Passed through Michigan Department of Health and Human Services	16.588	282,512	15,779	-	49,793	34,014	-	-	
Violence Against Women Formula Grants		282,512	-	-	105,036	123,788	18,752	-	
E20221719-001									
E20231736-00		365,024	15,779	-	154,829	157,802	18,752	-	
Passed through Ottawa County	16.738	16,284	-	-	16,284	16,284	-	-	
Edward Byrne Memorial Justice Assistance Grant Program									
2018-MU-BX-0886									
Total U.S. Department of Justice		732,634	26,804	(1,913)	184,212	182,483	23,162	2,400	
<i>U.S. Department of Treasury</i>									
Passed through Michigan Department of Treasury	21.027	22,881,894	(13,647,865)	-	-	7,074,143	(6,573,722)	-	
Coronavirus State and Local Fiscal Recovery Funds									
COVID-19 - American Rescue Plan Act									

City of Muskegon
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS—Continued
For the year ended June 30, 2023

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title/Identifying Number	Assistance Listing Number	Entitlement Program or Award Amount	Accrued (Unearned) Revenue July 1, 2022	Adjustments and Transfers	Cash or Payments In- Kind Received (Cash Basis)	Amount of Grant Expenditures	Accrued (Unearned) Revenue June 30, 2023	Passed Through to Subrecipients	Notes
<i>Environmental Protection Agency</i>									
Passed through Department of Environment, Great Lakes, and Energy									
Clean Water State Revolving Fund Cluster									
Capitalization Grants for Clean Water State Revolving Funds	66.458	\$ 4,715,000	\$ 50,101	\$ -	\$ 60,110	\$ 10,009	\$ -	\$ -	
5679-01		3,535,000	-	-	718,207	718,207	-	-	
5767-01									
Total Environmental Protection Agency		8,250,000	50,101	-	778,317	728,216	-	-	
<i>U.S. Department of Health and Human Services</i>									
Passed through Michigan Department of Health and Human Services									
Children's Health Insurance Program	93.767	880,100	74,724	-	258,465	183,741	-	-	
E20221736-00		1,395,100	-	-	560,849	810,467	249,618	-	
E20231461-00									
Total Department of Health and Human Services		2,275,200	74,724	-	819,314	994,208	249,618	-	
TOTAL FEDERAL ASSISTANCE		\$ 44,093,223	\$ (13,261,938)	\$ (1,913)	\$ 3,934,539	\$ 11,123,383	\$ (6,075,007)	\$ 133,092	

The accompanying notes are an integral part of this statement.

City of Muskegon
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the year ended June 30, 2023

1. The accompanying Schedule of Expenditures of Federal Awards (the “schedule”) includes the federal award activity of the City under programs of the federal government for the year ended June 30, 2023. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position or change in net position of the City.
2. Please see the financial statement footnotes for the significant accounting policies used in preparing this schedule. Expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The City is not using the ten-percent de minimis indirect cost rate as allowed under the Uniform Guidance.
3. Certain program costs in previous years were determined to not be allowable in the current year and were returned to the Home Investment Partnerships Program. The Department of Housing and Urban Development treated these returned funds as negative draws as the funds are available to spend again and they are reported accordingly in the Schedule of Expenditures of Federal Awards.
4. The beginning accrual for the Criminal and Juvenile Justice and Mental Health Collaboration Program was restated to reflect amounts that were unspent at the end of the previous year.
5. The following is a reconciliation of federal revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances of the City of Muskegon’s financial statements for the year ended June 30, 2023 and federal expenditures per the Schedule of Expenditures of Federal Awards.

Federal revenues per City of Muskegon financial statements	
General Fund	\$ 182,483
Other governmental funds	9,586,790
	9,769,273
Plus drawdowns on federal loans	728,216
Plus program income	625,894
Federal expenditures per the Schedule of Expenditures of Federal Awards	\$ 11,123,383

City of Muskegon
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended June 30, 2023

SECTION I—SUMMARY OF AUDITOR’S RESULTS

A. Financial Statements

1. Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified
2. Internal control over financial reporting:
 - Material weakness(es) identified? _____ yes X no
 - Significant deficiency(ies) identified? _____ yes X none reported
3. Noncompliance material to financial statements noted? _____ yes X no

B. Federal Awards

1. Internal control over major federal programs:
 - Material weakness(es) identified? _____ yes X no
 - Significant deficiency(ies) identified? _____ yes X none reported
2. Type of auditor’s report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ yes X no

4. Identification of major programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.218	U.S. Department of Housing and Urban Development • Community Development Block Grants/Entitlement Grants
21.027	U.S. Department of Treasury • Coronavirus State and Local Fiscal Recovery Funds
93.767	U.S. Department of Health and Human Services • Children’s Health Insurance Program

5. Dollar threshold used to distinguish between type A and type B programs: **\$750,000**
6. Auditee qualified as low-risk auditee? _____ X yes _____ no

SECTION II – FINANCIAL STATEMENT FINDINGS

NONE

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

NONE

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CLIENT DOCUMENTS

Affirmative Action
(231)724-6703
FAX (231)722-1214

Assessor/
Equalization Co.
(231)724-6386
FAX (231)724-1129

Cemetery/Forestry
(231)724-6783
FAX (231)724-4188

City Manager
(231)724-6724
FAX (231)722-1214

Clerk
(231)724-6705
FAX (231)724-4178

Comm. & Neigh.
Services
(231)724-6717
FAX (231)726-2501

Computer Info.
Technology
(231)724-4126
FAX (231)722-4301

Engineering
(231)724-6707
FAX (231)727-6904

Finance
(231)724-6713
FAX (231)726-2325

Fire Department
(231)724-6795
FAX (231)724-6985

Human Resources
Co. (Civil Service)
(231)724-6442
FAX (231)724-6840

Income Tax
(231)724-6770
FAX (231)724-6768

Mayor's Office
(231)724-6701
FAX (231)722-1214

Planning/Zoning
(231)724-6702
FAX (231)724-6790

Police Department
(231)724-6750
FAX (231)722-5140

Public Works
(231)724-4100
FAX (231)722-4188

SafeBuilt
(Inspections)
(231)724-6715
FAX (231)728-4371

Treasurer
(231)724-6720
FAX (231)724-6768

Water Billing
(231)724-6718
FAX (231)724-6768

Water Filtration
(231)724-4106
FAX (231)755-5290

MUSKEGON



West Michigan's Shoreline City
www.shorelinecity.com

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

December 27, 2023

U.S. Department of Housing and Urban Development
Washington D.C.

City of Muskegon respectfully advises you that there were *no* audit findings reported in our single audit report, dated December 21, 2022, for the year ended June 30, 2022.

Sincerely,

A handwritten signature in black ink, appearing to read "Kenneth D. Grant".

Ken Grant
Finance Director

Affirmative Action
(231)724-6703
FAX (231)722-1214

Assessor/
Equalization Co.
(231)724-6386
FAX (231)724-1129

Cemetery/Forestry
(231)724-6783
FAX (231)724-4188

City Manager
(231)724-6724
FAX (231)722-1214

Clerk
(231)724-6705
FAX (231)724-4178

Comm. & Neigh.
Services
(231)724-6717
FAX (231)726-2501

Computer Info.
Technology
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CORRECTIVE ACTION PLAN

December 27, 2023

U.S. Department of Housing and Urban Development
Washington D.C.

City of Muskegon respectfully submits the following Corrective Action Plan for the year ended June 30, 2023.

Name and address of independent public accounting firm:

Brickley DeLong, P.C.
P.O. Box 999
Muskegon, Michigan 49443]

Audit period: June 30, 2023

The findings from the Schedule of Findings and Questioned Costs for the year ended June 30, 2023 provided **no** findings in either Section II or Section III. Accordingly, there are **no** matters requiring corrective action as shown below.

SECTION II – FINANCIAL STATEMENT FINDINGS

There were **no** findings in relation to the financial statement audit.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were **no** findings in relation to the major federal award programs.

If the U.S. Department of Housing and Urban Development has questions regarding this plan, please call Ken Grant at (231) 724-6932.

Sincerely,

Ken Grant
Finance Director